IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Suit No. 569/2014

Between

LEE HSIEN LOONG
(NRIC No. S0016646D)

...Plaintiff(s)

And

ROY NGERNG YI LING
(NRIC NO. S8113784F)

...Defendant(s)

AFFIDAVIT

I, **Roy Ngerng Yi Ling** (NRIC No. S8113784F) care of 101 Upper Cross Street #05-13 People's Park Centre Singapore 058357 do solemnly and sincerely affirm and say as follows:

1. I am the Defendant in this action. Insofar as the matters deposed to herein are within my personal knowledge, they are true. Insofar as the matters deposed to herein are not within my personal knowledge, they are true to the best of my information and belief.

2. I make this affidavit in response to the Plaintiff's application dated 10 July 2014 ("the Plaintiff's application") and in response to the affidavits filed by the Plaintiff in support of the Plaintiff's application.

A. Background

3. On 18 May 2014, I received a letter from the Plaintiff's solicitors stating that an article that I had published on my blog, The Heart Truths To Keep Singaporeans Thinking (http://thehearttruths.com) was defamatory of the Plaintiff. The title of the article which included the words and images with which the Plaintiff took issue with was "Where your CPF Money is Going: Learning From the City Harvest Trial" ("the Article"). A copy of the Plaintiff's solicitor's letter is at pages 92-95 of the Plaintiff's 1st Affidavit and a copy of the Article is at pages 65-81 of the Plaintiff's 1st Affidavit.

4. The Plaintiff's solicitor's letter claimed that the Article meant and was understood to mean that the Plaintiff, who is the Prime Minister of Singapore and the Chairman of GIC, is guilty of criminal misappropriation of the monies paid by Singaporeans to the CPF.

5. I dispute the meaning Messrs Drew & Napier LLC attach to the Article. I deal here with the two meanings conveyed by the Article.

B. The First Meaning

There is no transparency in the manner in which CPF monies were invested by the Government, MAS, Temasek Holdings and/or GIC

6. The Article which is reproduced at pages 65-81 of the Plaintiff's 1st Affidavit does not convey the twisted meaning put forward by Messrs Drew & Napier LLC. Instead, the article conveys two meanings. I deal with the first meaning here. That is, that there is no transparency in the manner in which CPF monies were invested. I had stated clearly in the Article that:

"Meanwhile, the GIC claims that the "GIC manages the Government's reserves, but as to how the funds from CPF monies flow into reserves which could then be managed by either MAS, GIC or Temasek, this is not made explicit to us." The GIC also claims that, "The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor interferes in the company's investment decisions. It holds the board accountable for the overall portfolio performance." However, the PAP prime minister, the two deputy prime ministers and the ministers for Trade and Industry and Education also sit on the board of directors. Lee Hsien Loong is the Chairman and Lee Kuan Yew is the Senior Advisor."

7. As of the date I wrote the Article, this was the position taken by the GIC. Not only was their stated position not transparent, as one is unable to discern whether it is Monetary Authority of Singapore (MAS), GIC or Temasek that manages CPF monies, but more importantly, it is inconceivable that GIC does not know whether or not it manages CPF funds when the Plaintiff, the two deputy prime ministers and the ministers for Trade and Industry and Education sit on the board of directors of GIC. Something was wrong there! Annexed herewith and marked ***"RNYL-1"*** is GIC's board of directors and the Singapore Government's Cabinet appointments.

8. It is only after I published the Article, did the Government and the GIC come clean and admit that the GIC manages CPF monies. Annexed herewith and marked ***"RNYL-2"*** is the articles entitled *"CPF Savings – How can I use my CPF*

money? What are the myths and facts surrounding our CPF savings?" (**http://www.gov.sg/government/web/content/govsg/classic/factually/factually_20140415_cpfmoniesfacts**) and *"DPM Tharman: CPF is 'Fair and Safe' "* (https://www.reach.gov.sg/YourSay/DiscussionForum/tabid/101/mode/3/Default.aspx?ssFormAction=%5B%5BssBlogThread_VIEW%5D%5D&tid=%5B%5B15662%5D%5D). Likewise, the Government and the Temasek Holdings have only after I published the Article stated that Temasek Holdings does not manage CPF monies. Annexed herewith and marked ***"RNYL-3"*** are the articles entitled *"Temasek doesn't invest or manage CPF savings"*(**http://www.straitstimes.com/premium/forum-letters/story/temasek-doesnt-invest-or-manage-cpf-savings-20140604**) and *"Guaranteed Rates of CPF due to GIC pooling of funds"* (http://www.singapolitics.sg/news/guaranteed-rates-cpf-due-gic-pooling-funds). This was quite different from GIC's initial public statement that CPF monies flow into reserves which could be managed by either GIC, MAS or Temasek Holdings and that they were not told explicitly whether they were managing CPF monies or not. Annexed herewith and marked ***"RNYL-4"*** is a screenshot of GIC's FAQ website before they changed their position. Evidence of GIC's and Temasek Holding's current position on this is also annexed herewith and marked ***"RNYL-4"***.

9. I would also like to point to three other evidences of how the Government and the GIC had denied that the GIC manages CPF monies prior to the Article that I had written. In 2007, to a question asked by the Worker's Party Secretary-General Low Thia Kiang, "I would like to seek clarifications from

the Minister. Does the Government Investment Corporation (GIC) use money derived from CPF to invest?" then-Manpower Minister Ng Eng Hen had denied that the GIC manages CPF monies and said, "Sir, The answer is no." Annexed herewith and marked ***"RNYL-5"*** is the *Singapore Parliament Reports (Hansard) - 19 September 2007 – CPF Reforms and Other Measures for a Secure Retirement – Column 1955*. Also, in 2006, on at the GIC 25th Anniversary Dinner, then-Minister Mentor and GIC Chairman Lee Kuan Yew had said, "there is no connection between GIC's rate of return and the interest paid on CPF accounts." Annexed herewith and marked ***"RNYL-6"*** is the article entitled "Keynote Address by Minister Mentor Lee Kuan Yew, Chairman, GIC, at the 25th Anniversary Dinner" dated 11 July 2006. And in 2001, at a press conference to mark GIC's 20th anniversary, then-Senior Minister and GIC Chairman Lee Kuan Yew had said in an article dated 23 May 2001 in The Straits Times, headlined, "GIC does not use CPF funds: SM Lee", *"I want to clarify that there is no direct link between the GIC and the CPF."* Annexed herewith and marked ***"RNYL-7"*** is a copy of the said article. On at least 3 counts over the past 15 years, the Government and the GIC have denied managing CPF monies and misled Singaporeans. However, after I wrote the Article, the Government and the GIC volte-faced on their position in June this year.

10. I also take issue with two articles that I wrote in 2012 and 2013 that the Plaintiff had asked me to remove – 'PICTURE: How We Are Not Told that

Our CPF Monies are Used to Invest in GIC' in 2012 and 'How Is Your CPF Money Being Used And Taken Away?' in 2013. Annexed herewith and marked *"RNYL-8"* is a copy of both articles reproduced at: http://isupportroyngerng.wordpress.com/2014/05/26/11/. Both of these articles had no mention of the Plaintiff. However, I had traced specific evidence from the Government's websites which illustrated how our CPF monies is invested in the Special Singapore Government Securities ("SSGS"), how the SSGS is invested in the reserves and how our reserves are managed by the MAS, GIC and Temasek Holdings. Also, I was asked to remove a third article, 'YOUR CPF: The Complete Truth And Nothing But The Truth', which also stated the facts of the CPF and detailed the call for transparency which is annexed herewith and marked *"RNYL-8"* which was reproduced at: http://isupportroyngerng.wordpress.com/2014/05/26/11/. However, after I published the Article, the government deleted information on its website and took down a PDF document from its website and replaced it with another one with deleted information. In particular, the evidence that was deleted from the replaced PDF is that Singaporeans are no longer able to know our CPF monies are invested via the SSGS, are invested in "the reserves". Second, the Government has edited information to delete the statement that, "Our reserves are managed by three agencies - the Government of Singapore Investment Corporation (GIC), Temasek Holdings (Temasek) and the Monetary Authority of Singapore (MAS)." In its place, the Government replaced the following statement: "The Government's assets are mainly managed by GIC Private Limited. The Government also places deposits with the MAS; in turn, MAS as a statutory board holds its own assets on its balance sheet. In addition, the Government is the sole equity shareholder of Temasek Holdings (Temasek). Temasek owns the assets on its balance sheet." The Government's changed its position substantially. This can be seen in paragraphs 8 and 9 of the article entitled "10 Things Singaporeans Have To Worry About How The Government Uses Our CPF": http://thehearttruths.com/2014/07/08/10-things-singaporeans-have-to-worry-about-how-the-government-uses-our-cpf/ which is annexed herewith and marked *"RNYL-9"*.

C. **The Second Meaning**

The Government (through GIC and Temasek Holdings) retains and enriches itself with a large proportion of the investment gains made by GIC and Temasek Holdings when they invest CPF monies

11. I had also in the Article made the following points. First, the CPF was one of the largest retirement funds and second that GIC and Temasek Holdings (it was not made known to either the general public or myself at that time whether or not Temasek Holdings manages CPF monies) were the 8th and 9th largest sovereign wealth funds in the world. Against that, I showed that according to the Asian Development Bank Institute, the Melbourne Mercer Global Pension Index 2013 and the OECD, Singaporeans have one of the least adequate retirement funds in the world. Annexed herewith and marked

"RNYL-10" is the articles entitled "SHOCKING Facts About Our CPF in Singapore! (Part 1) and (Part 2)" evidencing this. This comes to the second meaning of the Article. My point was that something was not adding up. Why was it that GIC and Temasek Holdings were amongst the biggest sovereign wealth funds in the world and yet Singaporeans had one of the least adequate retirement funds in the world? Especially so when GIC and Temasek Holdings (according to the GIC at that time) were managing CPF monies?

12. However, at the Forum on CPF and Retirement Adequacy organised by the Institute of Policy Studies (IPS), I had also asked the Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam, "Secondly, Temasek Holdings has said that they do not invest our CPF, is it possible to know if in the past Temasek Holdings had invested our CPF? Because the GIC was only set up in 1981, so prior to 1981, how was the CPF used and otherwise was it invested in Temasek Holdings?" Mr Tharman had replied that, "Did Temasek manage the CPF funds in the past? No. It has never managed CPF funds. Temasek started off with a set of assets which were transferred by the Government at time of inception. I don't have the exact figure in my head – but about $400 million dollars' worth of assets in the form of a set of companies. It has never received CPF monies to invest." This article is annexed herewith and marked *"RNYL-3"*. However, further information revealed in a speech given by the Minister for Labour and Communications in

1982 showed that, *"CPF savings form a large portion of Singapore's savings. These savings are used for capital formation which means the construction of new factories, installation of new plant and equipment, expansion of infrastructure such as roads,' ports and telecommunications, the building of houses and so on. These facilities coupled with Singapore's economic and political stability have in turn attracted large amounts of investments each year. These again go into the setting up of more businesses, factories and enterprises."* Annexed herewith and marked ***"RNYL-11"*** is the Text of Speech on Central Provident Fund by Minister for Labour and Communications at the Pasir Panjang R.C. Forum on 31 October 1982.

13. It is evident that the assets transferred to Temasek Holdings are assets that were built on Singaporeans' CPF savings. The Government has yet to adequately account for whether Singaporeans' CPF was returned upon the privatisation of these assets and their transfer to Temasek Holdings and whether the interest earned via the shares invested in the Singapore Bus Service and Singtel were returned. Annexed herewith and marked ***"RNYL-12"*** is the article entitled "Clarity, Once And For All: Temasek Holdings Did Invest Singaporeans' CPF?" **(http://thehearttruths.com/2014/07/24/clarity-once-and-for-all-temasek-holdings-did-invest-singaporeans-cpf/)**.

14. I therefore made the point that the average Singaporean suffers in that they do not get the full returns from the investment gains made by GIC and Temasek Holdings from managing their hard earned CPF monies. Instead, the Government (through GIC and Temasek Holdings) retains and enriches

itself with a large proportion of the investment gains made by GIC and Temasek Holdings when they invest CPF monies. It is not the full amount of the investment gains from the investment of CPF monies which are returned to CPF account holders. I had asked Mr Tharman at the IPS Forum, "Thirdly, how much has the Government earned in absolute monetary terms from the excess returns of the CPF and will the Government consider returning some of them to Singaporeans?" This question was not answered. The article is annexed at ***"RNYL-3"***.

15. In addition, GIC had just released its 2013/14 Annual Report. In the Annual Report, GIC continues to reiterate, "The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor influences the company's decisions on individual investments. It holds the GIC Board accountable for the overall portfolio performance." Annexed herewith and marked ***"RNYL-13"*** is the GIC's Report on the Management of the Government's Portfolio for the year 2013/14 (**http://www.gic.com.sg/images/pdf/GIC_Report_2014.pdf**). GIC also states on the Corporate Governance webpage, "The government holds the GIC board accountable for portfolio performance, but does not interfere in the company's investment decisions."(**http://www.gic.com.sg/index.php/about-gic/corporate-goverance**) and GIC's FAQ website that, "The government is not involved in GIC's investment decisions. The board assumes ultimate responsibility for asset allocation and the performance of the portfolio. Management executes investment strategies and is responsible for all

investment transactions." (**http://www.gic.com.sg/index.php/faq**). These are annexed herewith and marked as *"RNYL-14"* This is also reiterated by the Government, which says, "The Government plays no role in decisions on individual investments that are made by GIC, MAS and Temasek. At the GIC and MAS, whose boards include Ministers, these investment decisions are entirely the responsibility of their respective management teams." which is annexed herewith and marked *"RNYL-15"*. However, this is implausible as the head of the Government, the Prime Minister, the two deputy prime ministers and the ministers for Trade and Industry and Education also head GIC as its Board of Directors. It is clearly impossible that the Government "neither directs nor influences the company's decisions". GIC also claims that, "Once a year, the GIC Management formally meets the Minister for Finance". However, such a claim is counterintuitive when the Minister of Finance himself is on the GIC Board of Directors. There is a clear conflict of interest in how the Government and GIC continue to present itself in a mischievous way and to mislead Singaporeans. It is thus also misleading when GIC says, "GIC is a private limited company wholly owned by the government. The Ministry of Finance, representing the government, ensures that a competent board of directors is in place; GIC helps by suggesting qualified candidates." This is annexed herewith and marked as *"RNYL-16"* **http://www.gic.com.sg/index.php/faq)**. When the Government appoints itself onto the Board of Directors, and where the selection process is not transparent or made known to Singaporeans, the selection process and the quality of the candidates become doubtful. GIC also claims that, "GIC invests the assets that the Government places with it without regard to the sources of the Government's funds. The Government does not specify to GIC the sources of assets placed with it, whether they are encumbered or unencumbered, nor their proportions. The Government's mandate to GIC is to manage assets in a single pool, on an unencumbered basis, with the aim of achieving good long-term real returns." (annexed at ***"RNYL-13"***) and that, "It receives funds from the government for long-term management, without regard to the sources, e.g. proceeds from securities issued, government surpluses." The GIC FAQ is annexed herewith and marked as ***"RNYL-17"*** (**http://www.gic.com.sg/index.php/faq**). This is a claim made similarly by the Government, which says that, "The Government's mandate to GIC is to manage the assets in a single pool, on an unencumbered basis, with the aim of achieving good long-term returns. The Government does not specify to GIC the sources of the assets that are placed with it. The Government also does not specify whether the assets are encumbered or unencumbered, nor state the proportions." This annexed herewith and marked as ***"RNYL-18"*** (**http://app.mof.gov.sg/reserves_sectionthree.aspx).** It is also a claim made by the Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam, who is also on the GIC's Board of Directors, when he claimed that, "GIC knows it is managing government assets. That is the Government's mandate for the GIC. The mandate is irrespective of the source of funds it manages, which comprise the SSGS, the SGS, government surpluses, the proceeds from land sales - all government funds. The GIC (hence) pays no regard to what the source of funds is." (annexed at *"RNYL-3"*) (**http://www.singapolitics.sg/news/guaranteed-rates-cpf-due-gic-pooling-funds**). This is clearly impossible, unbelievable and absurd since the Government, and the Prime Minister and Finance Minister no less, who are tasked to be in charge of the overall financial matters of Singapore, is also on the GIC Board of Directors. It is illogical and impossible that the GIC Board of Directors "invests the assets ... without regard to the sources of the Government's funds" when the GIC Board of Directors, by virtue of their positions in Government, would know exactly what the sources of the Government's funds are. It is also entirely misleading when the GIC claims that, "Once a year, the GIC Management formally meets the Minister for Finance and his officials to report on the risk and performance of the portfolio in the preceding financial year," (annexed at *"RNYL-13"*) (**http://www.gic.com.sg/images/pdf/GIC_Report_2014.pdf**) when the Minister for Finance Tharman Shanmugaratnam is also on the GIC's Board of Directors.

16. Finally, it is clear by now that GIC and Temasek Holdings use public funds to invest. GIC says that, "GIC is a private limited company" (annexed at *"RNYL-16"*) and Temasek says, "As an exempt private company, Temasek is not required to disclose financial information." Temasek's FAQ stating this is annexed herewith and marked as *"RNYL-19"*

(http://www.temasek.com.sg/abouttemasek/faqs) Also, in response to the question, "What is GIC's source of funds?", GIC had previously said on the GIC FAQ website and which has since been removed, "Sustained balance of payments surpluses and accumulated national savings are the fundamental sources of the Singapore Government's funds." This is annexed at paragraph 7 of ***"RNYL-9"***. However, after I had written an article to highlight this (annexed at "RNYL-9"), the GIC deleted this information and changed it to: "It receives funds from the government for long-term management, without regard to the sources, e.g. proceeds from securities issued, government surpluses." (annexed at ***"RNYL-17"***). Evidently, it is clear that GIC knew where the funds were coming from and that the funds used by them are public funds, but after their knowledge of this was highlighted, GIC changed this information. Thus since it is evident that GIC and Temasek Holdings use public funds and Singaporeans' CPF monies to invest, it is absurd that GIC and Temasek Holdings are made private limited entities which are not required to disclose full information. GIC and Temasek Holdings use public funds and should not be made private limited companies. Also, a significant pool of GIC's funds actually do come from Singaporeans' CPF and it is disingenuous for the Government to delink the two. They and their Board of Directors and the Government have to be fully transparent and accountable to the citizens of Singapore. The lack of transparency and accountability at this level at GIC and Temasek Holdings and by the government is completely unacceptable and disingenuous, and puts the lives of the citizens of Singapore at risk.

17. I make clear here that if there has been any assertion by me that certain entities are profiting from the people's funds, such an assertion is against the Government, GIC and Temasek Holdings, as they do not return to Singaporeans the full amount of investment gains made from investing Singaporeans CPF monies. Neither were they at the time I wrote the Article transparent as to who was managing CPF monies. There is absolutely no basis whatsoever to say that I have accused the Plaintiff of Criminal Misappropriation of Singaporeans CPF monies. I have never accused him of taking a cent of Singaporeans CPF monies and I have no intention to do so as well. It is only persons who are avid for scandal who would say I meant this in the Article. I now deal with how Messrs Drew & Napier LLC interprets the Article.

D. <u>The meaning which Messrs Drew & Napier LLC attach to the Article</u>

18. Messrs Drew & Napier LLC who are the top litigation firm in Singapore, led by Mr Davinder Singh S.C., the top litigation lawyer in Singapore claimed that my Article meant and was understood to mean that the Plaintiff, who is the Prime Minister of Singapore and the Chairman of GIC, is guilty of criminal misappropriation of the monies paid by Singaporeans to the CPF. Upon receipt of their letter, I removed the Article from my website and instructed my lawyers to apologise to the Plaintiff and to make clear that

there is absolutely no basis to say that the Plaintiff is guilty of criminal misappropriation of the monies paid by Singaporeans to the CPF. A copy of my lawyer's letter to the Plaintiff's solicitors is at pages 97-99 of the Plaintiff's 1st Affidavit.

19. I believe that I have a defence to these proceedings as the Article does not in law, bear out the meaning which the Plaintiff solicitors claim it does. Also, as the above clearly bears out, there is a clear case of a lack of transparency and accountability on how GIC, Temasek Holdings and the Government manages public funds and Singaporeans' CPF monies, and in order for this case to be adequately argued, an open enquiry on this issue is of utmost importance. The Government and the GIC has made numerous changes and flip-flops in their stance, which has been shown to conceal important facts about how the Government and the GIC manages Singaporeans' CPF. This is disingenuous and remains a threat to the security of how Singaporeans' CPF are being managed. The Government's and the GIC's inconsistencies in their statements and answers pose real risk to the lives of Singaporeans, whom lack of knowledge of how the CPF is being managed, due to the "private limited" nature of the GIC and Temasek Holdings, due to the lack of full annual records of these companies since inception, and due to the conflict of interest posed by the Government also being on the GIC and questions the integrity of how Singaporeans' CPF is being managed and whether Singaporeans can trust the Government and the GIC to continue to perform in such an

unilaterally-non-transparent and accountable manner. These are legal matters for my lawyers to argue in Court and I will leave it to my lawyers to make the legal arguments and for the Court to decide on the legal meaning of the words.

E. <u>My apology and clarification</u>

20. I make clear however that my apology to the Plaintiff and my statement that there is no basis to say that the Plaintiff is guilty of criminal misappropriation of the monies paid by Singaporeans to the CPF still stands, regardless of the Judgment reached by the Courts on the legal meaning of the words complained of by the Plaintiff.

21. My conscience is clear and I have always believed in working towards the greater good of our country and for Singapore and Singaporeans. It has always been my wish that when we have a Government which is honest and transparent and estates of governance (i.e. civil service, civil society, think tanks, media, educational institutions etc.) are independent of the Government and of one another, will there be clear and strong checks and balances which will prevent such a lack of transparency and accountability from happening, and where the lives of Singaporeans will improve and be protected. The current situation where Singaporeans have been placed at a disservice, due to the lack of information from the Government, MAS, GIC and Temasek Holdings, is due to a lack of checks and balances within the

Government and among the estates of governance. Such disservice is dishonourable and requires a thorough examination of the issues at hand. Only when these issues are dealt with rigorously and held accountable to Singaporeans where the lives of Singaporeans will be truly safeguarded. This is where I have written in good faith from, and which I maintain, towards a just and equal Singaporean society.

AFFIRMED by)
ROY NGERNG YI LING)
In Singapore on 4 August 2014)

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

THIS IS THE EXHIBIT MARKED *"RNYL-1"*

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

Empowered and accountable

The government holds the GIC board accountable for portfolio performance, but does not interfere in the company's investment decisions. The board in turn, while taking overall responsibility for performance, leaves specific investment decisions to GIC management.

Our client, the Singapore government, gives GIC an investment mandate that stipulates the terms of appointment, investment objectives, risk parameters, investment horizon and guidelines for managing the Portfolio. The Auditor-General, who is appointed by the President of Singapore, submits an annual report to the President and Parliament on his audit of the government and other bodies managing public funds. The management also reports to the Ministry of Finance on the risk and performance of the portfolio.

For more information on corporate governance, please see the 'Report on the Management of the Government Portfolio (/index.php/about-gic/our-leadership?id=178&Itemid=218)'.

GIC

(http://www.gic.com.sg/)

BOARD OF DIRECTORS

The GIC board assumes ultimate responsibility for asset allocation and performance for the total portfolio. Management executes investment strategies and regularly discusses overall portfolio performance with the GIC board.

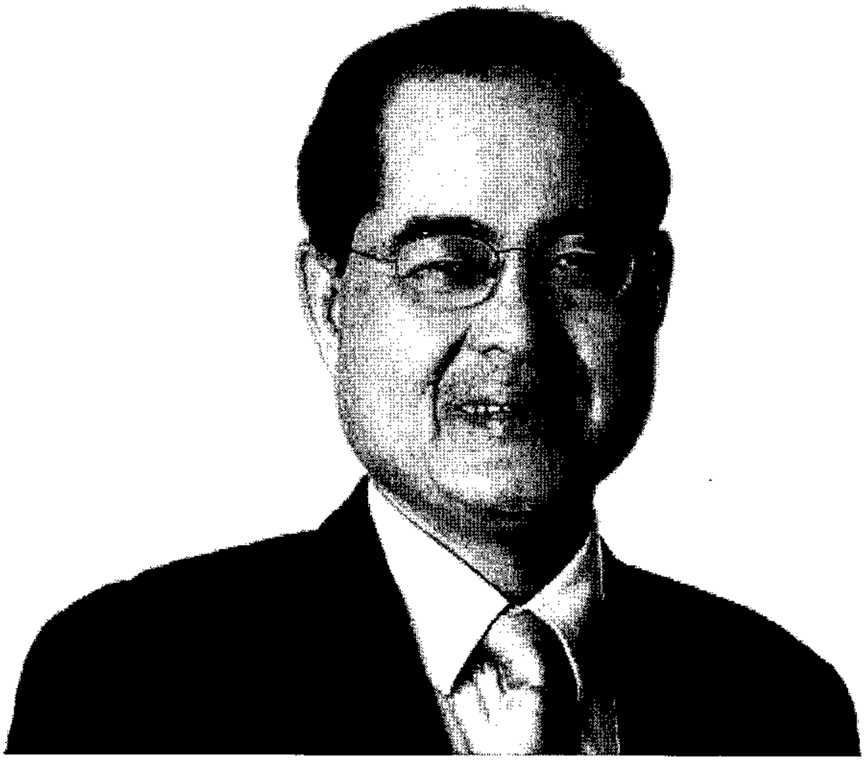
Board Overview

Chairman

Lee Hsien Loong
Prime Minister

(/index.php/about-gic/corporate-goverance?id=255&Itemid=218)

Directors



Lim Hng Kiang
Minister for Trade & Industry

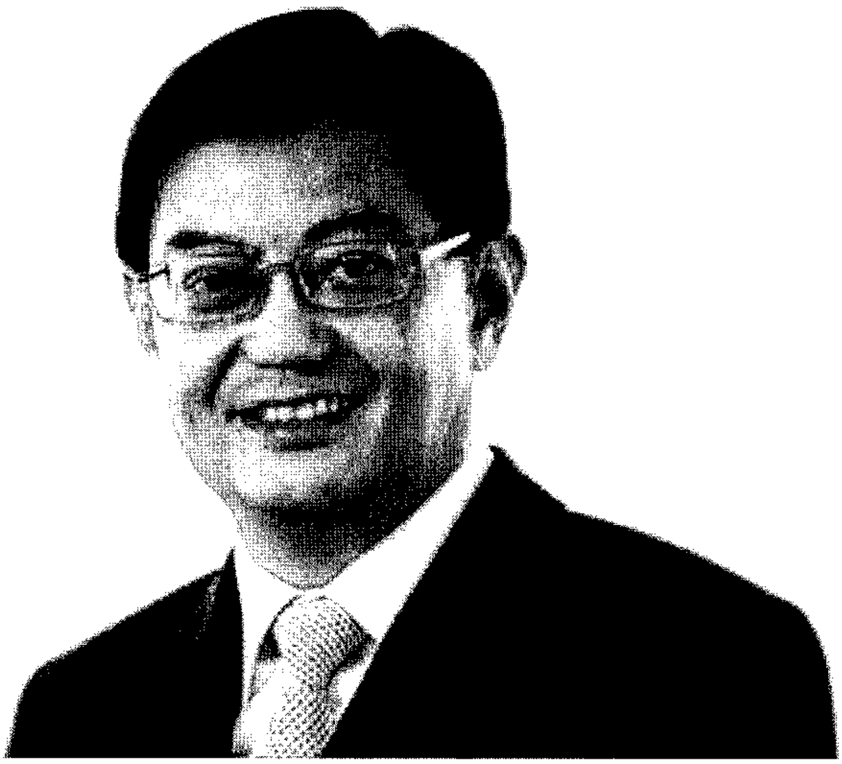
(/index.php/about-gic/corporate-goverance?id=256&Itemid=218)

Teo Chee Hean
Deputy Prime Minister & Coordinating Minister for National Security & Minister for Home Affairs

(/index.php/about-gic/corporate-goverance?id=258&Itemid=218)

Tharman Shanmugaratnam
Deputy Prime Minister & Minister for Finance

(/index.php/about-gic/corporate-goverance?id=257&Itemid=218)



Heng Swee Keat
Minister for Education

(/index.php/about-gic/corporate-goverance?id=259&Itemid=218)

Ang Kong Hua
Chairman
Sembcorp Industries Ltd

(/index.php/about-gic/corporate-goverance?id=260&Itemid=218)

Peter Seah Lim Huat
Chairman
DBS Group Holdings Ltd

(/index.php/about-gic/corporate-goverance?id=261&Itemid=218)

Chew Choon Seng
Chairman
Singapore Exchange Ltd & Singapore Tourism Board

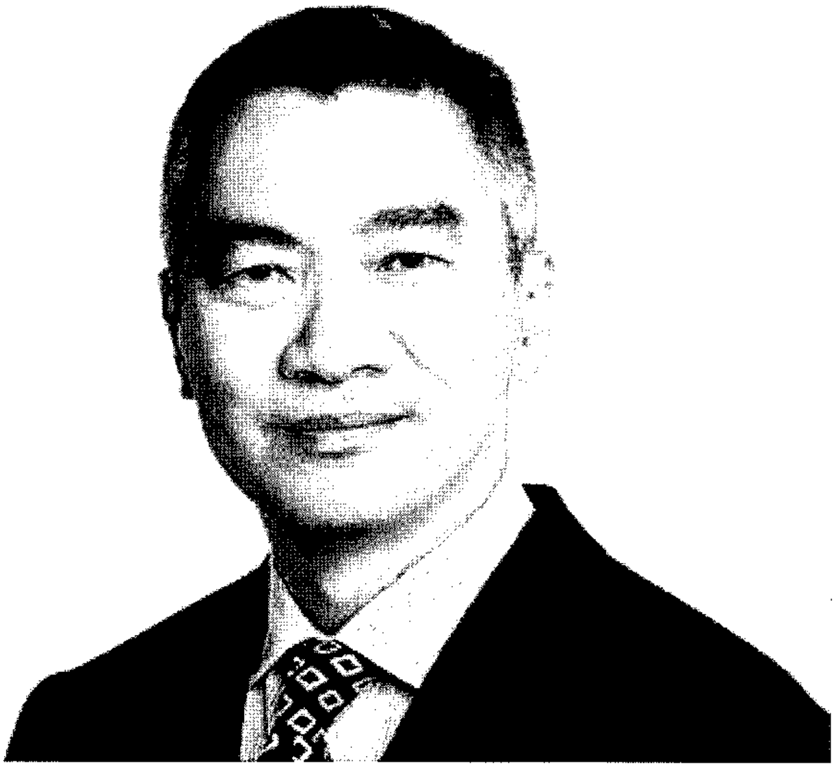
(/index.php/about-gic/corporate-goverance?id=262&Itemid=218)

Raymond Lim Siang Keat
Chairman
APS Asset Management

(/index.php/about-gic/corporate-goverance?id=263&Itemid=218)

Hsieh Fu Hua
Chairman
UOB Group

(/index.php/about-gic/corporate-goverance?id=264&Itemid=218)



Loh Boon Chye
Dy President (APAC)
BofA Merrill Lynch

(/index.php/about-gic/corporate-goverance?id=265&Itemid=218)

Gautam Banerjee
Senior Managing Director and co-Chairman of Asia Operating Committee
Blackstone

(/index.php/about-gic/corporate-goverance?id=266&Itemid=218)

S Dhanabalan
Member, Council of Presidential Advisers

(/index.php/about-gic/corporate-goverance?id=341&Itemid=218)

Lim Siong Guan
Group President

(/index.php/about-gic/corporate-goverance?id=267&Itemid=218)

Lim Chow Kiat
Group Chief Investment Officer

(/index.php/about-gic/corporate-goverance?id=268&Itemid=218)

Senior Advisor

Lee Kuan Yew

Former Minister Mentor

(/index.php/about-gic/corporate-goverance?id=269&Itemid=218)

BOARD COMMITTEES

The GIC board is supported by board committees to oversee critical areas including strategic asset allocation, investment process, risk, audit, and human resource and organizational development. We also bring in external advisors to serve on board committees, to benefit from their perspectives and ideas. These advisors, together with others, form the International Advisory Board which provides the GIC board, board committees and management with global and regional perspectives on geopolitical, economic and market developments.

Investment Strategies Committee

Investment Board

Risk Committee

Audit Committee

Human Resource & Organization Committee

INTERNATIONAL ADVISORY BOARD

The International Advisory Board provides the GIC Board, board committees and management with global and regional perspectives on geopolitical, economic and market developments. It offers advice on a range of investment-related matters, in particular, global investment trends, emerging asset classes and new growth opportunities.

IA Board Overview

BOARD OF ASSET MANAGEMENT COMPANIES

The Boards of GIC Asset Management, GIC Real Estate and GIC Special Investments oversee investment strategies of the asset classes under management and review operations of the companies within group-wide policies.

GAM Board

GIC RE Board

GIC SI Board

Overview (/index.php/about-gic/overview)
Our History (/index.php/about-gic/our-history)
Our Approach (/index.php/about-gic/our-approach)
Our Leadership (/index.php/about-gic/our-leadership)
Organizational Structure (/images/gic/Structure.pdf)
Corporate Governance (/index.php/about-gic/corporate-goverance)
Santiago Principles (/index.php/about-gic/santiago-principles)

Shaping Singapore (/index.php/shaping-singapore)
FAQs (/index.php/faq)
Newsroom (/index.php/newsroom)
Contact (/index.php/contact)
GIC Connect (https://www.gicconnect.com.sg/)

1-9)

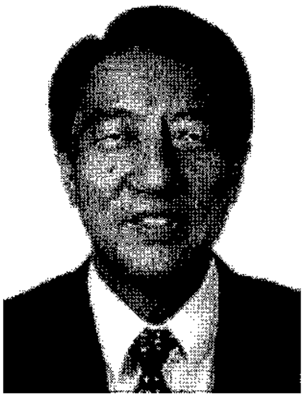
Tip: Recommended to print on A4 paper using Font Arial Point 11

Cabinet Appointments

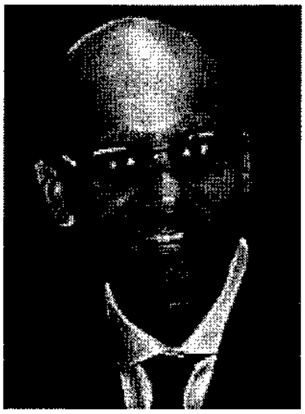
Home » Cabinet Appointments

The Cabinet comprises the following members with effect from 1 May 2014:

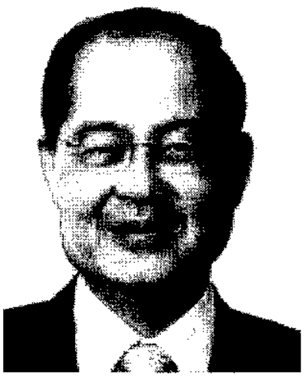
Prime Minister
Mr LEE Hsien Loong



Deputy Prime Minister and
Coordinating Minister for National Security and
Minister for Home Affairs
Mr TEO Chee Hean



Deputy Prime Minister and
Minister for Finance
Mr Tharman SHANMUGARATNAM



Minister for Trade and Industry
Mr LIM Hng Kiang

Minister, Prime Minister's Office
Mr LIM Swee Say

Minister for Communications and Information
Dr YAACOB Ibrahim

Minister for National Development
Mr KHAW Boon Wan

Minister for Defence
Dr NG Eng Hen

Minister for the Environment and Water Resources
Dr Vivian BALAKRISHNAN

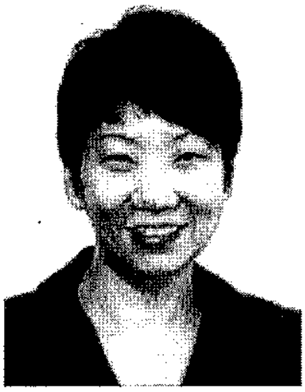
Minister for Foreign Affairs and
Minister for Law
Mr K Shanmugam

Minister for Health
Mr GAN Kim Yong

Minister for Transport
Mr LUI Tuck Yew

Minister, Prime Minister's Office and
Second Minister for Home Affairs and
Second Minister for Trade and Industry
Mr S Iswaran

Minister for Education
Mr HENG Swee Keat



Minister, Prime Minister's Office and
Second Minister for the Environment and Water Resources
and
Second Minister for Foreign Affairs
Ms Grace FU Hai Yien

Minister for Social and Family Development and
Second Minister for Defence
Mr CHAN Chun Sing

Minister for Manpower
Mr TAN Chuan-Jin

Minister for Culture, Community and Youth and
Second Minister for Communications and Information
Mr Lawrence WONG

Source: http://www.cabinet.gov.sg/content/cabinet/appointments.html

THIS IS THE EXHIBIT MARKED ***"RNYL-2"***

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

CPF Savings

How can I use my CPF money? What are the myths and facts surrounding our CPF savings?

Published Date: 15 April, 2014

Edited on 11 June 2014-CPF monies are your money and this is a fact. You can use CPF monies for housing, healthcare and investments. There are guidelines for their usage.

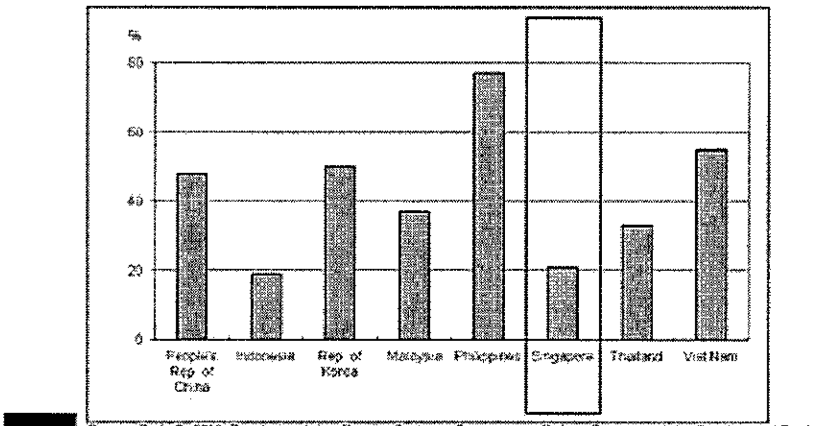
Blogs such as The Heart Truths have made allegations about our CPF monies that are inaccurate or outright false. These are some of the myths they have perpetrated and the facts:

Myth 1: Singaporeans have the least adequate pension funds.

According to Leong Sze Hian, he estimated that only 1 in 5 Singaporeans are able to meet the CPF Minimum Sum and are able to retire.

It has also been shown by 3 studies that Singaporeans have the least adequate pension funds

Figure 12: Replacement Rate—Ratio of Retirement Income to Preretirement Income, 2007



Source: Park, D. 2009. Developing Asia's Pension Systems: Overview and Reform Directions. Asian Development Bank Economics Working Paper 165. Manila: Asian Development Bank.

Chart 2: Developing Asia's Pension Systems and Old-Age Income Support

Adequacy of Minimum Pension

Screen shot from 'The Heart Truths'

This is not true.

Your CPF money is your nest egg upon retirement. The uniqueness of our system is that you can also use your CPF monies to pay for housing. Many Singaporeans have indeed done so and some have fully paid for their homes by the time they retire. The homes that we own are part of our retirement assets too, allowing us to save on rent while providing us with the option to sell our homes when we need to.

When international studies on pension systems make comparisons across countries, they often ignore this fact. They paint an incomplete picture of what members have in their accounts. They do not take into account the fact that Singaporeans also have used their CPF monies to pay for their homes.

For a more complete picture about our retirement funds adequacy, read our Factually article on this here. In fact, more recent studies published by OECD and Mercer in 2013 reflect higher income replacement rates and adequacy levels, even without considering property ownership.

Myth 2: When I use my CPF money to pay for my HDB flat, I have to pay CPF Board (CPFB) back the accrued interest if I ever sell my HDB flat. Essentially, I am paying "extra interest" for nothing.

Many Singaporeans know that we can use our own CPF monies (which is our savings) to pay for a HDB flat as this can serve as another form of asset for retirement needs.

However, when we use CPF monies to buy a home, we are borrowing money from our own nest egg, which is meant for other retirement needs as well.

Hence, it is only right that if we were to sell our home, we should return what we have borrowed (i.e. the principal amount) plus the interest we would have earned had the money not been taken out from our CPF account (accrued interest). This amount is returned to **our own CPF accounts** for our future retirement needs.

Accrued interest needs to be refunded to our CPF accounts upon the sale of our home as long as the sales proceeds is sufficient to pay back the principal and interest.

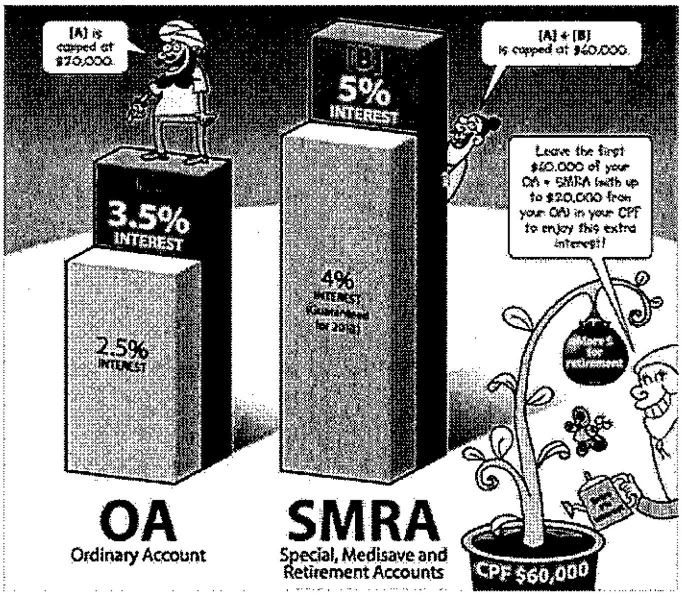
Myth 3: Singaporeans get very low interest rates for our CPF savings. Moreover, we are paying an "implicit tax" as the returns on CPF monies invested by Temasek Holdings and GIC are not given back to Singaporeans.

Our CPF funds are invested in risk-free Special Singapore Government Securities (SSGSs). The returns on SSGSs are pegged to the returns of other bonds in the market with similar risks. There is no connection between GIC's rate of return and the interest paid on our CPF accounts. GIC invests our foreign reserves in stocks, bonds, real estate and other assets that carry higher risks than SSGSs. The value of SSGS is assured, as they are guranteed by one of the few remaining triple-A credit-rated governments in the world. With our CPF funds being invested in SSGSs, we can be absolutely certain our funds will be there when we need them.

CPF interest rates are guaranteed and risk-free. The interest is paid whether or not the Government's investments backing its liabilities to CPF, including investments managed by GIC, do well or not. So if GIC's investments actually lose money, as they did during the Global Financial Crisis of 2008-09, CPF members will still get the 2.5% interest on our funds in the Ordinary Account.

Finally, apart from the CPF system, it should be remembered that we Singaporeans benefit from GIC's and Temasek's returns though these are not linked to the returns we get on our CPF funds. GIC's and Temasek's returns supplement the annual Budget through their Net Investment Returns Contribution (NIRC), which amounted to $8.1 billion this fiscal year. This money allows our Government to make further investments for our future, such as in education, R&D, healthcare and improving our physical environment.

Aside from the return on our Ordinary Account, Singaporeans enjoy higher interest rates on their other CPF accounts- 4% on our Special, Medisave and Retirement Accounts, and an additional 1% on their first $60,000 in all our accounts:



Source: CPFB's website

Myth 4: The Minimum Sum prevents us from using our CPF money.

This is not true. The Minimum Sum(MS) is adjusted for inflation on an annual basis for each cohort. This is necessary because the retirement income needed in real terms for someone who turns 55 in 2014 will not be the same as what would be needed for someone who turns 55 in 2024. $100 today would be worth less than $100 in 10 years' time.

Considering that a price of your favourite kopi or kaya toast would keep increasing due to inflation, it helps to set aside a sustainable nest egg.

The Minimum Sum exists to ensure that our nest egg is spread out comfortably to last us not just for one or two years after retirement, but throughout our golden years.

The adjustment for inflation will not affect the Minimum Sum of people who have already turned 55. Here is a table of the changes:

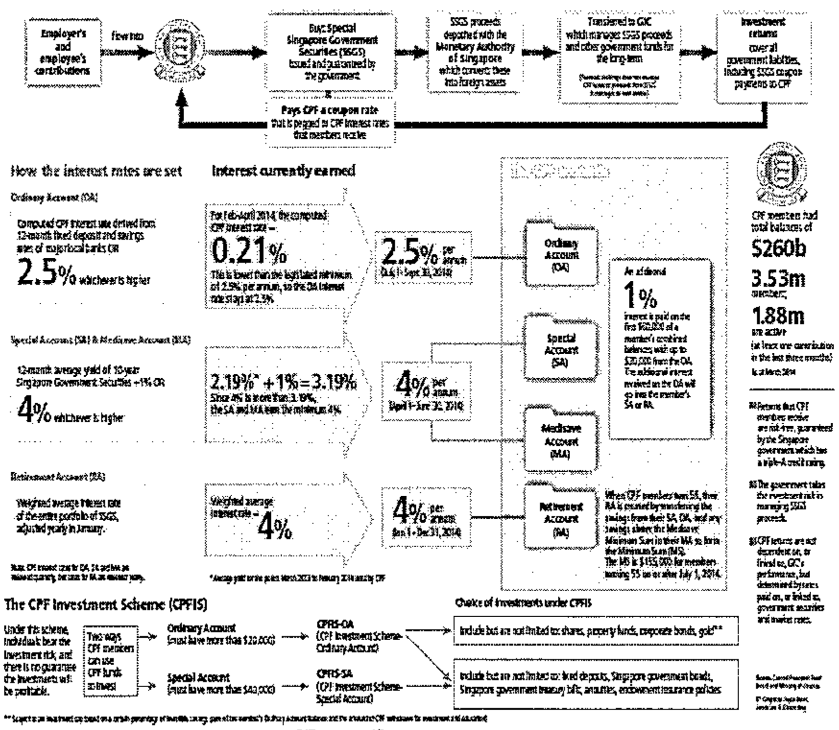
55th birthday on or after	Minimum Sum (in 2003 dollars)	Minimum Sum (after adjustment for inflation)
1 July 2003	$80,000	$80,000
1 July 2004	$84,000	$84,500
1 July 2005	$88,000	$90,000
1 July 2006	$92,000	$94,600
1 July 2007	$96,000	$99,600
1 July 2008	$100,000	$106,000
1 July 2009	$104,000	$117,000
1 July 2010	$108,000	$123,000
1 July 2011	$112,000	$131,000
1 July 2012	$113,000	$139,000
1 July 2013	$115,000	$148,000
1 July 2014	To be announced	To be announced
1 July 2015	$120,000	To be announced

Source: CPFB's website on Minimum Sum

In fact, according to MOM, the percentage of active CPF members who are able to meet their Cohort Minimum Sum has been improving over the years. For the cohort who turned 55 in 2011, 45% of active members attained their applicable Minimum Sum (in cash or cash plus property). In 2012, this statistic increased to 48.7%.

For more information, check out this graphic on how CPF works:

CPF: How it works



[Expand]

Source: The Business Times © Singapore Press Holdings Limited. Reproduced with permission".

Sources

- On Minimum Sum
- Minimum Sum Topping Up Scheme
- CPF Changes
- Overview of Singapore Government Borrowings
- SGS Bond Prices and Yields
- Written Answer by Mr Tharman Shanmugaratnam, Deputy Prime Minister & Minister for Finance on the Revision of CPF Minimum Sum
- Budget 2014- Ministry's of Manpower expenditure
- Factually article- Do international pension studies provide an accurate assessment of the CPF system in providing for Singaporeans' retirement?
- Factually article- For information on income, should I be looking at the statistics from MOM or CPFB's Annual Report?
- Factually article- Is there something wrong with our Reserves?
- Factually article- What comprises our reserves?

CPF: How it works

Employer's and employee's contributions → flow into CPF → Buys Special Singapore Government Securities (SSGS) issued and guaranteed by the government → SSGS proceeds deposited with the Monetary Authority of Singapore which converts these into foreign assets → Transferred to GIC which manages SSGS proceeds and other government funds for the long-term → Investment returns cover all government liabilities, including SSGS coupon payments to CPF

Pays CPF a coupon rate that is pegged to CPF interest rates that members receive

How the interest rates are set

Ordinary Account (OA)

Computed CPF interest rate derived from 12-month fixed deposit and savings rates of major local banks OR **2.5%** whichever is higher

Special Account (SA) & Medisave Account (MA)

12-month average yield of 10-year Singapore Government Securities +1% OR **4%** whichever is higher

Retirement Account (RA)

Weighted average interest rate of the entire portfolio of SSGS, adjusted yearly in January.

Note: CPF interest rates for OA, SA and MA are reviewed quarterly, but rates for RA are reviewed yearly.

Interest currently earned

For Feb-April 2014, the computed CPF interest rate = **0.21%**. This is lower than the legislated minimum of 2.5% per annum, so the OA interest rate stays at 2.5%. → **2.5%** per annum (July 1-Sept 30, 2014) → Ordinary Account (OA)

2.19%* + 1% = 3.19%. Since 4% is more than 3.19%, the SA and MA earn the minimum 4%. → **4%** per annum (April 1-June 30, 2014) → Special Account (SA); Medisave Account (MA)

Weighted average interest rate = **4%** → **4%** per annum (Jan 1-Dec 31, 2014) → Retirement Account (RA)

An additional **1%** interest is paid on the first $60,000 of a member's combined balances, with up to $20,000 from the OA. The additional interest received on the OA will go into the member's SA or RA.

When CPF members turn 55, their RA is created by transferring the savings from their SA, OA, and any savings above the Medisave Minimum Sum in their MA to form the Minimum Sum (MS). The MS is $155,000 for members turning 55 on or after July 1, 2014.

*Average yield for the period March 2013 to February 2014 used by CPF

CPF members had total balances of **$260b**

3.53m members;

1.88m are active (at least one contribution in the last three months)

As of March 2014

- Returns that CPF members receive are risk-free, guaranteed by the Singapore government which has a triple-A credit rating.
- The government takes the investment risk in managing SSGS proceeds.
- CPF returns are not dependent on, or linked to, GIC's performance, but determined by rates paid on, or linked to, government securities and market rates.

The CPF Investment Scheme (CPFIS)

Under this scheme, individuals bear the investment risk, and there is no guarantee the investments will be profitable.

Two ways CPF members can use CPF funds to invest:

- **Ordinary Account** (must have more than $20,000) → CPFIS-OA (CPF Investment Scheme-Ordinary Account)
- **Special Account** (must have more than $40,000) → CPFIS-SA (CPF Investment Scheme-Special Account)

Choice of investments under CPFIS

- CPFIS-OA: Include but are not limited to: shares, property funds, corporate bonds, gold**
- CPFIS-SA: Include but are not limited to: fixed deposits, Singapore government bonds, Singapore government treasury bills, annuities, endowment insurance policies

** Subject to an investment cap based on a certain percentage of investible savings (sum of the member's Ordinary Account balance and the amount of CPF withdrawn for investment and education)

Source: Central Provident Fund Board and Ministry of Finance

BT Graphics: Joyce Hong, Jamie Lee & Simon Ang

Pension reforms gather pace as demands grow

Retirement schemes in Asia, Europe, US undergoing changes or reviews

By JAMIE LEE
leejamie@sph.com.sg
@JamieLeeBT

[SINGAPORE] The search for retirement adequacy is a global one – the raging debate over Singapore's Central Provident Fund (CPF) system comes amid recent reviews of pension systems by countries around the world that underscore themes of risk and return, personal responsibility, and macroeconomic prudence.

In Asia, Europe and the US, pension systems have been put in focus.

Japan this week completed a review of its public pension fund – the world's largest – and is expected to boost returns by raising the risk taken by its nearly 130 trillion yen (S$1.59 trillion) pension fund.

Its targeted return will be lifted to 1.7 percentage points over long-term nominal wage increases, from 1.6 percentage points, media reports say.

The boost will be established through a shift in asset allocation, with more money put into stocks rather than bonds.

The pension fund could raise its allocation to domestic stocks to 20 per cent, up from 12 per cent. Japan's Government Pension Investment Fund currently allocates the bulk of the investments, or 60 per cent, to Japanese government bonds.

Singapore does not have a pension fund. Money in the savings accounts under CPF earn an interest rate that takes reference from Singapore government bonds and market rates, though there are legislated minimum rates to be earned by CPF account holders. This is critical in the current low interest-rate environment.

Planning ahead: *There are now calls to ensure that Singapore's annuity scheme – known as CPF Life – accounts for inflation.* BT FILE PHOTO

The urgency for change in Japan comes as the country, with the world's oldest population, found itself doling out more benefit payments than it receives in contributions to fund the eventual payouts.

Each Japanese household is entitled to pension payouts equivalent to over 50 per cent of the average income of the working generation, for all of the retirement years, with a couple making up a Japanese household expected to live through one century.

In Singapore, the net income replacement rate – a metric by the Organisation for Economic Co-operation and Development (OECD) that measures the rate at which a person's CPF payouts can replace his pre-retirement income, after accounting for income taxes and other contributions to social security, where relevant – is about 40 per cent of the median income of a man here, a 2013 OECD pension report showed.

Pre-retirement income includes an individual's average wage earning, and rent from housing, OECD said.

As a close-to-home reference, Malaysia's Employees Provident Fund (EPF) had drastically cut its allocation to Malaysia's sovereign bonds to about 25 per cent as at 2011, down from about 85 per cent in 1985, a report from Bank of America-Merrill Lynch showed.

In 2011, about 35 per cent of EPF was held in equities. This is up from 3 per cent in 1985.

The UK has also proposed reforms in recent months that effectively hand retirees much greater autonomy over their pension funds. Pensioners who come under the new scheme – which comes into force next year – will no longer be forced to buy an annuity.

This contrasts with Singapore's move into annuities. Since last year, most Singaporeans have been put on an annuity programme, under which a stipulated minimum sum from the CPF retirement account is invested in return for a monthly payout for the retirement years

There are now calls to ensure that payouts from Singapore's annuity scheme – known as CPF Life – accounts for inflation.

With the UK scrapping its annuity scheme, most pensioners there should then be able to draw out all of their pension at a go.

The lump sum that can be drawn out at age 55 has been raised to £30,000 (S$63,000) from £15,000, and the size of the average pension in the UK is around the limit, according to media reports.

Over in Denmark, which topped the Melbourne Mercer Global Pension Index last year, the government had also reviewed its retirement package in a period of European austerity.

These included raising the age of early retirement to 62 from 60 – effectively shortening the gap with the official retirement age of 65 to three years

In the US, there are calls to reform the Social Security scheme – funded by US payroll taxes – which is expected to exhaust its reserves by 2033 because spending has outpaced funding. There are suggestions from think tanks to cut the quantum of future benefit increases, especially for those who are not poor.

CPF milestones

FIRST THE NEST EGG, THEN THE NEST

1955 CPF is set up, with workers saving part of their monthly wages. The Ordinary Account (OA) (the only CPF account then) earns an interest rate of 2.5% per annum.

1968 Singaporeans are allowed to use their CPF savings to buy HDB flats. OA rate: 5.5%

1977 **Special Account (SA) introduced**
Cash in this account is to be set aside for retirement. SA and OA rate: 6.5%

1981 **First taste of liberalisation of CPF savings for property**
Singaporeans are allowed to use OA savings to make loan payment for one private property

MORTALITY AND MONEY MATTERS

1984 **The doctor calls**
The Medisave Account is introduced to meet hospitalisation expenses in government hospitals. Rate on all accounts: 6.5%

1985 Further liberalisation of Residential Properties Scheme to use funds to buy more than one property. Harbinger of more liberalisation in the 1990s.

1986 **Recession hits, CPF becomes cost-cutting tool**
CPF contributions identified as cost burden on businesses, depressing Singapore's competitiveness. Employer contribution rate slashed from peak of 25% to 10%.

1987 **The Retirement Account (RA) and Minimum Sum Scheme introduced**
At age 55, savings mainly from OA and SA are moved into this account to form the minimum sum – an estimate by the government of how much money CPF account holders need to set aside for retirement. This sum is set at $30,000. Rate on all accounts then: 4.34%.

MORTALITY AND MONEY MATTERS

1990 **MediShield is introduced**
MediShield, the government's optional health insurance scheme, provides protection for serious illnesses. Premiums can be paid for using Medisave funds.

SAVINGS AND INVESTMENTS CROSS PATHS

1993 **Share Ownership Top-up Scheme**
Singaporeans are allowed to buy shares of newly listed Singapore Telecom with their CPF savings.

1997 **CPF Investment Scheme formally set up**
Savings in OA and SA can be invested in instruments such as fixed deposits, bonds, insurance policies, and shares.

CPF POLICY, AN ECONOMIC TOOL

1999 **Asian Financial Crisis**
The employer contribution rate is cut from 20% to 10%. From July, the formula for the interest rate is revised from a 50:50 weightage of fixed deposit rates and savings rates to an 80:20 weightage.

2001 **False dawn**
Economy shows signs of picking up; employer contribution rate is raised from 12% in 2000 to 16%. Additional interest of 1.5 percentage points above OA rate introduced to Medisave account.

2003 **Economic uncertainty returns**
As unemployment climbs and Sars hits businesses, the employer contribution rate is cut from 16% to 13%

FOREVER AND A DAY?

2013 Singaporeans automatically placed on CPF Life, an annuity programme, if they have at least $40,000 in their RA at 55. Savings in the RA will be used to join CPF Life, which provides a monthly payout for life.

reach

DPM Tharman: CPF Is 'Fair and Safe'

9 Jul 2014, 11.39AM

reach by REACH Administrator

5 comments & replies | CPF

The Central Provident Fund (CPF) scheme may not provide the highest returns, but the returns are fair, and also one of the safest in the world, said Deputy Prime Minister Tharman Shanmugaratnam in Parliament on Tuesday (8 Jul).

He explained that the basic principle has been to peg CPF interest rates to comparable investments in the market, topped by a minimum interest which is guaranteed by the Government. For those with smaller balances, there is a guaranteed interest of at least 3.5 per cent on the Ordinary Account, and 5 per cent on the Special, Medisave and Retirement accounts.

As such, CPF provides fair, guaranteed returns on Singaporeans' savings and shields them from risk as few other pension funds do today. DPM Tharman referred to the "looming pension crisis" in most advanced countries where pension systems were going bankrupt or passing the risk back to pensioners. Unlike these schemes , the CPF scheme is "sustainable" and has to "retain its basic strengths and avoid the huge problems seen elsewhere".

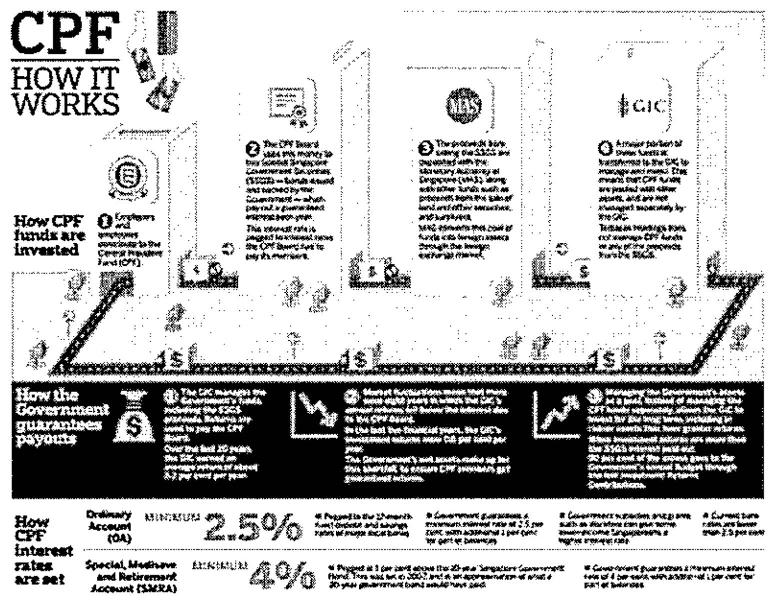
Elaborating on how the funds are invested, Mr Tharman said CPF funds are used to buy special bonds that offer a guaranteed payout. The money is then deposited with the Monetary Authority of Singapore, and managed by GIC. This allows the GIC to invest for the long-term, in riskier assets like equities and real estate, instead of having to manage it more "conservatively" to meet its interest obligations.

Mr Tharman also shared how the Government shielded CPF members from financial risk by pooling CPF monies with its other assets to be managed by GIC. In eight out of 20 years, GIC's returns were lower than the rate promised but the Government absorbed the losses.

Another strong point of the CPF was its flexibility, as it allows members to withdraw savings for home purchases and for their children's education, setting itself apart from other retirement saving schemes. The Government also provides subsidies to low- and middle- income CPF members through the yearly Budget, such as through Workfare payments and housing grants.

Mr Tharman emphasised that "while the CPF doesn't provide the highest returns, it provides one of the safest in the world. And these are fair returns."

See infographic on **CPF: How It Works**



(Click here for full detail)

Source: "Fair and safe '- Tharman tells how CPF rates are set' (The Straits Times, 9 July)

Read Mr Tharman's full speech here.

Check out these videos of DPM Tharman's speech:
- Meeting SSGS Obligations
- Benefits and subsidies on top of CPF returns
- Fundamental Strengths of the CPF System

What are your views on the sustainability and flexibility of the CPF scheme? Share them with us!

Like 0 people like this Report Abuse Share |

Recommend One person recommends this. Be the first of your friends.

526 views | 5 comments & replies | Add a comment Sort By: Newest

Janvier Lee 17 Jul 2014, 7.09PM

Who cares about the CPF system? It is controlled by the government. That is why many people do not trust the CPPF system at all.

Like | 0 people like this Report Abuse Reply

Weng Keong 10 Jul 2014, 9.35AM

Let one decide what he wants to do when he retires at 55. I am sure many are wise enough to do what needs to do to survive. Live on his savings, rent out rooms to his apartment, do extra jobs etc etc. For those who do nothing, you need to let these fools and his money part and why care a *****ed?

We as a nation have not progressed over the last 50 years. I say this because we have been cared for, spoon fed, how to eat, live and we Singaporeans are not so helpless. All because we have everything made for us. That is bad we have become a complacent society. We have not create a national brand over the last 10 years or so, we have move jobs to JB and welcome cheap labour, we have sold our motherland to foreigners, now we are to compete for the same at higher prices.

Like | 1 people like this Report Abuse Reply

REACH Administrator 9 Jul 2014, 3.50PM

Sharing a comment by ***Henry Ang*** from our Facebook page:

#01: While I like the concept of CPF / CPF Life ... recent DBS Survey shows most members won't have enough fund to see thru their retirement. So, why is CPFB keep doing the same thing year after year?

#02: On Risk Free - Greatest risk in life is not to take risk. Assuming a person started work at 25 end at 65 = 40 years. Is a long term. Why can't take some risk? Or at least a portion of it be subjected to risk to ensure more fund for retirement.

2.5% returns for 40 years fund .... is grossly unacceptable ..

#03 - CPF give flexibility? So much of OA has been *****ed into housing ... so what flexibility? If flexibility is real, give people the flexibility .... those who want to withdraw, get them to give an under taking. Never turn to State for help if their fund runs out...

Like | 0 people like this Report Abuse Reply

REACH Administrator 9 Jul 2014, 3.48PM

Sharing a comment by ***Clarence Yeo*** from our Facebook page:

There is a stark differences between mpf n cpf on how it operates. Mpf engage professional fund managers to manage pension fund earn their members est 6% returns for yr 2013 which mpf members will need to pay 1-5% to fund managers managing their pension fund, mpf members will receive dividends declared if any. Cpf pension fund on the other hand bought into SGGS (treasury bonds) directly is known for liquidity n safest investment if u do not expect Sg govt to default on its debt obligation hence cpf members does not need to pay fund managers fees amounting 1 - 5 % for managing our pension fund hence will not receive any dividends declared. Cpf members can take charge of their own investment portfolio to invest their money if available first 20k in OA are not suppose to invest into equities, gold, bonds and unit trusts depending on their risk appetite can easily beat inflation of 2 - 3 % target for year 2014.

Like | 0 people like this Report Abuse Reply

REACH Administrator 9 Jul 2014, 3.46PM

Sharing a comment by ***Eugene Wong*** from our Facebook page:

There should just be 2 scheme..one for housing, investment and education...another for one and only intergrated healthplan for life..no medisave..medishield and whatever insurance plans..eldershield...etc etc that will add to our increase in combined premiums..and no minimum sum....all these additional policies only fatten the financial institutions and deplete our real retirement funds.

Like | 0 people like this Report Abuse Reply

Back To Top

Last updated on 11 June, 2014

Back to top

CPF HOW IT WORKS

How CPF funds are invested

1 Employers and employees contribute to the Central Provident Fund (CPF)

2 The CPF Board uses this money to buy Special Singapore Government Securities (SSGS) — bonds issued and backed by the Government — which pay out a guaranteed interest each year.

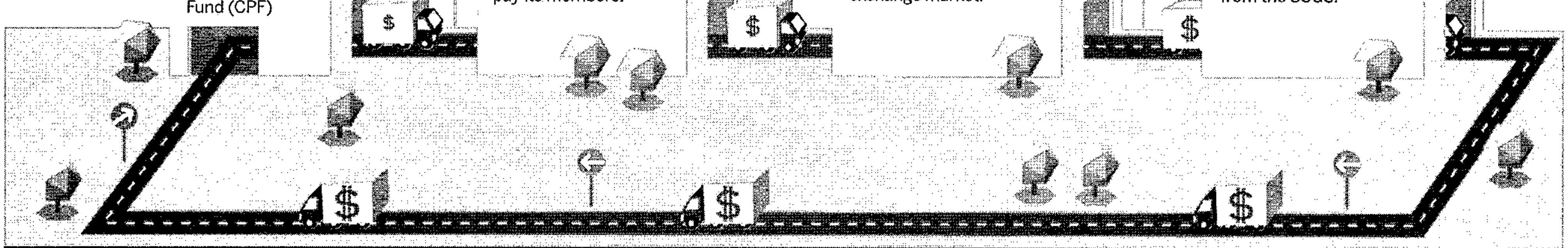
This interest rate is pegged to interest rates the CPF Board has to pay its members.

3 The proceeds from selling the SSGS are deposited with the Monetary Authority of Singapore (MAS), along with other funds such as proceeds from the sale of land and other securities, and surpluses.

MAS converts this pool of funds into foreign assets through the foreign exchange market.

4 A major portion of these funds is transferred to the GIC to manage and invest. This means that CPF funds are pooled with other assets, and are not managed separately by the GIC.

Temasek Holdings does not manage CPF funds or any of the proceeds from the SSGS.



How the Government guarantees payouts

1 The GIC manages the Government's funds, including the SSGS proceeds. Returns are used to pay the CPF Board.

Over the last 20 years, the GIC earned an average return of about 5.2 per cent per year.

2 Market fluctuations mean that there were eight years in which the GIC's annual returns fell below the interest due to the CPF Board.

In the last five financial years, the GIC's investment returns were 0.6 per cent per year.

The Government's net assets make up for this shortfall, to ensure CPF members get guaranteed returns.

3 Managing the Government's assets as a pool, instead of managing the CPF funds separately, allows the GIC to invest for the long term, including in riskier assets that have greater returns.

When investment returns are more than the SSGS interest paid out, 50 per cent of the excess goes to the Government's annual Budget through the Net Investment Returns Contributions.

How CPF interest rates are set

Ordinary Account (OA) — MINIMUM 2.5%

- Pegged to the 12-month fixed deposit and savings rates of major local banks
- Government guarantees a minimum interest rate of 2.5 per cent, with additional 1 per cent for part of balances
- Government subsidies and grants such as Workfare can give some lower-income Singaporeans a higher interest rate
- Current bank rates are lower than 2.5 per cent

Special, Medisave and Retirement Account (SMRA) — MINIMUM 4%

- Pegged at 1 per cent above the 10-year Singapore Government Bond. This was set in 2007, and is an approximation of what a 30-year government bond would have paid
- Government guarantees a minimum interest rate of 4 per cent, with additional 1 per cent for part of balances

THIS IS THE EXHIBIT MARKED *"RNYL-3"*

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

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Print this

The Straits Times
www.straitstimes.com
Published on Jun 04, 2014

Temasek doesn't invest or manage CPF savings

LAST Saturday's article ("Ways to improve CPF") quoted an unnamed person as saying he suspected the Central Provident Fund Minimum Sum was raised "because Temasek or GIC lost money overseas".

Temasek does not invest or manage the savings of CPF members.

We believe the CPF Minimum Sum policy, instituted in 1987, aims to help CPF savers build retirement nest eggs that should ideally keep pace with increasing life expectancy, median income and inflation.

In 1957, life expectancy at birth was under 60 years for men, and over 63 years for women. Started in 1955, the compulsory CPF saving system was designed to support about five to eight years of retirement life after 55.

By last year, life expectancy crossed 80 years for men in Singapore, and close to 85 years for women. Hence, retirees at 55 would need to have saved enough for more than 25 years of retirement for men and 30 years for women, on average. There is a real need to increase retirement savings.

Fortunately, the majority of Singaporeans lead healthy and active lives well into their 60s or older. Many choose to continue working beyond 55 - this helps build their retirement savings. CPF savers grow their retirement nest eggs further at above current bank deposit rates.

As for Temasek's performance, we have more than doubled our portfolio value since 2002, excluding any net new capital.

As of our last reporting date of March 31 last year, returns to Temasek for newer investments made since 2002, when we started investing directly in a growing Asia, have exceeded returns since 2002 for older investments made prior to 2002.

Temasek pays taxes on its profits and also distributes annual dividends to its shareholders. These dividends supplement the taxes collected by the Government to fund various programmes, including lifelong medical support for the pioneer generation.

We thank readers for their interest in Temasek, and look forward to the day when it is practical for us to issue Temasek Bonds to retail investors to give them another option to save for their retirement.

Stephen Forshaw

Managing Director Strategic & Public Affairs

Temasek

Menu

Singapolitics > News > Story

Guaranteed rates of CPF due to GIC pooling of funds

If the GIC managed CPF funds as a separate pool, and not together with other government assets, the interest rates that the Government has committed to would be unsustainable, Deputy Prime Minister Tharman Shanmugaratnam told Tuesday's CPF forum. Mr Tharman was responding to questions from blogger Roy Ngerng, who is being sued by the Prime Minister for defamation. Mr Ngerng fired off four questions and Mr Tharman, who is also Finance Minister, answered them in turn. Here is an edited transcript of the exchange.

Posted on Jul 25, 2014 4:37 PM Updated: Jul 25, 2014 4:51 PM

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ROY NGERNG: Now that we know that the CPF is invested in the GIC, is it also possible to know what is the interest earned in Singapore dollar terms since inception?

Second, Temasek Holdings has said that they do not invest our CPF. The GIC was set up only in 1981, so prior to 1981, how was the CPF used and was it invested in Temasek Holdings?

Third, how much has the Government earned in absolute monetary terms from the excess returns of the CPF and will the Government consider returning some of them to Singaporeans?

Finally, the GIC has said before June this year that they do not know if they invest our CPF because it is not made explicit to them. But in June, the Government admitted that they do. So in the public interest, is it possible to know why the Government made an about-turn?

DPM THARMAN: You asked some factual questions. Did Temasek manage the CPF funds in the past? No. It has never managed CPF funds. Temasek started off with a set of assets which were transferred by the Government at the time of inception – I don't have the exact figure in my head – but about $400 million worth of assets in the form of a set of companies. It has never received CPF monies to invest.

Before we amended the Constitution in 1992, CPF monies, which were invested in Special Singapore Government Securities (SSGS), could be used by the Government to finance infrastructure – such as road infrastructure, Singapore's economic infrastructure and social infrastructure. Just like (other) Singapore Government Securities (SGS), the Government was allowed to use borrowings in addition to the revenues it got in its Budget, to finance infrastructural investments. That was the old system.

That changed in 1992. Together with constitutional amendments, we introduced the new Government Securities Act, which disallowed the Government from using borrowings for spending. From then onwards, all borrowings – the SGS, SSGS – have had to be invested.

How are they invested? Prior to the formation of the GIC, it was the MAS (Monetary Authority of Singapore). It was an old-fashioned, central bank investment system. Dr Goh (Keng Swee) changed that, explained why, explained that these are basically longer-term assets, and we should invest them for the longer term. And a significant chunk of reserves that were managed by the MAS was passed back to the Government, which then had the GIC manage them.

After the GIC was set up in the early eighties, it was essentially the GIC that managed CPF assets, but not as CPF assets. It is managing government assets: all government assets put together.

GIC knows it is managing government assets. That is the Government's mandate for the GIC. The mandate is irrespective of the source of funds it manages, which comprise the SSGS, the SGS, government surpluses, the proceeds from land sales – all government funds. The GIC (hence) pays no regard to what the source of funds is. It just has to meet its mandate: to invest for the long term, take risks, in the hope of achieving good long-term returns, significantly above global inflation.

And that is a real strength of our system, that besides the CPF, we have unencumbered government assets – government assets that don't have liabilities like the CPF. If the GIC was just managing CPF funds as a CPF fund manager, it would be managed quite differently. To provide a guaranteed interest rate of 4 to 5 per cent of the Special Account, or 2.5 to 3.5 per cent of the Ordinary Account, capital guaranteed and interest rate guaranteed, it would be a very different fund that it would be managing. It would be invested largely in bond securities, and earning returns that are very different from what it is able to earn by investing for the long term in higher-risk assets. Plus, it would mean the interest rates that the Government has committed to would be unsustainable, because it is no longer possible to earn these interest rates on a guaranteed basis, using a bond portfolio. It's very difficult.

So the GIC manages a pool of government assets, irrespective of sources of the funds. It is the Government that then takes the risk. The Government takes the risk that the performance of the GIC from year to year, sometimes even over five-year periods, may not be adequate for it to meet commitments to the CPF.

The strength of the system is we have assets that exceed our liabilities, that enable us to meet our commitments. And that's why we're not just triple-A rated, but we're able to provide CPF members with a very fair return on a guaranteed basis.

Next question had to do with excess returns. The GIC publishes five-year, 10-year, 20-year returns, and they are easily computed into Singapore dollars. Over the last five years it earned 0.5 per cent in Singdollar terms, over the last 10 years it earned 5 per cent in Singdollar terms, over the last 20 years it earned 5 per cent in Singdollar terms. So those are the facts, but that's not returns gained from investing CPF monies. That's returns gained from investing all government assets, including the unencumbered assets. It's returns gained from investing in higher-risk portfolios for the long term. If it was just CPF monies, it will be a different portfolio and a different set of returns. Every serious financial professional knows that.

TAGS: CPF, GIC, TEMASEK, THARMAN SHANMUGARATNAM **AND** ROY NGERNG

NEXT STORY: Singasnaps: The perseverance edition (July 10-16)

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mingsuny · 9 days ago

Hi,
Just finished reading today Straits Times and the more I read on, the more I was worried for our future CPF system. Straits Times has a full coverage of the CPF seminar and the reply Mr Tharman made to Roy has caused me very worried. At first the impression I had from Mr Tharman that the CPF was just invested in low-risk government securities and the government assets was more than enough to cover any liabilities or commitments. So there is no cause for worry!
However Mr Tharman during the seminar confirmed that GIC managed our CPF monies but the latter was not aware of the source so that the returns brought in could be significant. Although I am grateful to the returns from the CPF (in the form of the interest at the end of the year), I have become very worried as I recalled around 2008 the GIC had paid US10 billion dollars for the UBS shares. I don't know how to classify the risks involved as I am not a financial expert but I do know it is definitely not a sure win investment! Queries arising: Can the assets (like in the form of shares) be liquidated enough to cover its liabilities and commitments when the stock market is so

liquidated enough to cover its liabilities and commitments when the stock market is so volatile. What is the proportion of CPF funds invested in the GIC (not very sure of Temasek)? Should I and my wife utilise all available fund from CPF Ordinary Account to pay down as much property mortgage loan as possible in case there is a "run-on-CPF fund"?
Now my head and heart are very heavy...unfortunate to be a Singaporean! 新加坡人真难做!
Thanks for reading!
8 • Reply • Share ›

GUSSIE91 mingsuny • 8 days ago
Dude........it is a short sensible nice posting to the point.
You are not alone having a very heavy head and heart, some people can not sleep well thinking about their future CPF money when retire.
Govt is stubbornly giving a complex response to the average ordinary Singaporeans who need their CPF to retire comfortably as promised by LKY...........it is sad indeed.

Decades ago, many top talented Singaporeans who knew that govt would not tell the truth, they left Singapore to migrate, give up citizenship and took all their CPF money to live to a much bigger country w/a more transparent policies and start again w/their saving plan to retire comfortably.
Now, the govt wanted all of them (Overseas Singaporeans) to go back home.
5 • Reply • Share ›

mingsuny GUSSIE91 • 6 days ago
Hi,
After the long weekend, I still cannot come out with a decisive action what to do with our excess CPF Ordinary fund. My wife is the typical Singaporean, very bochap (hackcare). She leaves all decisions-making to me. Very difficult to make leh!
No choice lor, wait after the National Day Rally, see what kind of reform they are coming out with! Unfortunate to be a Singaporean! 新加坡人真难做！唉!
2 • Reply • Share ›

GUSSIE91 mingsuny • 6 days ago
Tharman said, CPF money would not freely walk along the green beautiful Garden of Eve Park to enjoy a higher return like other OECD countries which the average return is around 9% and 8% for the last 20 and 10 years.

I do not believe there is a change and unfortunately we do not the same power like him, but we may be able to reduce their power in the next GE 2016............please vote wisely.
2 • Reply • Share ›

mingsuny GUSSIE91 • 6 days ago

Hi GUSSIE91,
See how. Anyway I have never attended any rally of Workers' Party in my life, thought of going to their HQ and have a chat with them to see whether can do my part. No point down here sighing all the way! 有看法却没办法!
Unfortunate to be a Singaporean!新加坡人真难做！ 唉!

1 • Reply • Share ›

GUSSIE91 → mingsuny • 6 days ago

Being a Singaporean is a great nation, business minded, exposed to the East/West, stable government and huge asset saving due to govt business policies...........

Time has changed for the last decades and majority of Singaporeans want to change to have direct say to run the country and also to manage their own CPF retirement saving, unfortunately our stubborn leaders are still looking down to its citizens and treating them like a young child and still need govt protection and guarantee return........those are what the current leaders think.

• Reply • Share ›

mingsuny → GUSSIE91 • 5 days ago

Hi,
I have many queries in my mind such as the returns on the GIC, Temasek and the withdrawal limits of the CPF fund (i.e the cap on housing, medical, education). You can hear that they said the return on the GIC and Temasek was not fantastic around 5% so basically what they are saying is that we should not ask for too much! That is my interpretation. Correct me if I am wrong!
However if you look from another perspective, if their return is not fantastic, then how could the CPF Board paid us 3.5% or 5% for first $60,000 annually for our CPF savings in the OA and SA respectively? Where can they find the revenue to pay us? Is that why we have to leave our minimum sum of $155,000 in the retirement and $45,000 in our Medisave account after 55? Is that why they have withdrawal limit on our housing mortgage payment as well? Is that why we can only receive our retirement payout at 65 and only around at $1,200?....Too many queries and no answers as the hidden agenda will never be made known to us during our lifetime! Unfortunate to be a Singaporean! 新加坡人很难做！ 唉!

1 • Reply • Share ›

GUSSIE91 → mingsuny • 5 days ago

I like your last para............too many CPF unknown factors and govt make it too complicated and none of Singaporeans understand.

Our leaders has learned to be 'Taichi masters'

1 • Reply • Share ›

cscbbcitizen → GUSSIE91 • 4 days ago

Stop perpetrating untruths you liar. You are senior and know very little but want to spread your govt bashing rubbish.

• Reply • Share ›

GUSSIE91 → cscbbcitizen • 4 days ago

oh my.........you are giving order like our top elite leader to stop my sensible posting to be published which is supported by all members getting more than 33,800 up votes .

That indicates that members like very much reading my nice lively postings.

• Reply • Share ›

cscbbcitizen → mingsuny • 4 days ago

re: where can find the revenue to pay us. Shows you know very little about how govt finances projects and welfare around the world. Singapore spends only a portion of the profits from the reserves. Plus the taxes, fees and land sales. The value of the former GLCs in which Temasek has bought a share also counts. The gold reserves we built up from the past Currency Board activities also counts. The size of the reserves is the key.

re: why we have to leave money in CPF
Think about it lah chicken: everyday there are retirees being paid their money. Everyday there are folks with more than minimum sum withdrawing lump sum. Everyday there are young couples withdrawing OA lumpsum for housing, everyday there are folks using OA and SA for investments or education. CPF report default?

You are too scared for daily living in 21st century. Get your facts right and stop listening to the idiots and doomsayers in these forums. The govt bashers here only want to bring down the govt for their own selfish agendas. You think these greedy folks will let you have your CPF money? I think they will take theirs first and more and leave the community with nothing.

• Reply • Share ›

cscbbcitizen → mingsuny • 4 days ago

re: I have become very worried.

The only scare was the $4.9 billion investment in Merrill Lynch just before Global Financial Crisis. But they exited in early 2009. Made up for that by investing outside of US. Recent GIC report shows profit, and our reserves are strong.
What Tharman is trying to get everyone to understand is that yearly the returns can be negative. So if you invest in private fund and kena crisis year for your retirement, your lump sum available will drop alot.

Compare this with the Special Govt Securities which the govt guarantees interest payout regardless of bad financial conditions. This is backed up by assets so govt tops up if GIC entire investments is net loss for the year. They can sell assets (land or gold) or increase some tax or cut some budget items to redirect the funds.

re: can the assets be liquidated enough...
You are showing your needless worrying. Every day folks are withdrawing OA to buy house or CPF is paying retiree monthly income or lumpsum. No

see more

2 • Reply • Share ›

Napoleon_Bp • 5 days ago

I think the Government is in no position to guarantee our CPF Capital and Interest Rates, despite what Tharman had said.

The reason is because the PAP or the PAP Government has no financial means to back up these guarantees, and that to honour such guarantees, the Government will have to raise the money from Citizens who are mainly CPF Members too...!!

So what Tharman had said is a situation whereby we CPF Members are the ones who guarantee our own CPF Capital and Interest Payment ..... which is an absolutely preposterous situation, no less...!!

For illustration, Tharman as the Finance Minister should know that Board of Directors of any Company ARE NEVER in any position to guarantee Shareholders their dividends or the capital in the company, because they simply do not have the resources to back up such guarantees to their Shareholders.....

So when a Board of Directors messed up a Company's Financials, the best that Shareholders can do is to sack the Members from the Board, and the Government is not much different from such Board of Directors in this regard.

see more

2 • Reply • Share ›

GUSSIE91 → Napoleon_Bp • 4 days ago

It is a nice sensible posting to read..........bravo, bravo.

1 • Reply • Share ›

cscbbcitizen ➦ Napoleon_Bp • 4 days ago

You are still talking rubbish.

re: govt no position to guarantee our CPF.
So a govt with 49 years track record of low corruption and first world infrastructure and education delivery is in no position? And duds from the opposition will suddenly bring record investments and jobs to this country?

re: pap govt has no financial means...
Why don't you check the amount of reserves? Why don't you think of the efficiency in tax collection, and the various taxes?

re: an absolutely preposterous...
Your listening comprehension is very poor. He said that citizens have to use CPF wisely to guarantee their own comfortable retirement. Govt already plays a part to guarantee interest payments and invest in safe bonds.

re: comparing board of directors to govt
You are dumb. To get rid of board, you need a majority voting share. As citizen in democracy, one vote. You think others can do better, your job to set

see more

1 ^ v • Reply • Share ›

Napoleon_Bp ➦ cscbbcitizen • 4 days ago

You know, cscbbcitizen, you sure sound like a hotshot firebrand who just have to spew something to justify anything that is PAP, even if your justifications are sheer recycled and incoherent rubbish ....

Btw, allowing home buyers to deplete their CPF Retirement Savings to pay for their home is the single most DEVASTATING policy against our Citizens' CPF Retirement Savings that this PAP Government had hatched.

This policy adds liquidity to the property market and makes buying a home that much more expensive.... you silly twit.

CPF Retirement Savings has to be kept as it is intended to be..... and that is for RETIREMENT ONLY, and not be used to pay for and inflate home prices, which ultimately translate into land sales REVENUE for the Government.

In one single stroke, a huge chunk of Citizens' CPF Retirement Savings is converted into Government's Land Sales Revenue without anyone even talking about it.... until now.

I DO NOT think the majority of Singaporeans will continue to support and elect a PAP Government like this one, WHO screws them on the quiet.

• Reply • Share ›

cscbbcitizen → Napoleon_Bp • 4 days ago

re: justify anything that is pappie...
Wrong. I seek to correct airhead bashers like you who spew rubbish and try to spread your half-baked conspiracy theories.

I have facts on my side and the decades of private sector experience and the periods of unemployment too. I have purchased private property and HDB. Used CPF and used cash or loans. I read and understand govt policies against the community needs and the broader regional and global economic and political issues. Not self-centered mediocrities like you who have selfish agenda.

re: buyers deplete their CPF.
You refuse to acknowledge that the buyers have free choice as to how much of OA to use and how much of monthly contribution to use. Neither HDB nor CPF force them to empty their savings. And no one is forced to buy HDB either, whether BTO or resale.

You are blaming the govt for individual poor spending habits, and poor financial planning. Who is the twit now?

re: CPF meant for retirement only...
And you are calling for govt to allow all to withdraw every cent at 55? Who is the real twit?

1 • Reply • Share ›

Napoleon_Bp → cscbbcitizen • 4 days ago

You are a load of recycled and incoherent rubbish ..!!

• Reply • Share ›

cscbbcitizen → Napoleon_Bp • 3 days ago

I am incoherent? Your bashing don't stand up to scrutiny. Take it like a man and acknowledge you are wrong.

You bash govt and when confronted with facts, you refuse to acknowledge. You keep rounding on the same paranoid notion.

And on top of all this, you show no conviction for your claims. You have quietly accepted the material benefits of the nation's progress and work, taken the profits from your HDB sale, taken the subsidies, taken the low income tax, taken the low priced hawker food, taken the decent basic education, taken the quality subsidised university education, and in return spew and spread nothing but lies.

And the last bit of comedy acting from you: you don't even qualify to join the opposition. Your facts are so skewed that it makes nonsense as an opposition election running platform.

• Reply • Share ›

Napoleon_Bp → cscbbcitizen • 3 days ago

You are still the same load of very loud, recycled and incoherent grabage ...!

• Reply • Share ›

cscbbcitizen → Napoleon_Bp • 3 days ago

Most of the unforgiveable 'evils' that you lay on the pappie govt is nothing more than individuals trying to apportion blame for their own mistakes or failings.

Come on, acknowledge you are wrong and your background understanding of the issues is faulty and warped.

• Reply • Share ›

chenshuibian • 8 days ago

Tharman said -Did Temasek manage the CPF funds in the past? No. and then he said CPF monies, which were invested in Special Singapore Government Securities (SSGS), could be used by the Government to finance infrastructure – such as road infrastructure.

So the then PWD-where the CPF funds went to based on above statement and PWD is now named CPG and Temasek is the owner...see the contradiction..

2 • Reply • Share ›

cscbbcitizen → chenshuibian • 4 days ago

Why don't you research the facts? Read papers of LKY. He admit that CPF were used to supplement infrastructure projects up to 80s. This was done so as not to rely on big syndicated loans. Prudent. By mid-80s, our progress and stability meant more uptake for our treasuries on open market. Plus steady tax collection and more foreign investments enlarged the reserves.

re: PWD is now named CPG...
So CPG has private funds invested, plus backed up by Temasek reputation. No need taxes to pay for employees and must improve productivity and efficiency. Not good? You want it to end up like Greece civil agencies?

Why don't you learn more about govt financing, govt policy development and transitioning GLCs?

1 • Reply • Share ›

GUSSIE91 → chenshuibian • 8 days ago

yup............there are many contradictions policies, unfortunately we have no power to reduce their power at present.

1 • Reply • Share ›

duhduhduh0 • 6 days ago

Over the last five years it earned 0.5 per cent in Singdollar terms

this sounds bad to me. wheres the accountability to the public with such low return in the last 5 years?

1 • Reply • Share ›

GUSSIE91 → duhduhduh0 • 4 days ago

no need any accountability for the current govt, they has a single ultimate power to control our entire life, neither you like it or not, but Singaporeans may be able to reduce their power in the next GE 2016................please vote wisely.

1 • Reply • Share ›

mingsuny • 6 days ago

Hi,
After the long weekend, I still cannot come out with a decisive action what to do with our excess CPF Ordinary fund. My wife is the typical Singaporean, very bochap (hackcare). She leaves all decisions-making to me. Very difficult to make leh!
No choice lor, wait after the National Day Rally, see what kind of reform they are coming out with! Unfortunate to be a Singaporean! 新加坡人真难做！唉！

1 • Reply • Share ›

GUSSIE91 • 7 days ago

According to the latest fast fax economy news, the average OECD countries retirement fund is 9% return annually over 20 years and 8% return annually over 10 years, provided they follow the mix global and domestic investment strategies.

CPF should look deeply into the possibilities to remove direct govt involvement to have a tight control over our retirement money as each individual has different back ground and risk profile.
Release the CPF chains, retirees Singaporeans will definitely be doing well...............

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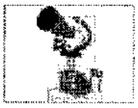

Rise and rise of Speakers' Corner

THIS IS THE EXHIBIT MARKED ***"RNYL-4"***

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

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FAQ Popular

1. **What does GIC see as long-term risks?**
2. **What is GIC doing to mitigate the risks that will impact returns?**
3. **What is the relationship between GIC and the Government?**
4. **Does GIC invest CPF monies?**

The short answer is that GIC manages the Government's reserves, but as to how the funds from CPF monies flow into reserves which could then be managed by either MAS, GIC or Temasek, this is not made explicit to us. What we do know from public sources: Singaporeans' CPF funds are invested in bonds called Special Singapore Government Securities (SSGS) which are fully guaranteed by the Government. These are non-marketable floating rate bonds issued specifically to the CPF Board. These bonds earn for the CPF Board a coupon rate that is pegged to CPF interest rates that members receive. Under the Protection of Reserves Framework in the Singapore Constitution of the Republic of Singapore, the Singapore Government cannot spend any monies raised from Government borrowings. All the proceeds from the Government's borrowing are therefore invested.

Read more about Singapore's reserve management framework on the Ministry of Finance's FAQs on Reserve Management Framework

5. **What is GIC's source of funds?**
6. **What is GIC's new investment framework?**
7. **What are the ways to tell if GIC is meeting its responsibility as the Government's fund manager?**

GIC REPORT 2012/2013

This report highlights how we are governed, our investment approach, our relationship with the Government of Singapore as well as the portfolio's performance.

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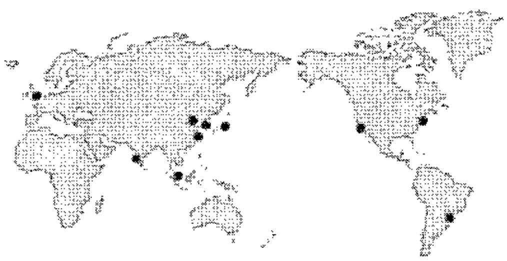

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FAQs

1. What does GIC see as long-term risks?

2. What is GIC doing to mitigate risk?

3. What is the relationship between GIC and the government?

4. Does GIC invest money from the Central Provident Fund (CPF)?

GIC, along with MAS, manages the proceeds from the Special Singapore Government Securities (SSGS) that are issued and guaranteed by the government which CPF board has invested in with the CPF monies. So while the CPF monies are not directly transferred to GIC for management, one of the sources of funds that goes into the government's assets managed by GIC is the proceeds from SSGS.

The Ministry of Finance has elaborated on this:

• Singaporeans' CPF funds are invested in bonds - SSGS - which are fully guaranteed by the government. CPF monies are therefore invested entirely in risk-free assets. It is the government that takes the investment risk in managing SSGS proceeds.

• Ultimately, the investment returns that the government expects to make over the long term by taking the risks of long-term investments are not hoarded away in the reserves.

• Up to 50% of the net returns from the reserves flow back to Singapore's budget through the Net Investment Returns Contribution (NIRC). The long-term returns therefore help to fund spending which benefit our citizens.

Click here to find out more (http://www.ifaq.gov.sg/MOF/apps/fcd_faqmain.aspx#FAQ_59748)

5. What is GIC's source of funds?

6. What is GIC's new investment framework?

7. What are the ways to tell if GIC is meeting its responsibility as the Government's fund manager?

8. How much of the portfolio is managed externally by other fund managers?

9. How does GIC decide what to invest in, and where?

10. Does GIC have specific allocations to asset classes and geographies?

11. Can GIC share more on the investments in UBS and Citi?

12. What are the returns of the GIC Portfolio?

13. Why doesn't GIC disclose its returns in Singapore dollars?

14. What is the performance of the various asset classes?

15. Why doesn't GIC provide one-year returns?

16. How is GIC positioning itself for the future?

17. How does GIC measure its performance?

18. Why are returns expressed in real terms?

19. Do the 5- and 10-year results impact the long-term sustainability of GIC?

20. Why does GIC not disclose the size of its assets under management?

21. Is the government involved in the investment decisions of GIC?

22. What sort of information does GIC make publicly available?

23. How are members of the board of directors appointed?

24. Who audits the financial statements of GIC?

25. What is the difference between GIC and the other two entities that invest Singapore's reserves?

26. Do Singaporeans benefit from GIC investments?

27. Attempts have been made online to estimate GIC's size, based on budget surpluses and the issuance of government securities. Are the calculations accurate?

28. What is GIC's staff strength?

29. Given its mandate, what sort of employees is GIC looking for?

30. Can non-Singaporeans work for GIC?

31. How should I apply and when?

32. For scholarships and the GIC Professionals Programme, what's the selection process like? How many rounds of interview are there?

33. Does GIC offer internships?

34. How many scholarships are awarded each year? How many positions are there for the GIC Professionals and Internship programmes? Is there a quota?

35. When can I expect to hear back regarding the status of my application?

GIC

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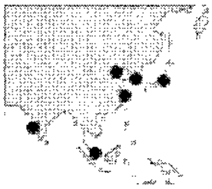
2013/2014 →

(http://www.gic.com.sg/report/report-2013-2014/)



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Parliament No:	11
Session No:	1
Volume No:	83
Sitting No:	12
Sitting Date:	19-09-2007
Section Name:	MINISTERIAL STATEMENT
Title:	CPF REFORMS AND OTHER MEASURES FOR A SECURE RETIREMENT
MPs Speaking:	Dr Fatimah Lateef (Marine Parade);Dr Muhammad Faishal Ibrahim (Marine Parade);Mdm Halimah Yacob (Jurong);Mdm Ho Geok Choo (West Coast);Mr Lim Biow Chuan;Mr Low Thia Khiang (Hougang);Mr Ong Kian Min (Tampines);Mr Sin Boon Ann (Tampines);Mr Abdullah Tarmugi (Mr Speaker);Mr Zainudin Nordin (Bishan-Toa Payoh);Ms Ellen Lee (Sembawang);Ms Eunice Elizabeth Olsen (Nominated Member);Ms Irene Ng Phek Hoong (Tampines);Ms Sylvia Lim (Non-Constituency Member);The Minister for Manpower (Dr Ng Eng Hen)

Column: 1868

CPF REFORMS AND OTHER MEASURES FOR A SECURE RETIREMENT

Order read for resumption of debate on Question [17th September 2007],

"That the CPF Reforms and Other Measures for a Secure Retirement be considered by Parliament.". - [Leader of the House].

Question again proposed.

1.42 pm

Mr Zainudin Nordin (Bishan-Toa Payoh): Mr Speaker, Sir, please allow me this opportunity to give some of my thoughts on the proposed CPF reforms and other measures for a secure retirement.

Since our independence in 1965, we have seen our country grow stronger socially and economically. And while we face many storms along the way, Singaporeans have survived and prospered, thanks to two significant pillars of our governance structures; the Housing and Development Board and the Central Provident Fund.

political system.

We could not have imagined 40-odd years ago when this nation was conceived, that we would be here today in 2007 discussing how to deal with the problem of people living much longer. Faced with stark issues of survival then of having to provide basic necessities for an impoverished nation; indeed, not being sure that we could last as a nation, making provision for retirement savings to last till 100 would not even have been a remote possibility on the minds of our leaders and Singaporeans.

What will they say 40 years hence of this House about this debate on 19th September 2007? As they pore through the *Hansard*, what will they think of us? How will we be judged? It is hard to be completely sure. Some younger Members here will physically be around in 40 years hence. And if technology has allowed you to speak to those who have crossed over, please SMS me. But of this, one thing I can be reasonably sure that they will conclude: that this Government did not shirk its responsibility but lived up to its duty; that this House had the resolve and courage to do what was necessary. That this generation of Singaporeans did what was good and right for future generations to benefit. That, Sir, must mean

Column: 1955

something to each of us here and to Singaporeans everywhere. [*Applause.*]

Mr Low Thia Khiang *rose*---

Mr Speaker: Mr Low, you can seek or make clarifications but no speeches.

Mr Low Thia Khiang: Sir, I would like to seek clarifications from the Minister. Does the Government Investment Corporation (GIC) use money derived from CPF to invest? If the answer is yes, then the next question ---

Dr Ng Eng Hen: The answer is no.

Mr Low Thia Khiang: Then no question.

Mdm Halimah Yacob (Jurong): A point of clarification. The Minister misquoted me. I did not suggest the establishment of a Government-funded pension scheme. I work extensively in ILO, do a lot of extensive work, have had unionists sharing a lot of experiences, governments as well on the pension scheme, and I know what are the problems that these pension schemes are experiencing. So I did not, at any time, suggest the establishment of a Government-funded pension scheme. But the Minister quoted me correctly on the second point, and that is the social risk-pooling element, in the context of those without Minimum Sum or very little Minimum Sum to purchase the longevity insurance specifically in relation to women, because only 2.5 women out of 10 are working between the age of 60-64.

Mr Speaker: Mdm Ho, last clarification. Brief one, please.

Mdm Ho Geok Choo: I thank the Minister for his clarifications and sharing on the state pension fund. Just like Mdm Halimah, I did not suggest or advocate for a state pension fund. Rather, I had

Column: 1956

suggested for a co-payment scheme for a very small group of old guards in their 80s and 90s who have missed out on the prosperity of Singapore. I think, to my mind, it is not likely that this pool will increase because when this group expires, the scheme will end.

Also, a second point of clarification, as for the eldercare fund, it is really to help a group of Singaporeans who cannot look after themselves and it will not be a "no limit" scheme but rather a token gesture that will purport the values of compassion alongside self-reliance for the future generation.

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GIC

- About Us
  - Overview
  - Structure
  - GIC Board of Directors
  - Senior Management
  - Corporate Governance
- Our Business
  - Overview
  - Investment Process
  - GIC Portfolio
  - Operations
- Global Reach
  - Our Offices
  - Our Investments
- Newsroom
  - News & Speeches
  - Reports
- Careers
  - Overview
  - Why GIC?
  - What We Look For
  - What We Offer
  - Scholarships
  - Interns
  - Graduates
  - Mid-Careers

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- Home
- Newsroom
- News & Speeches
- Keynote Address by Minister Mentor Lee Kuan Yew, Chairman, GIC, at the GIC 25th Anniversary Dinner...

- News & Speeches
  - 2010
  - 2009
  - 2008
  - 2007
  - 2006
  - 2005
  - 2004

Keynote Address by Minister Mentor Lee Kuan Yew, Chairman, GIC, at the GIC 25th Anniversary Dinner

11 Jul 2006

Prime Minister, Senior Minister, GIC colleagues,

The GIC was set up on 22 May 1981, 25 years ago. In the 1970s, Singapore's financial reserves grew steadily from public sector surpluses. MAS was investing these funds mainly in short-term assets. I was then Prime Minister. My deputy, Dr Goh Keng Swee, convinced me that we should have a dedicated institution, separate from MAS, to specialize in managing our foreign reserves. This would allow MAS to concentrate on its central banking functions.

GIC came into being with me as Chairman, Keng Swee as Deputy Chairman, Hon Sui Sen and other Ministers as Board members. We appointed Yong Pung How as GIC's first Managing Director to lead the management team.

The GIC started in a turbulent international financial market. There had been an eight-fold increase in oil prices since the 1973 oil crisis. Several Latin American countries teetered on the brink of debt default, that threatened the solvency of major international banks, many in the US. Paul Volcker had instituted a tight money policy to wring inflation out of the American economy. Amidst these grave risks to the global economy, my cardinal objective for GIC was not to maximize returns, but to protect the value of our savings and earn a fair return on capital.

Over 25 years, GIC has grown in size, breadth and depth. Its fund size in 1981 was several billion Singapore dollars. GIC now manages well over a hundred billion US dollars. Its operations now extend over nine asset classes - developed market equities, emerging market equities, private equity, nominal bonds, inflation-linked bonds, real estate, commodities, hedge funds and short term assets including currency overlay. Investments straddle over 40 countries, largely in the US, EU and Japan.

GIC's investment results have been good. Over a period of 25 years to March 2006, the annual rate of return on the foreign reserves managed by GIC averaged 9.5% in US dollar terms, and 8.2% in Singapore dollar terms. The average rate of return over global inflation was 5.3% per annum.

The GIC has fulfilled its mandate of preserving the international purchasing power of our reserves. Indeed, the GIC has significantly enhanced the value of our savings.

To pre-empt misunderstanding, let me add that there is no connection between GIC's rate of return and the interest paid on CPF accounts. The GIC invests the Government's reserves abroad in equities, bonds, real estate and other asset classes, which carry higher risks and therefore can be expected to earn higher returns on average over the long term. The CPF invests members' savings only in absolutely risk-free Singapore Government bonds. CPF members are paid market-related interest rates based on the 12-month fixed deposit rates and the savings account interest rates of the major Singapore banks, subject to a floor. CPF members who are willing to accept higher risks for higher returns have many channels to do so on their own, through the CPFIS 1[1] scheme.

In celebrating our success, we must gear ourselves to manage the opportunities that lie ahead. Seismic changes in the world economy have been set in motion by the rapid growth of China and India, offering immense investment opportunities. To be well positioned for these opportunities, GIC needs to be mindful of the factors for its success, the key factor is the quality of the people at GIC.

We have to ensure that at all levels of the corporation - GIC Board of Directors, Board committees, management, investment and other professionals - we have people of integrity, competence, experience, and motivated to do their best.

As Chairman of the Board for 25 years, I have drawn on the insights and sound judgments of many Board members. They helped me to set the direction for GIC's corporate development, shape our investment policies, and navigate through various market crises. I place on record the debt the government and GIC owes to former Board members: Goh Keng Swee, Hon Sui Sen, Lim Kim San, Tan Teck Chwee, Goh Chok Tong, Yong Pung How, S Dhanabalan, JY Pillay, Lee Seng Wee and more recently to Ho Kwon Ping. I also thank the current members of the Board: some like Tony Tan, Richard Hu and Lee Ek Tieng have remained in harness for decades. The Prime Minister and I are particularly appreciative that, since his retirement from the Cabinet last year, Tony Tan has agreed to devote more time at GIC as Deputy Chairman and Executive Director. Having been involved in GIC's development since its birth, Tony is exceptionally well qualified to advise the Board and to guide its management in the next phase of GIC's growth and development.

Over 25 years, we have built up a strong management team and a cadre of experienced investment professionals across all the asset classes. I am delighted that the recipients of our long-service awards tonight are being recognized for their contribution to making GIC what it is today.

The immense changes and opportunities in the investment world mean that the competition for investment talent has become intense. There is a world-wide shortage of financial talent, particularly in Asia where financial institutions have been talent hunting to meet the burgeoning demand for wealth management services. In this environment, GIC will have to compete hard for local and foreign talent.

The challenge for GIC is not so much in attracting young talent. We have had an undergraduate scholarship programme running for about ten years now which has attracted about 60 high quality candidates including non-Singaporeans. We are nurturing this pool of talent to strengthen our operating capability and in time to renew the ranks of management. To supplement this scholarship programme, we recently introduced an Associates programme to recruit external candidates as trainee investment officers. This was advertised widely in Singapore and overseas. It attracted over a thousand applicants which has now been winnowed to a dozen candidates of excellent potential.

It is no surprise that GIC has no difficulty in recruiting able young people. The training opportunity and exposure at GIC are compelling, perhaps unmatched in Asia among large investment firms. The quality and integrity of our staff, and GIC's reputation in the markets enhance the value of a candidate who can claim to have worked at GIC. Our challenge has been to retain officers we had trained and developed, and who are sought after by the private sector. Nonetheless, we appreciate the contribution which former GIC staff have made to the company, and are pleased that many of you are able to join in our celebration tonight.

The board and management are determined that GIC will offer attractive and satisfying career prospects for top talent. We intend not only to retain home-grown talent, but also to attract experienced professionals from the private sector, in Singapore and globally. To continue to do well, GIC must assemble the strongest international team we can find. We are ensuring that our remuneration policies are in tune with market practices so that our professionals can expect competitive compensation based on their performance and contribution. I am glad that the changes we made to the incentive compensation scheme have been well received by our staff.

Beyond a progressive and competitive compensation scheme, GIC should develop other competitive edges to recruit and retain talent. We need to create an environment where professionals can be deployed where they can best exercise their skills and maximize their contribution. As a global investor operating in many asset classes across 40 countries, GIC can offer abundant opportunities for exceptional professional growth and experience. The long-term orientation that underpins our investment policy should apply with equal force to personnel management and development. We want our professionals to view their work at GIC not just as a job but more important as a long-term career.

The work we do at GIC has a significant bearing on the well-being of present and future generations of Singaporeans. It is an endeavour of national importance and deserves the highest dedication and best efforts that all of us can offer.

Download NowGIC report 2008/2009

This report highlights how we are governed, our investment approach, our relationship with the Government of Singapore as well as
the portfolio's performance.

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GIC TURNS 20

GIC does not use CPF funds: SM Lee

There is no direct link and the two pools of money will remain separate even in the future, he says

By IGNATIUS LOW
FINANCE CORRESPONDENT

THE Government of Singapore Investment Corporation (GIC) does not dip into Central Provident Fund (CPF) funds for its investments, said its chairman, Senior Minister Lee Kuan Yew, yesterday.

Seeking to correct a view that the GIC invests CPF savings overseas directly for a return higher than that which the Board pays its members, he said that the two pools of money were separate and unlikely to cross paths even in the future.

At the start of a 40 minute-long press conference to mark GIC's 20th anniversary and its official move to new offices at Capital Tower in Robinson Road, SM Lee said: "I want to clarify that there is no direct link between the GIC and the CPF."

He pointed out that unlike the GIC, the CPF Board took "no chances" in its investment strategy.

"The GIC manages the Government's overall reserves and we invest abroad to make sure that we retain the store of its core value in foreign currency."

He was referring to the GIC's stated objective of at least preserving the global purchasing power of Singapore's reserves over time.

In contrast, the CPF Board invests in Singapore Government Bonds and other absolutely safe fixed-income securities, and it pays CPF members market-related interest rates based on the 12-month fixed deposit rate and the month-end savings rates of the four major Singapore banks, he explained.

And even though the GIC has had an excellent track record of growing the Republic's reserves over the past 20 years, it will not start to manage CPF monies on a commercial basis for CPF account holders.

Members who want to invest overseas for enhanced returns on their CPF savings should instead consider using competent private-sector fund managers, he said.

He gave this advice to CPF members wanting to earn more than the guaranteed return that the CPF Board pays them: Entrust savings to professionals.

This is especially since the Government has relaxed the rules to allow them to do so, he added.

"If they put their funds in the hands of competent fund managers, over the long term they are going to make more than what the CPF can give them. We have found that out over the past 20 years as the GIC."

But he also warned about the downside of investing with fund managers.

"The fund manager cannot guarantee you against a loss. The CPF Board guarantees you against any losses. Second, with the CPF you are income tax-free for your returns."

He also advised CPF members to be patient with their investments and to avoid judging a fund manager's performance over short periods of just one or two years.

Asked whether the GIC would use the investment expertise it has accumulated to run an investment fund for Singaporeans, he said this was unlikely to happen.

"If they go into GIC and then lose money, they say: 'Well, will the Government compensate me?'

"I think the Singaporean must learn that there is a risk-reward ratio. He's got to decide — just as the GIC decides — how safe he wants to play it."

LIANHE ZAOBAO

SM Lee unveiling a plaque to commemorate the opening of GIC's new offices at Capital Tower yesterday.

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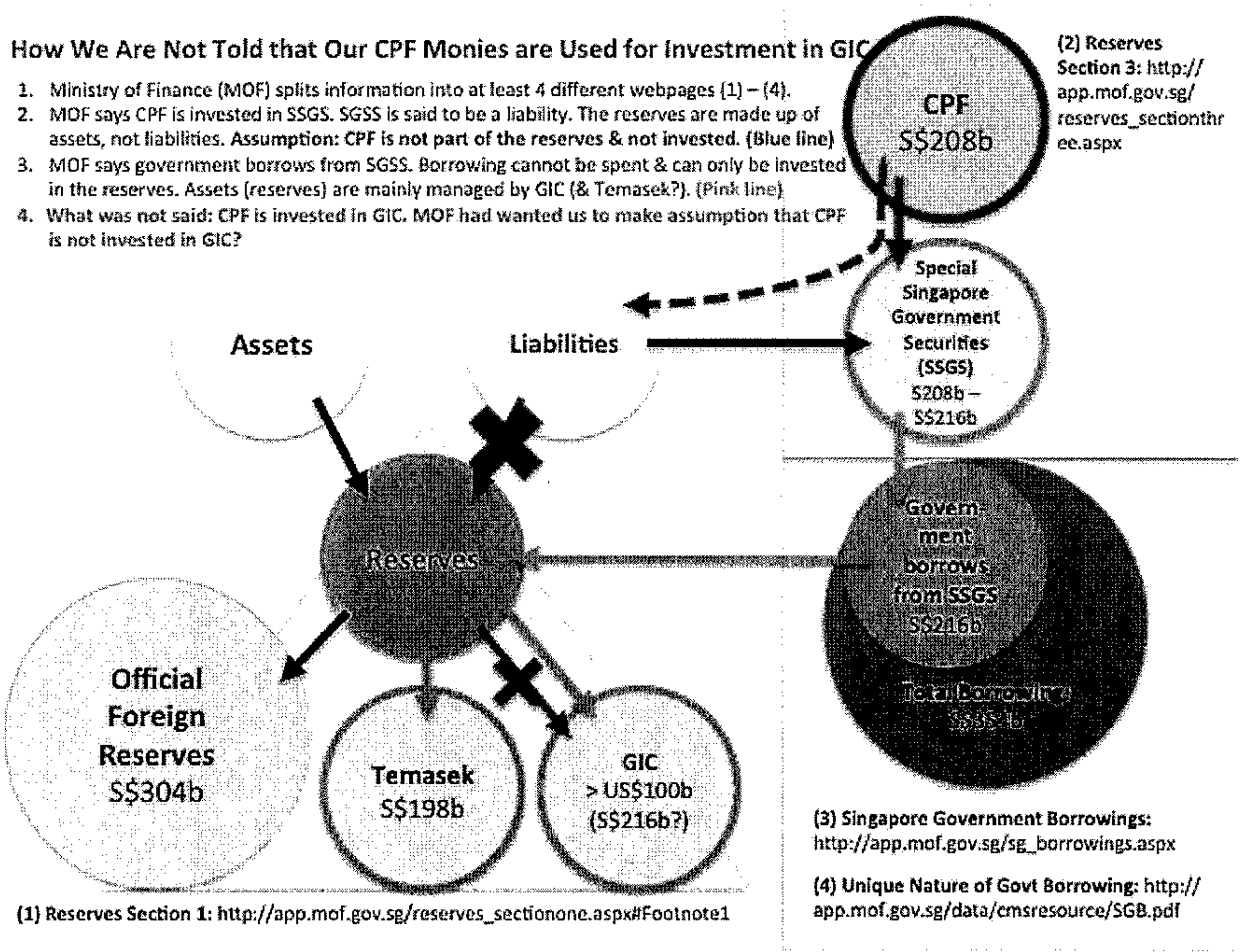
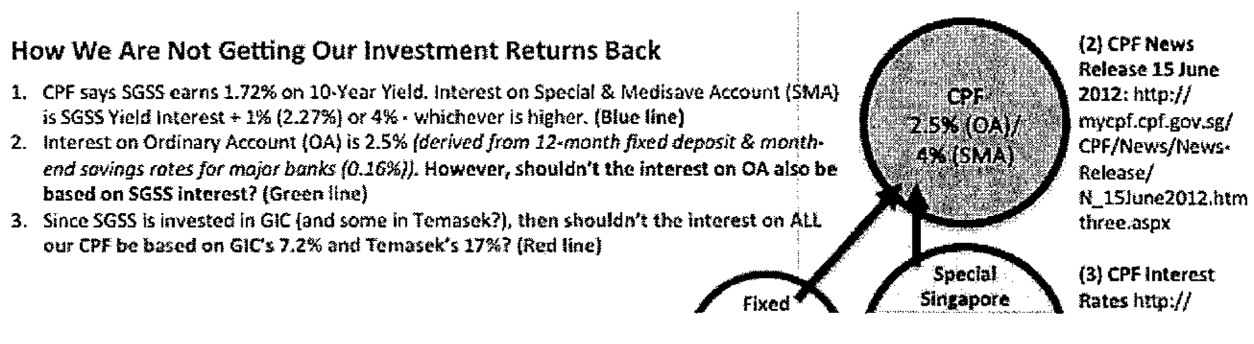
Support Roy Ngerng, Share This Post

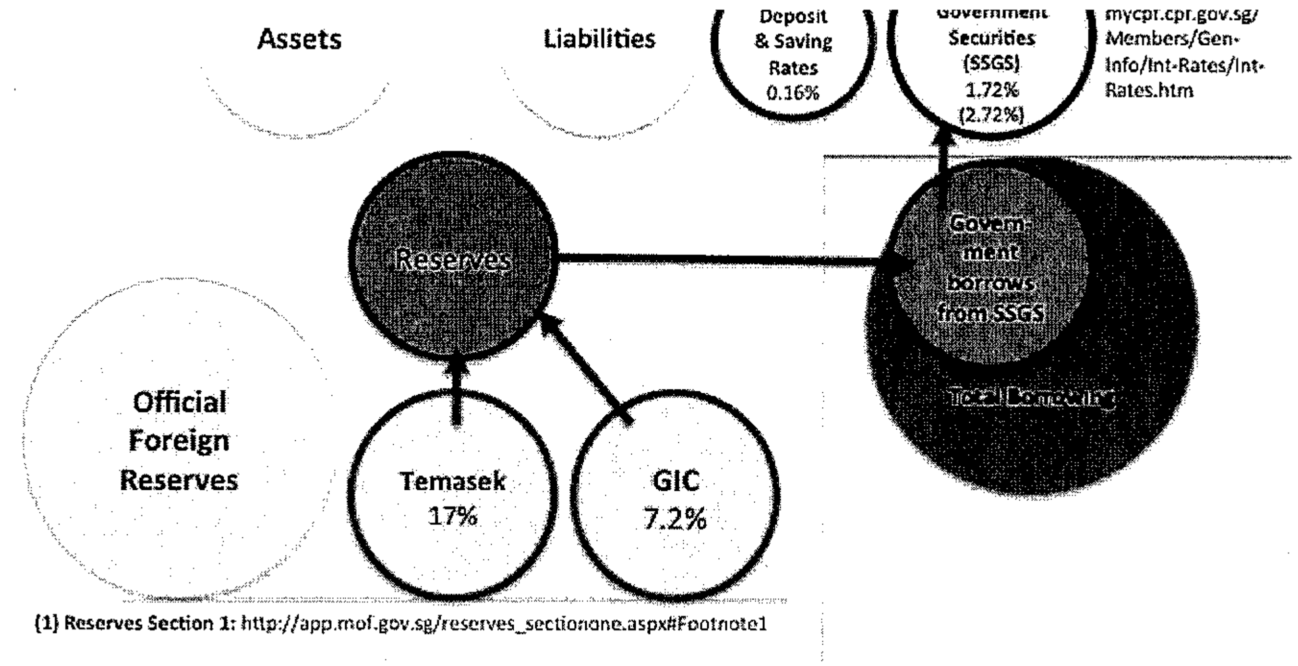
On 26 May 2014, socio-political blogger Roy Ngerng was instructed by Prime Minister Lee Hsien Loong through his lawyer to remove four additional posts about the CPF and a Youtube video from his blog The Heart Truths because he had claimed the earlier apology sent by Roy Ngerng was not genuine. Unless he removed the additional posts, aggravated damages will be filed against him. Roy Ngerng had little choice but to remove the posts in question. However, we believe the PM's demand is an abuse of power as none of those posts had defamed him in any way. We have re-produced the four posts and video and urge you to share it on your facebook, blog, twitter etc to express your disapproval of the PM's bullying tactics.

PICTURE: How We Are Not Told that Our CPF Monies are Used to Invest in GIC



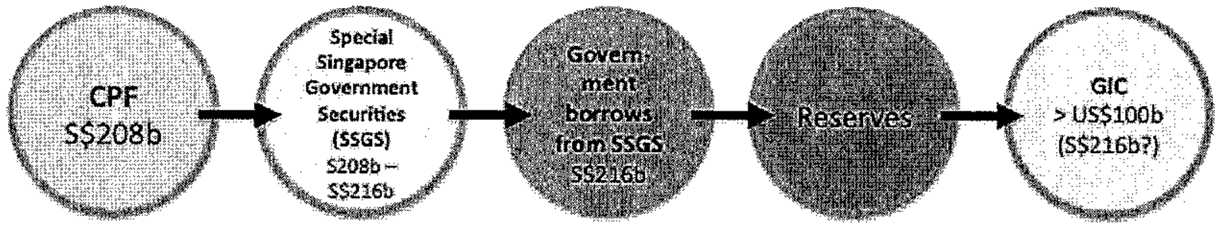
(http://thehearttruths.files.wordpress.com/2012/07/slide124.jpg)



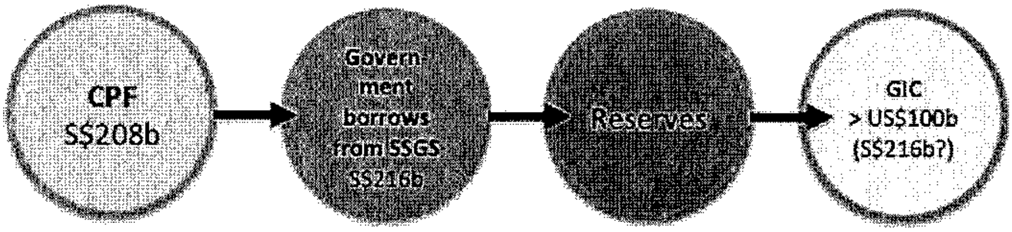


(http://thehearttruths.files.wordpress.com/2012/07/slide26.jpg)

They could have explained how our CPF monies is actually used - in 1 page - clearly. Why didn't they?



They could even streamline the investments. Why didn't they? Why did they complicate the process?



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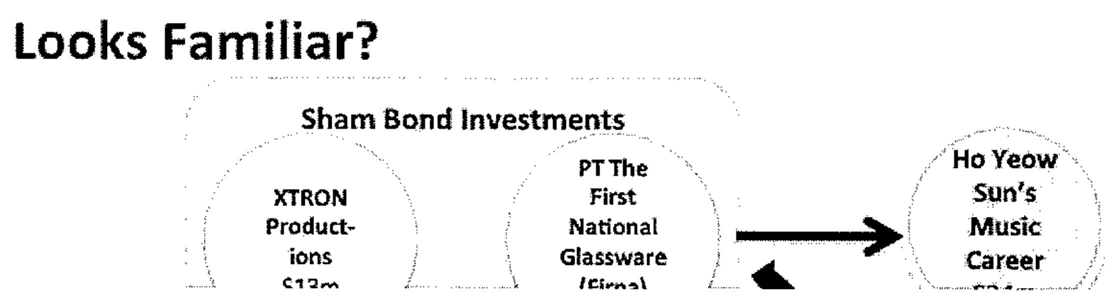
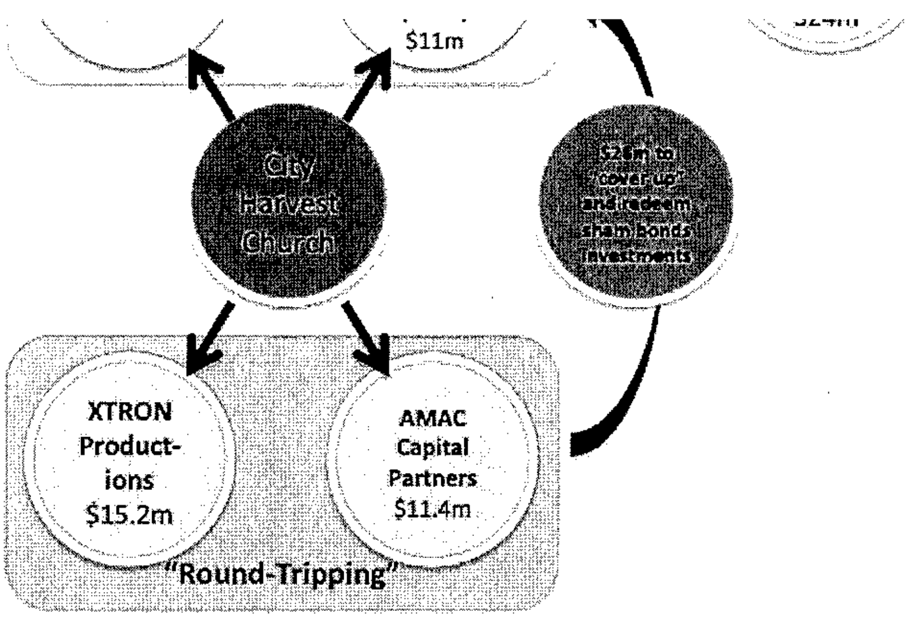
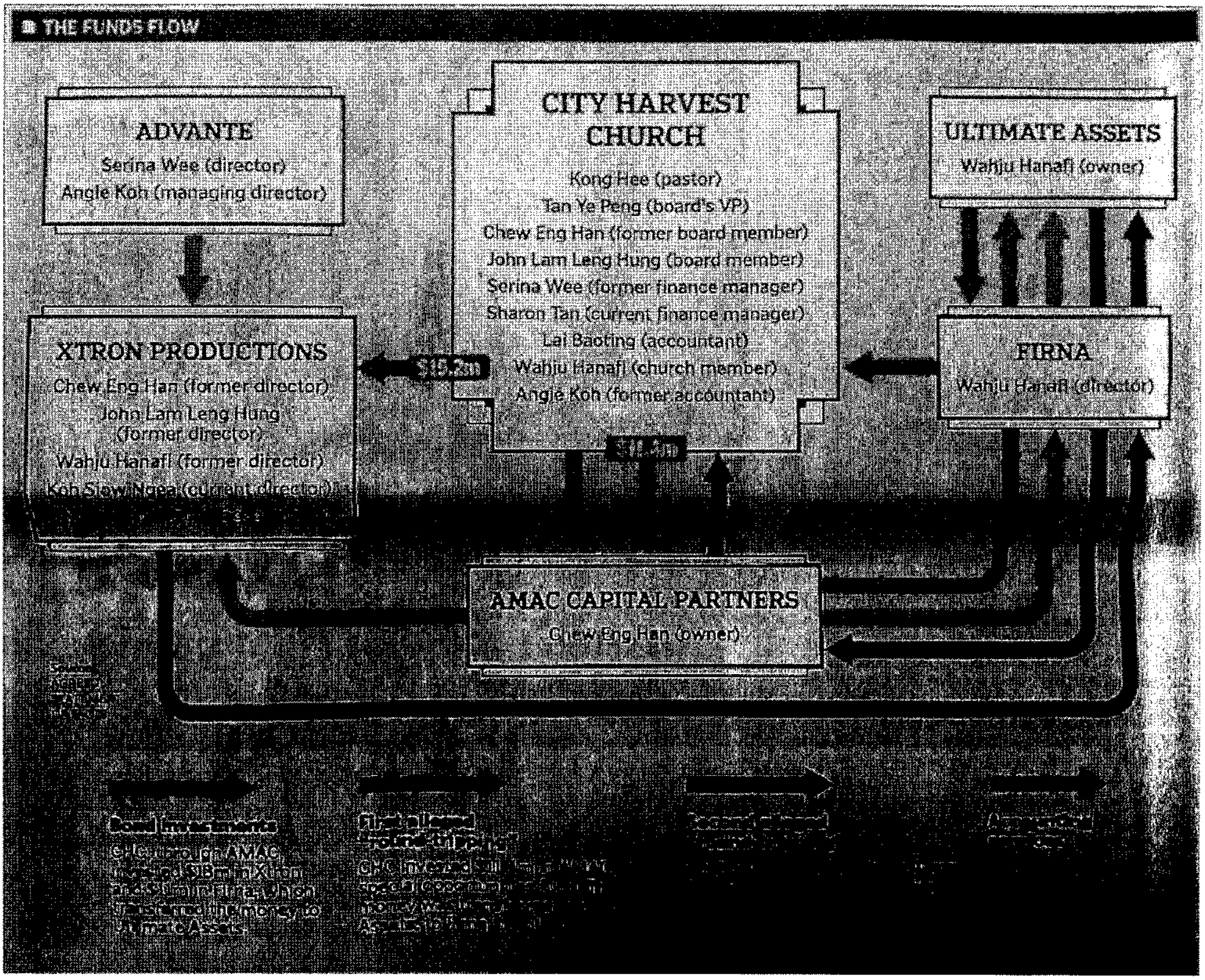




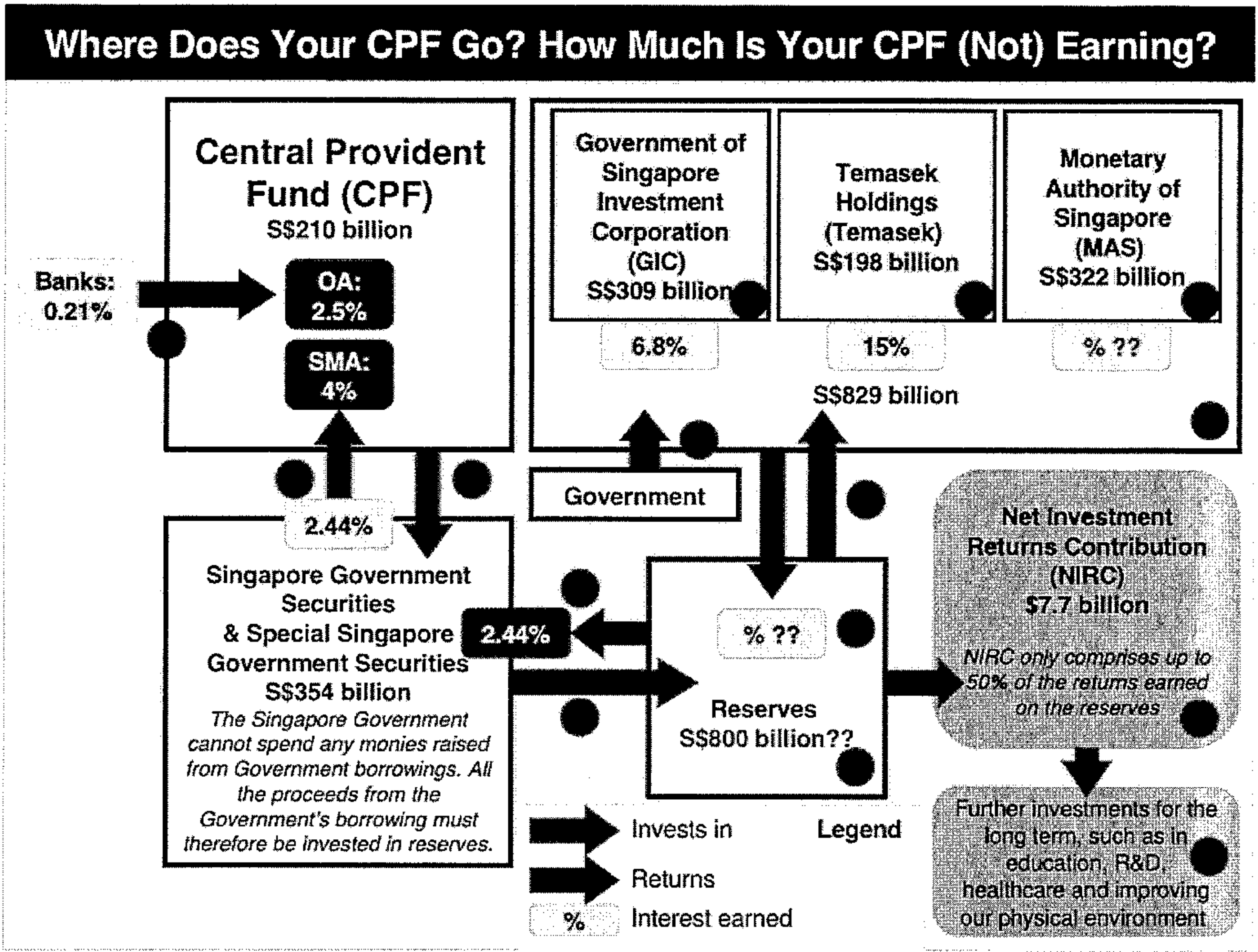
(http://thehearttruths.files.wordpress.com/2012/07/slide41.jpg)

How Is Your CPF Money Being Used And Taken Away?

The Straits Times had done up a graphic to illustrate the "alleged sham bond investments" and "round-tripping" conducted by City Harvest Church and the companies linked to the church.



(http://thehearttruths.files.wordpress.com/2013/05/city-harvest-church-round-tripping.jpg) It got me thinking again about how our CPF monies is rerouted for investments. In Chart 1, you can see a simplified chart of how our CPF monies is being used. I will take you through the chart step-by-step.



(http://thehearttruths.files.wordpress.com/2013/05/photo-52.png)

Chart 1

1. Our CPF monies is invested in the Singapore Government Securities (SGS) and Special Singapore Government Securities (SSGS). (link (http://app.mof.gov.sg/data/cmsresource/SGB.pdf))
2. "Under the Protection of Reserves Framework in the Singapore Constitution of the Republic of Singapore, the Singapore Government cannot spend any monies raised from Government borrowings. All the proceeds from the Government's borrowing must therefore be invested in reserves." (link (http://app.mof.gov.sg/data/cmsresource/SGB.pdf))
3. "Our reserves are managed by three agencies – the Government of Singapore Investment Corporation (GIC), Temasek Holdings (Temasek) and the Monetary Authority of Singapore (MAS)." (link (http://app.mof.gov.sg/reserves_sectionone.aspx))
4. GIC has assets of S$309 billion and earns returns of 6.8%. (link (http://www.swfinstitute.org/fund-rankings/) & link (http://www.gic.com.sg/images/pdf/GIC_Report_2012.pdf))
5. Temasek has assets of S$198 billion and earns returns of 15%. (link (http://www.temasekreview.com.sg/documents/TR2012_Eng.pdf))
6. MAS has assets of S$322 billion. I couldn't locate the rates of return. (link (http://www.mas.gov.sg/Statistics/Reserve-Statistics/Official-Foreign-Reserves.aspx))
7. In total, the overall funds managed amount to S$829 billion.
8. Can we thus assume that there are about S$800 billion in our reserves?

9. Here is the first question – since our reserves are borrowed to be invested, how much is the rate of return to our reserves?
10. This is important because this will help why the "average yield" of the SGS (securities) is only 2.44%. This is peculiar because if GIC and Temasek are earning 6.8% and 15% respectively, then why are the securities earning only 2.44%? (link (http://mycpf.cpf.gov.sg/CPF/News/News-Release/N_18Mar2013.htm))
11. According to the CPF Board, "the SMA currently earn either 4% or the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, whichever is the higher." Thus "CPF members will continue to enjoy a risk-free interest rate of 4% on their Special and Medisave Accounts (SMA) from 1 April 2013 to 30 June 2013." (link (http://mycpf.cpf.gov.sg/CPF/News/News-Release/N_18Mar2013.htm))
12. However, for the interest rate for our Ordinary Account (OA), this interest rate is "derived from the major local banks' interest rates" which is 0.21%. The "legislated minimum" interest rate for the OA is 2.5% so the OA interest will "remain unchanged at 2.50%". However, this is peculiar because if our CPF monies are invested in the securities and not with the banks, then why is our OA's interest rate pegged to the banks' interest rates and not to the securities? Are we being shortchanged? And also if our CPF monies are invested in two types of securities – SGS and SSGS – then why are our SMA's interest rate pegged only to one – SGS? What is the interest rate for the other securities – SSGS? (link (http://mycpf.cpf.gov.sg/CPF/News/News-Release/N_17May2013.htm))
13. Apparently, even though our CPF monies do not seemed to be receiving the full interest rates for their investments, "Singaporeans benefit from the investments of GIC and Temasek ... through the Net Investment Returns Contribution (NIRC). This amounted to S$7.7 billion in FY2012. (link (http://app.mof.gov.sg/reserves_sectionone.aspx) & link (http://www.news.gov.sg/public/sgpc/en/media_releases/agencies/mof/press_release/P-20130225-2/AttachmentPar/00/file/Budget%20Highlight%202013%20(25%20Feb%2013%201134h).pdf))
14. According to the government, the NIRC "has allowed the Government to make further investments for the long term, such as in education, R&D, healthcare and improving our physical environment." However, my question is – who really benefits? (link (http://app.mof.gov.sg/reserves_sectionone.aspx)) You can also read an article by Mr Leong Sze Hian (link (http://leongszehian.com/?cat=6)) and the Citizenship-Ownership Democracy (link (http://cod-democracy.blogspot.sg/2012/10/singapore-sovereign-wealth-returns.html)) for their further analysis on the NIRC. On a side note, you can also read an article by Singapore Notes (http://singaporedesk.blogspot.sg/2013/04/its-still-debt.html) on why the government's borrowing of our CPF is risky.
15. But even though the government returns the benefits of the investments through NIRC, "Temasek will occasionally receive capital injections from the Singapore Government for specific projects, usually ones that are commercially less viable but are politically significant for the government. Most recently, Temasek's projects with Khazanah Nasional in M-S Pte Ltd and Malaysian Wellness township (http://taighde.com/w/Malaysian_Wellness_township) were given money from the government." So, this puts to the question – how much does the government inject into Temasek Holding (and perhaps GIC?)? Is this amount higher than the NIRC? (link (http://taighde.com/w/Temasek_Holdings))

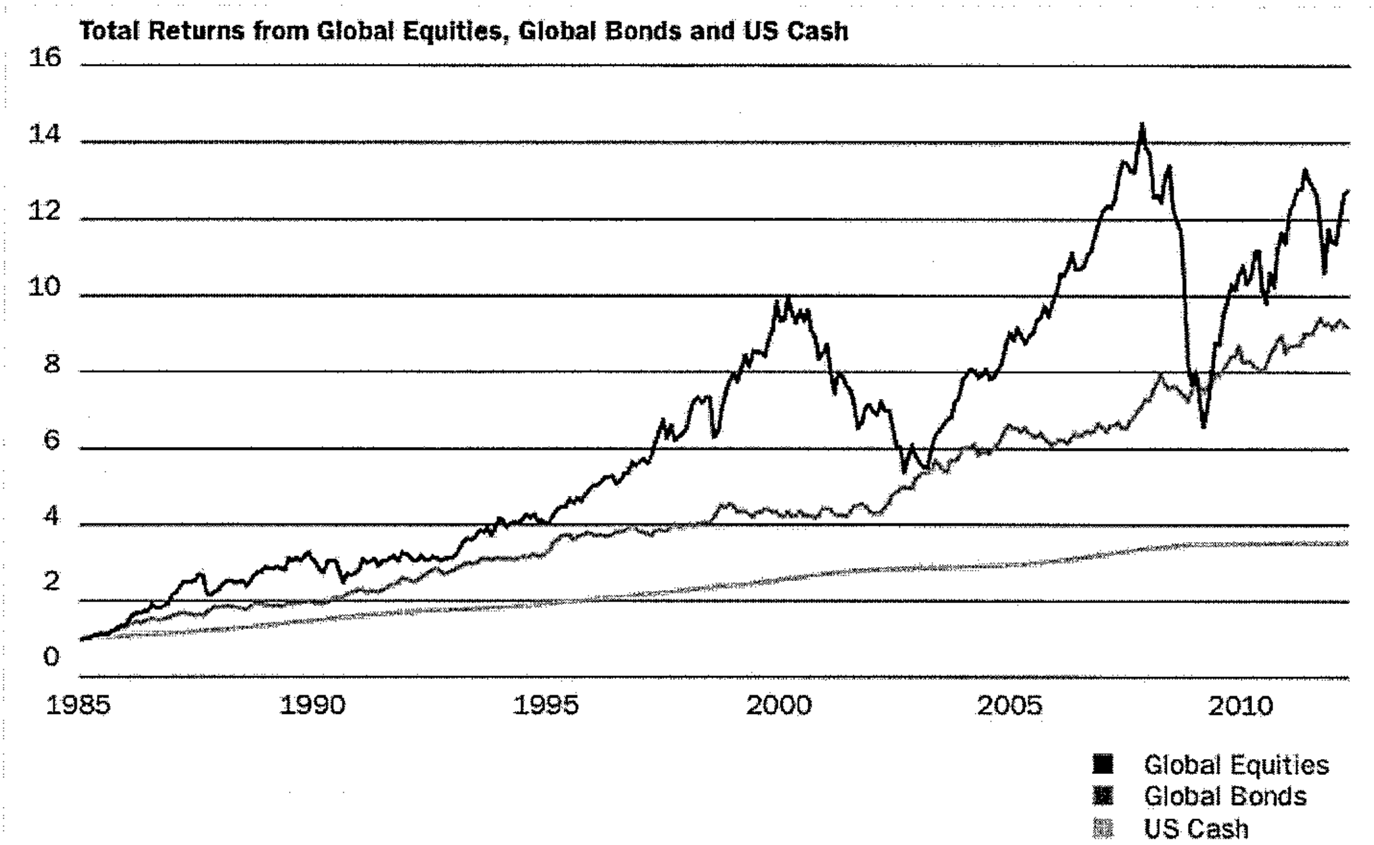
There are some other interesting points which came up:

1. Interestingly, the government claims that "revealing the exact size of assets that GIC manages will, taken together with the published assets of MAS and Temasek, amount to publishing the full size of Singapore's financial reserves. It is not in our national interest to publish the full size of our reserves. If we do so, it will make it easier for markets to mount speculative attacks on the Singapore dollar during periods of vulnerability." However, the exact size of assets can be found on the Sovereign Wealth Fund Institute's ranking of sovereign wealth fund (http://www.swfinstitute.org/fund-rankings/)s. This thus cast the government's explanation of their intention of not revealing GIC's assets into doubt. If anyone overseas could readily obtain information on GIC's assets, then they would be able to know what the full size of Singapore's reserves is, isn't it? If so, is the intention to not reveal GIC's assets to prevent other markets to know the full size of our reserves, or is it to prevent Singaporeans themselves from knowing?
2. I also find it strange that when asked if GIC invest CPF monies, GIC had said (http://www.gic.com.sg/en/faqs/search/201-gic-and-the-reserves-of-singapore#47) that, "The short answer is that GIC manages the Government's reserves, but as to how the funds from CPF monies flow into reserves which could then be managed by either MAS, GIC or Temasek, this is not made explicit to us." This is a non-answer.

Ultimately, the question are a few:

1. Why are GIC and Temasek earning 6.8% and 15% when the Singapore Government Securities is earning only 2.44%?
2. Why are GIC and Temasek earning 6.8% and 15% when our CPF OA and SMA are only earning 2.5% and 4%?
3. Why is our CPF OA's interest rate pegged to the bank's interest rate of only 0.21% when our CPF monies are invested in the Singapore Government Securities is earning only 2.44%?
4. Why is our CPF's SMA's interest rate based on only the Singapore Government Securities (SGS) when the CPF is also invested in the Special Singapore Government Securities (SSGS)?

Perhaps the next few charts will help put things into further perspective. Do you know that GIC's returns have been increasing? (Chart 2)



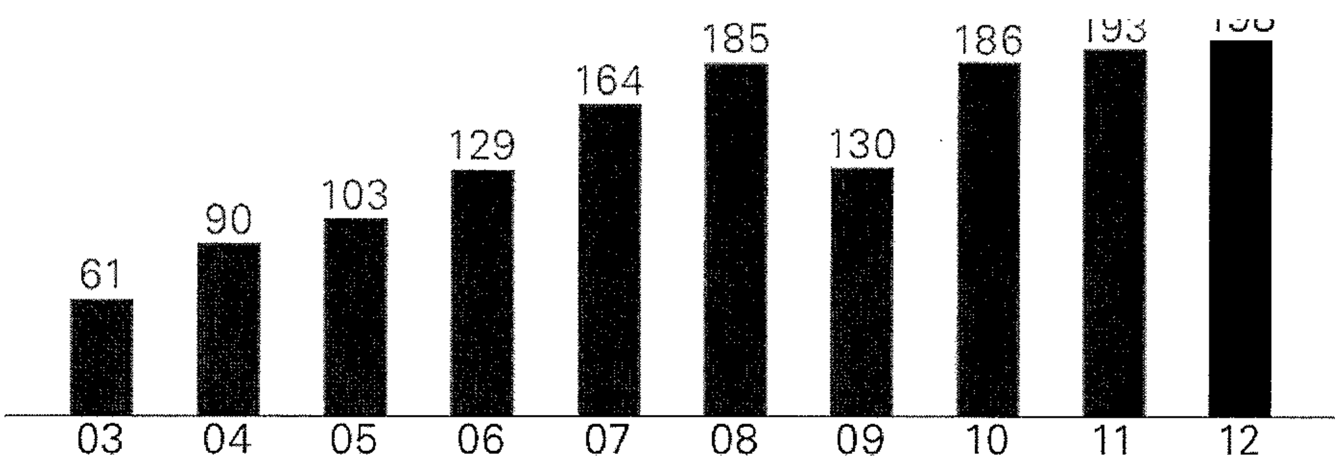
[1] Global equities are represented by the MSCI World Total Return Index (USD) (1985 – 1988) and the MSCI All-Country World Total Return Index (USD) (1988 – 2011), and Global bonds are represented by the Citigroup WGBI All Maturities Total Return Index (USD).

(http://thehearttruths.files.wordpress.com/2013/05/photo-3-2.jpg)

Chart 2: GIC Report on the Management of the Government's Portfolio for the Year 2011/2012 (http://www.gic.com.sg/images/pdf/GIC_Report_2012.pdf)

Do you know that Temasek's market value has been increasing? (Chart 3)

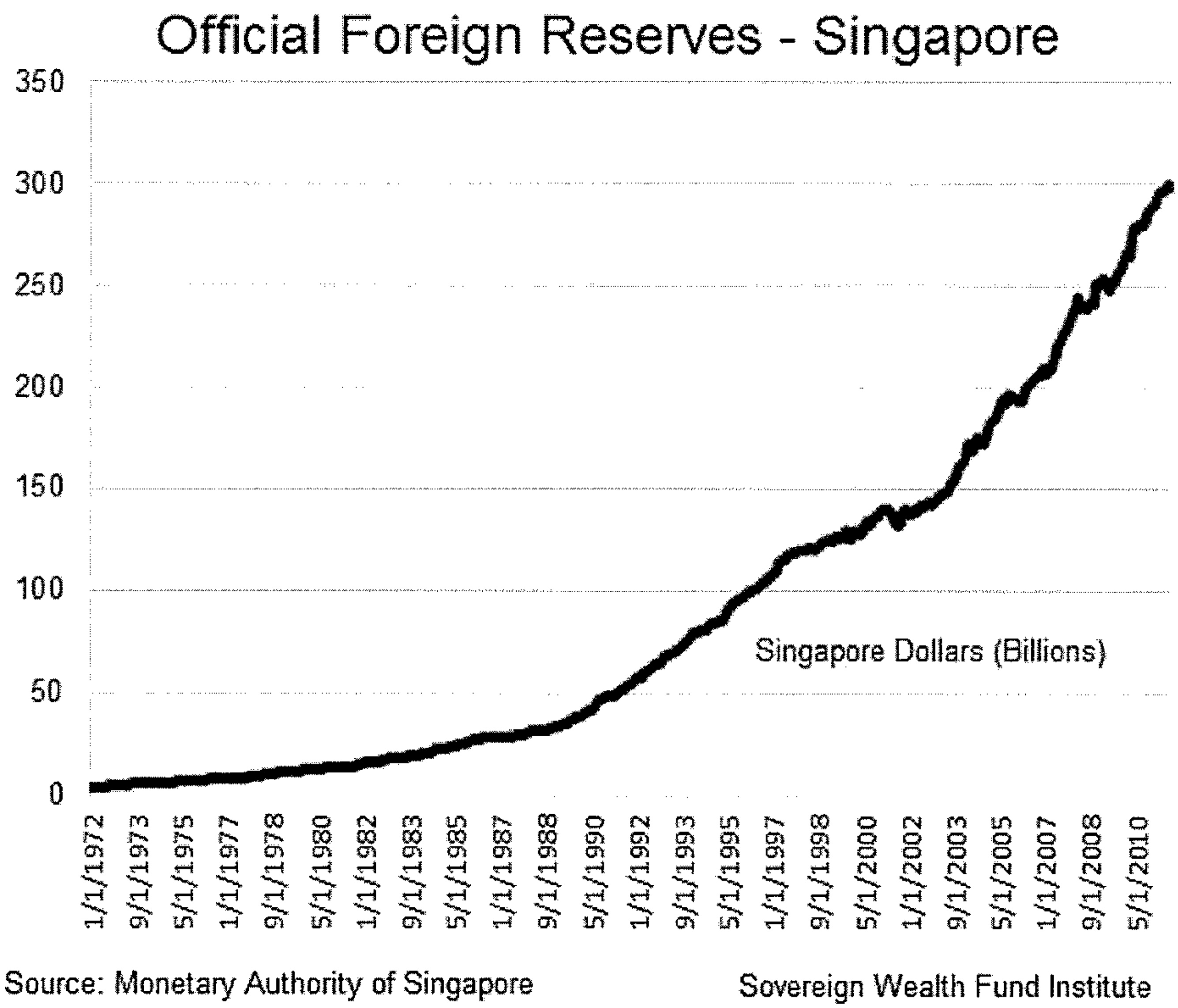
Portfolio Value (S$b)



(http://thehearttruths.files.wordpress.com/2013/05/photo-2-6.jpg)

Chart 3: Temasek Review 2012 (http://www.temasekreview.com.sg/documents/TR2012_Eng.pdf)

Do you know that the foreign reserves managed by MAS has been increasing? (Chart 4)

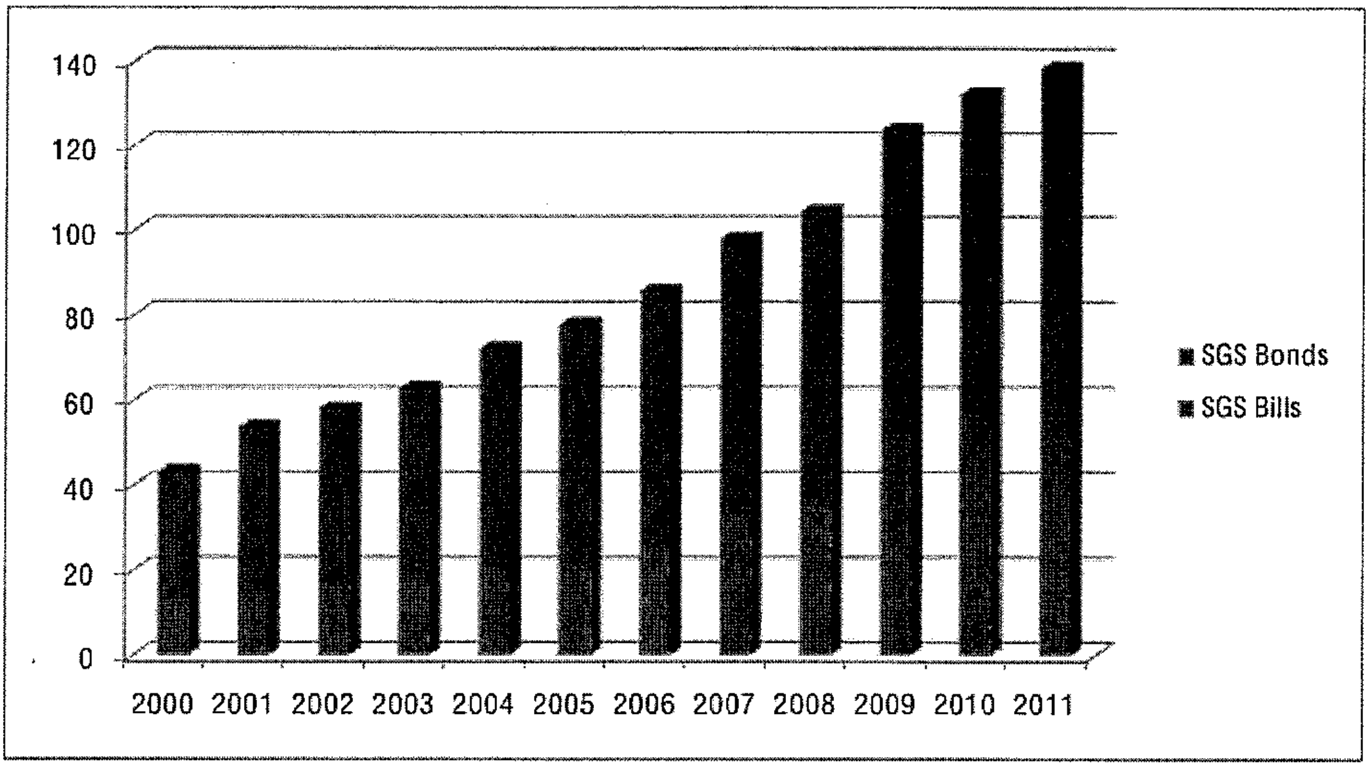


(http://thehearttruths.files.wordpress.com/2013/05/photo-5-12.jpg)

Chart 4: Sovereign Wealth Fund Institute (http://www.swfinstitute.org/swfs/temasek-holdings/)

Obviously, the Singapore Government Securities, which our CPF is invested in, has been rising. (Chart 5)

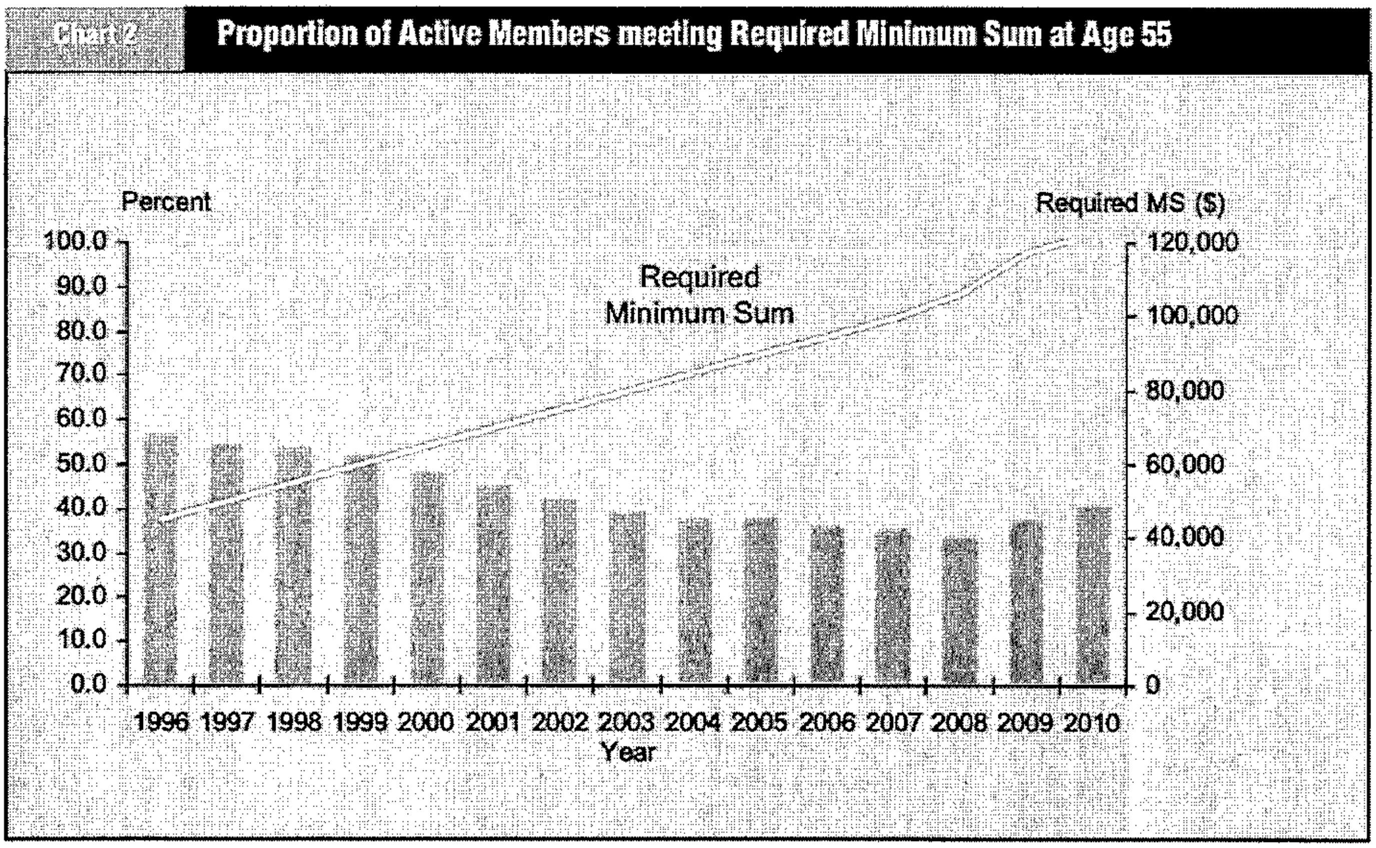
Growth of SGS (2000–2011) – in S$ billions



(http://thehearttruths.files.wordpress.com/2013/05/photo-2.jpg)

Chart 5: Development of the government bond market and public debt management in Singapor (http://www.bis.org/publ/bppdf/bispap67w.pdf)e

But do you know that the proportion of Singaporeans who are able to meet their CPF Minimum Sum has been dropping? (Chart 6)

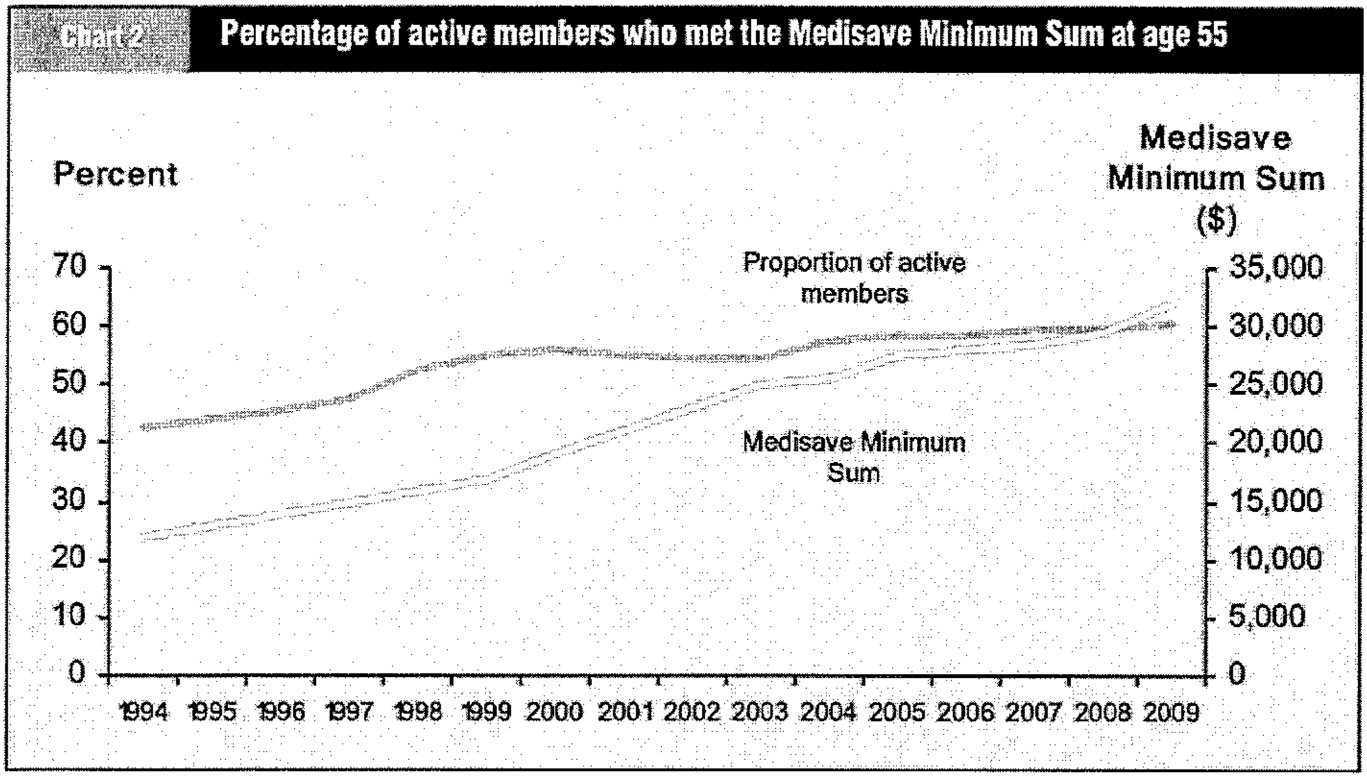


* Figures prior to 2002 refer to all active members. From 2002, figures refer to active members who are Singaporeans or Permanent Residents.

(http://thehearttruths.files.wordpress.com/2013/05/photo-3-13.jpg)

Chart 6: CPF Trends Minimum Sum Scheme (http://mycpf.cpf.gov.sg/NR/rdonlyres/957F7D54-B236-45EA-89FE-29890B6E0AB9/0/CPFTrendsMinimumSum_Feb2011.pdf)

And do you know that the proportion of Singaporeans who are able to meet their Medisave Minimum Sum has been dropping? (Chart 7)

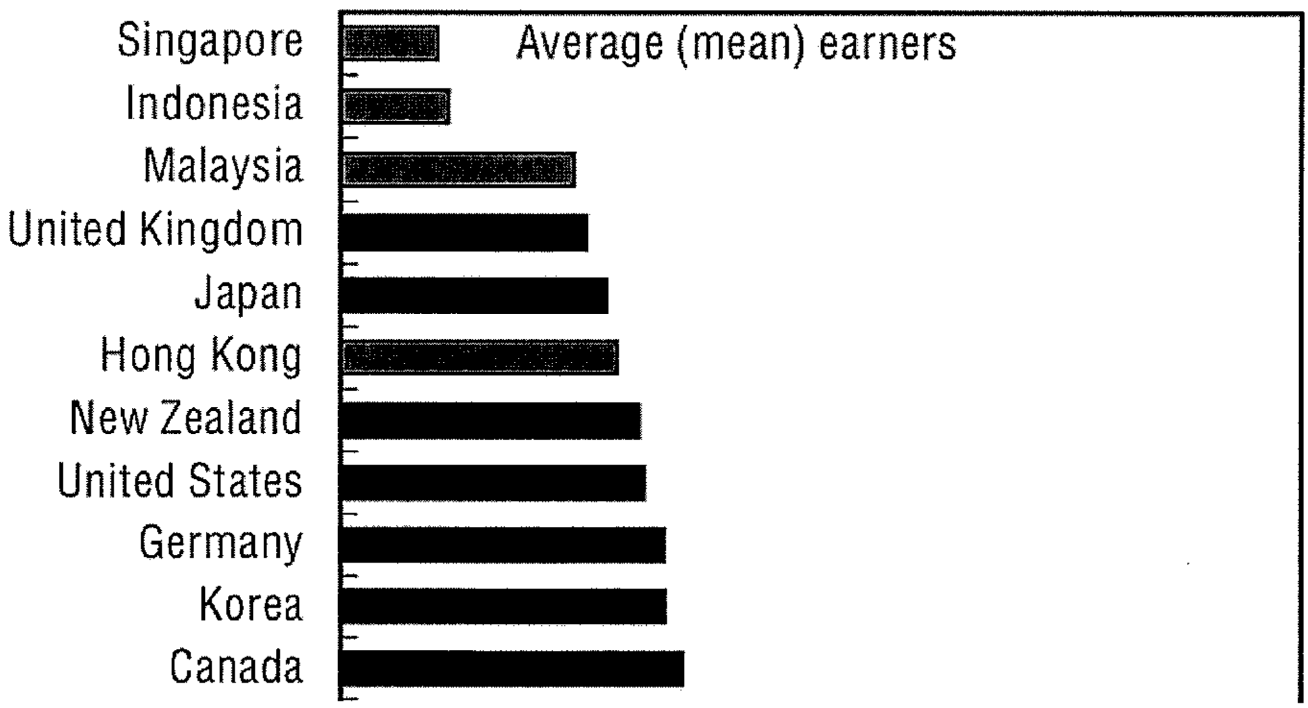


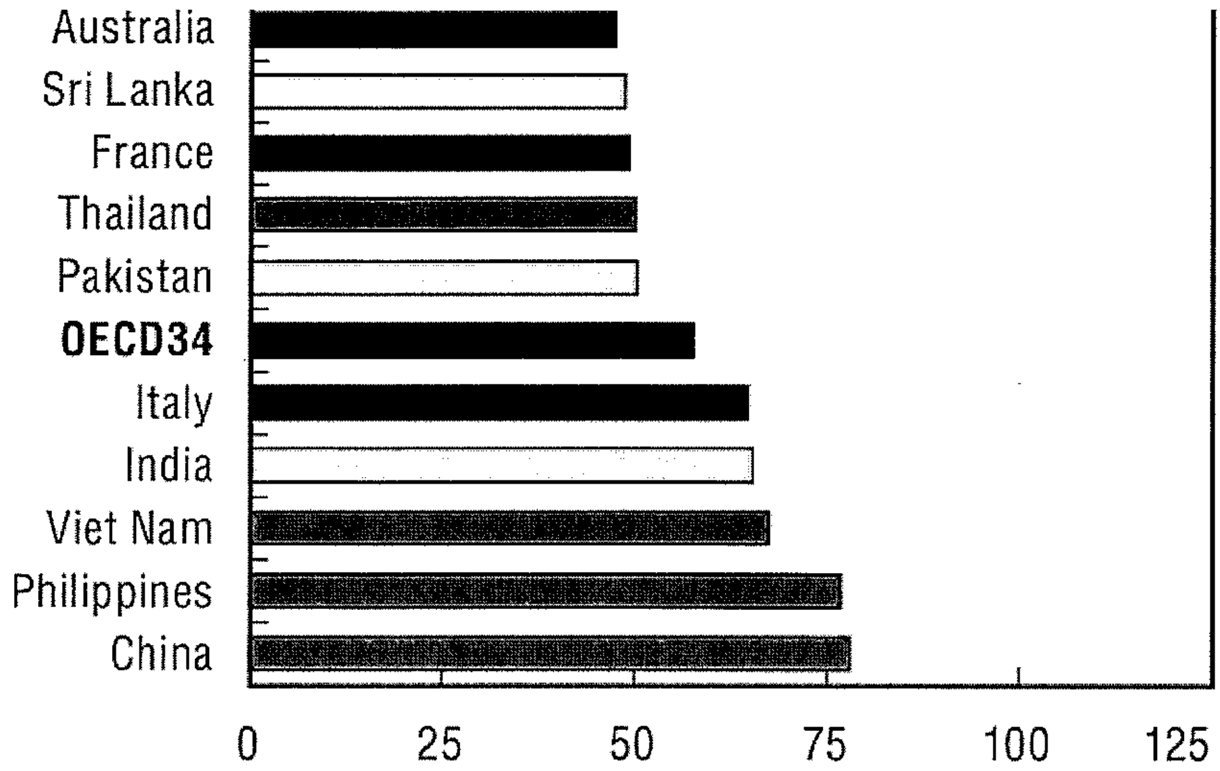
•From 2002 onwards, figures refer to Singaporeans and Singapore Permanent Residents only.

(http://thehearttruths.files.wordpress.com/2013/05/photo-2-13.jpg)

Chart 7: CPF Trends Medisave Scheme (http://mycpf.cpf.gov.sg/NR/rdonlyres/23DB103A-0122-40C9-A8A0-ABDFAE4B1625/0/CPFTrends_Medisave.pdf)

Do you also know that Singapore has the smallest pension as compared to other countries, even when compared to Malaysia and Indonesia? (Chart 8)

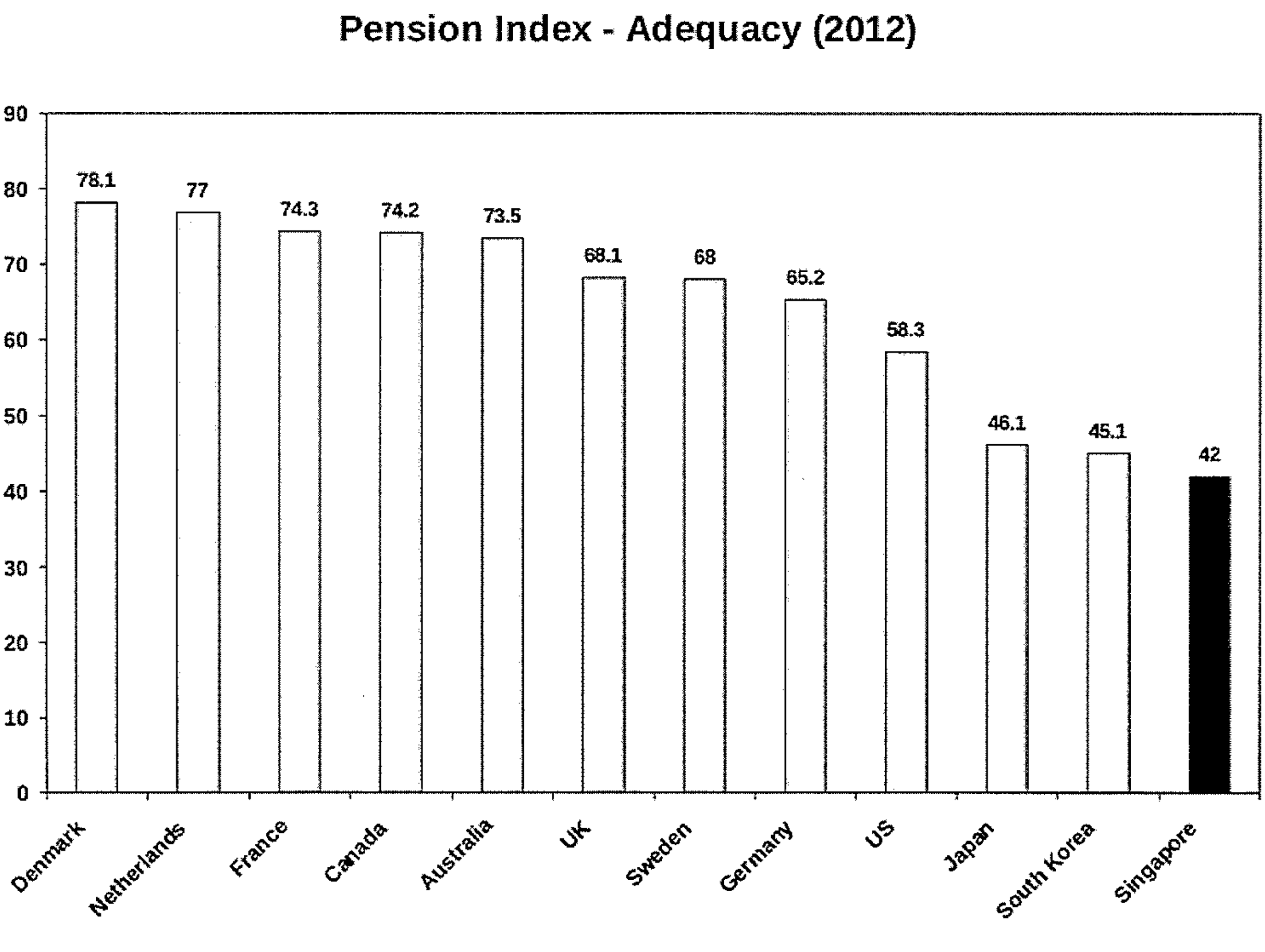




(http://thehearttruths.files.wordpress.com/2013/05/photo-4-2.jpg)

Chart 8: Pensions at a Glance Asia/Pacific 2011 (http://www.oecd-ilibrary.org/social-issues-migration-health/pensions-at-a-glance-asia-pacific-2011_9789264107007-en)

Do you know that Singaporeans also have the least adequate pension? (Chart 9)



(http://thehearttruths.files.wordpress.com/2013/05/photo-4-11.png)

Chart 9: Melbourne Mercer Global Pension Index 2013 (http://www.mercer.com/articles/global-pension-index)

Yet, do you know that GIC and Temasek are ranked the 8th and 11th largest sovereign wealth funds in the world? (Chart 10)

Sovereign Wealth Fund Rankings

Largest Sovereign Wealth Funds by Assets Under Management

Country	Sovereign Wealth Fund Name	Assets $Billion	Inception	Origin	*Linaburg-Maduell Transparency Index*
Norway	Government Pension Fund – Global	$715.9	1990	Oil	10
UAE – Abu Dhabi	Abu Dhabi Investment Authority	$627	1976	Oil	5
China	SAFE Investment Company	$567.9**	1997	Non-Commodity	4
Saudi Arabia	SAMA Foreign Holdings	$532.8	n/a	Oil	4
China	China Investment Corporation	$482	2007	Non-Commodity	7
Kuwait	Kuwait Investment Authority	$342	1953	Oil	6
China – Hong Kong	Hong Kong Monetary Authority Investment Portfolio	$298.7	1993	Non-Commodity	8
Singapore	Government of Singapore Investment Corporation	$247.5	1981	Non-Commodity	6
Russia	National Welfare Fund	$175.5*	2008	Oil	5
China	National Social Security Fund	$160.6	2000	Non-Commodity	5
Singapore	Temasek Holdings	$157.5	1974	Non-Commodity	10
Qatar	Qatar Investment Authority	$115	2005	Oil	5
Australia	Australian Future Fund	$88.7	2006	Non-Commodity	10
Algeria	Revenue Regulation Fund	$77.2	2000	Oil & Gas	1
UAE – Dubai	Investment Corporation of Dubai	$70	2006	Oil	4
UAE – Abu Dhabi	International Petroleum Investment Company	$65.3	1984	Oil	9

(http://thehearttruths.files.wordpress.com/2013/05/photo-4-12.jpg)

Chart 10: Sovereign Wealth Fund Institute Soverign Wealth Fund Rankings (http://www.swfinstitute.org/fund-rankings/)

Do you also know that Singapore has the 11th largest foreign reserves in the world? (Chart 11)

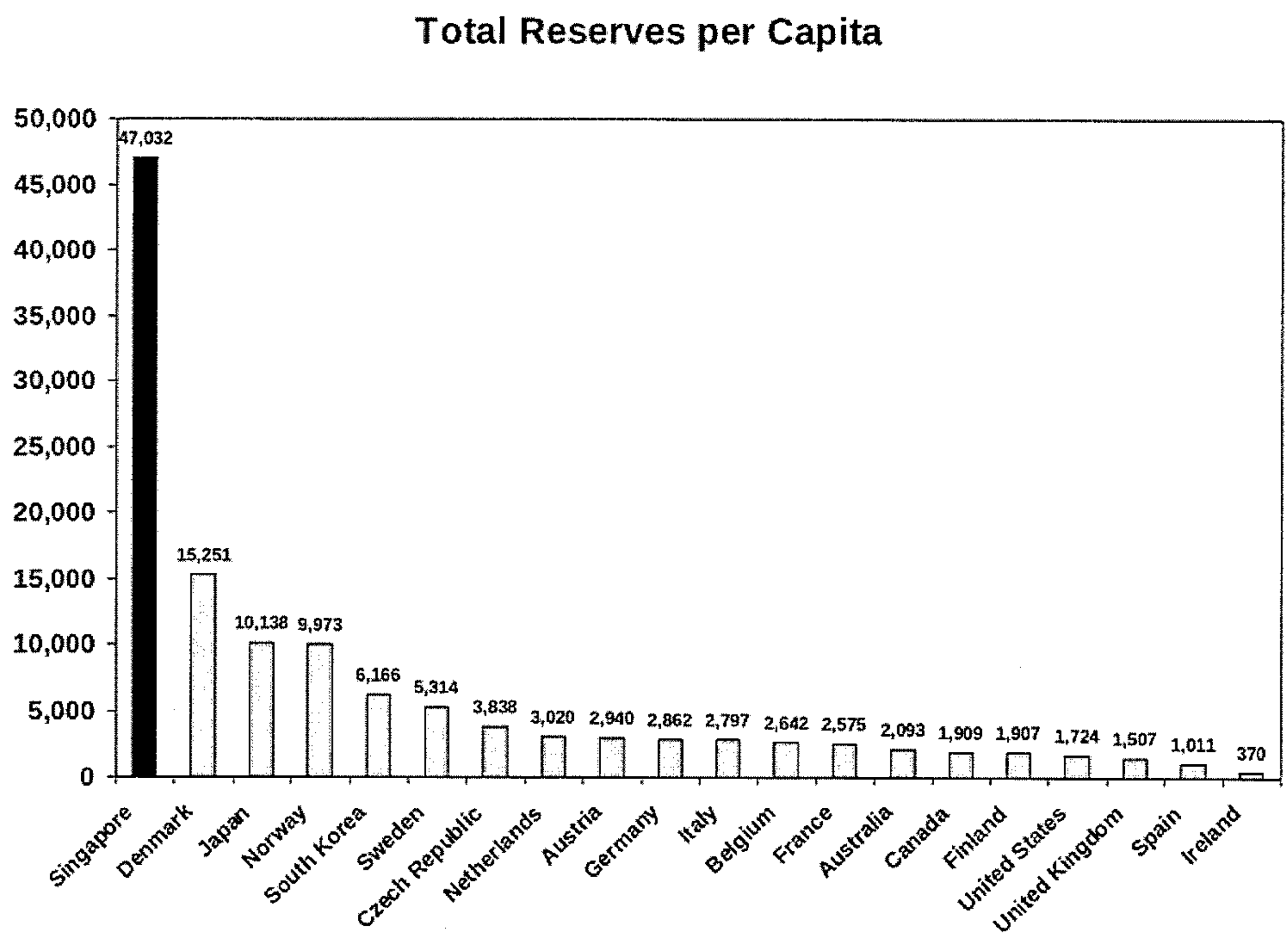
Country name	2008	2009	2010	2011
China	1,966,037,432,000	2,452,899,056,400	2,913,711,653,600	3,254,674,122,400
Japan	1,030,762,756,799	1,048,991,124,261	1,096,068,589,757	1,295,838,776,807
Saudi Arabia	451,278,978,155	420,983,691,700	459,313,156,020	556,570,991,480
United States	294,045,678,448	404,098,902,073	488,928,295,255	537,267,272,429
Russian Federation	426,278,774,010	439,341,751,140	479,222,291,460	497,410,247,570
Brazil	193,783,363,542	238,539,463,009	288,574,603,563	352,010,241,721
Switzerland	74,145,636,290	134,565,686,962	270,479,800,686	330,585,901,724
Korea, Rep.	[illegible]	[illegible]	[illegible]	[illegible]

India	257,422,725,837	284,682,885,690	300,480,145,801	298,739,485,809
Hong Kong SAR, China	182,527,273,250	255,840,862,500	268,743,168.500	285,398,502,320
Singapore	177,543,472,660	192,046,028,570	231,259,737,740	243,798,278,360
Germany	138,564,427,417	179,040,269,400	215,977,859,080	234,104,163,354
Algeria	148,098,646,112	155,111,906,163	170,461,126,570	191,369,117,584
Thailand	111,009,215,070	138,419,118,420	172,027,929,600	174,891,027,450
Italy	105,649,106,316	131,496,912,846	158,478,269,235	169,872,401,864

(http://thehearttruths.files.wordpress.com/2013/05/photo-5-1.jpg)

Chart 11: The World Bank Total reserves (http://data.worldbank.org/indicator/FI.RES.TOTL.CD)

And that we have the highest foreign reserves per capita in the world? (Chart 12)



(http://thehearttruths.files.wordpress.com/2013/05/20130503-230723.jpg)

Chart 12: The World Bank Total reserves (http://data.worldbank.org/indicator/FI.RES.TOTL.CD)

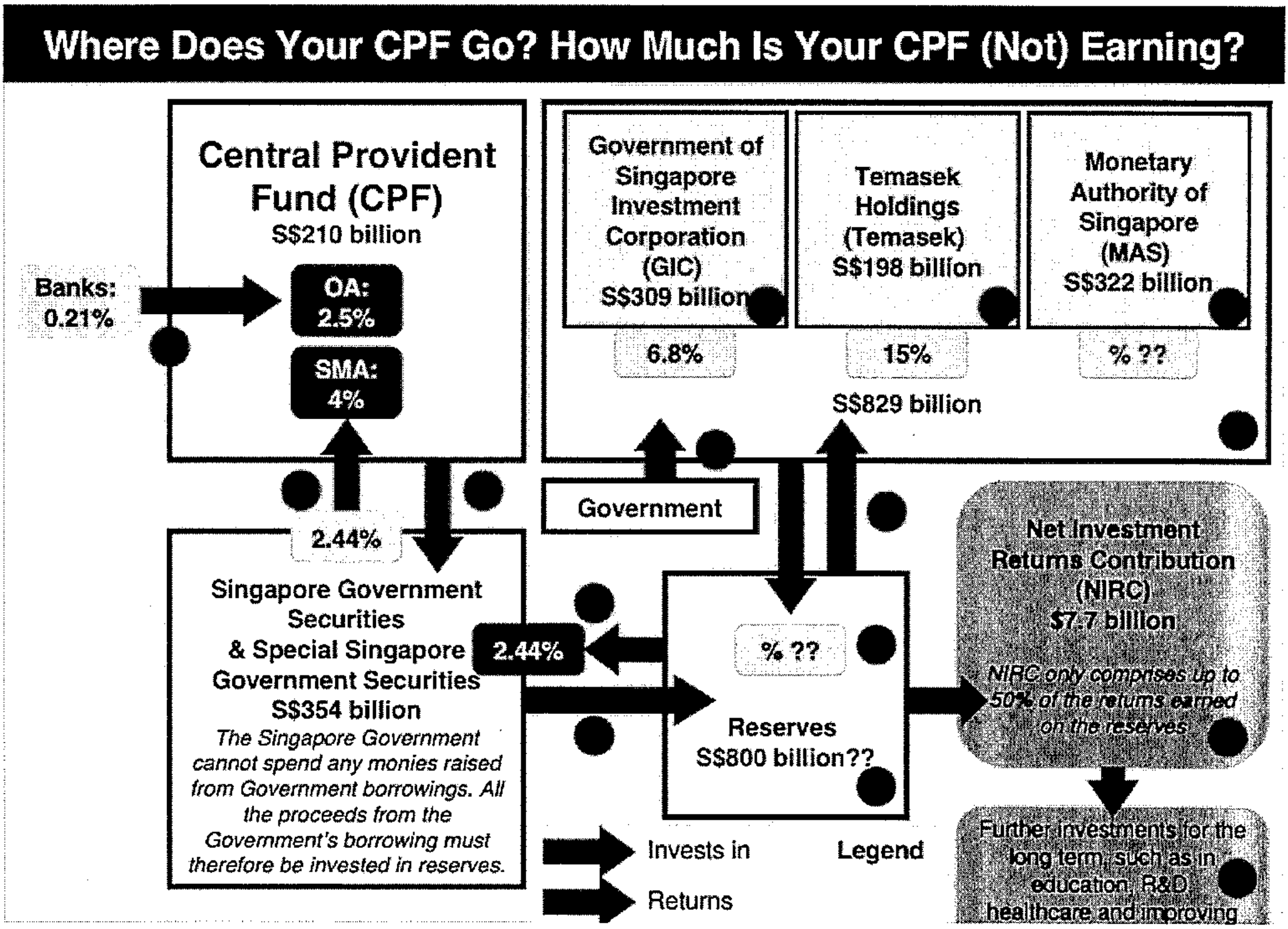
One of the richest countries in the world and the richest by per capita, and the people the poorest in the world. Does this make sense to you? Sovereign wealth funds which earn high interest rates but where the interests are not channeled back to the people. The people are required to put aside higher and higher minimum amounts in not channelled back to the people. The people are required to put aside higher and higher minimum amounts in their CPF and Medisave, which they otherwise cannot take out to use, so much so that fewer and fewer Singaporeans are able to meet this amount and have the smallest pension in the world. Doesn't make sense. Doesn't make sense. You decide if you still want this government at the next election. *Note: You can also read a similar article that I had written previously here (http://thehearttruths.com/2012/07/22/picture-how-we-are-not-told-that-our-cpf-monies-are-used-for-investment-in-gi/).*

YOUR CPF: The Complete Truth And Nothing But The Truth

Due to impending legal action, there are constraints that I am facing. Whatever my decision be, I will continue to keep my head up high and stay optimistic. I have always believed in justice, fairness and equality and believe that it is a right for everyone to be protected and to live lives that are respected. I will continue to do my part to speak up on behalf of ordinary Singaporeans like us, and to advocate for transparency and accountability. As I had mentioned on my Facebook posting, "When we act with our conscience, conviction and integrity, and when we are true to ourselves and what we believe in, our heart will not waver and our soul will be strong. (https://www.facebook.com/sexiespider/posts/10152182270354141)" The government had actually not taken issue with the articles that I have written on the CPF. Today, I am going to show you once and for all how our CPF is being used. By the end of this article, you will know why the CPF is a time bomb waiting to happen. The CPF forms the bedrock of the whole government's plan to entrap Singaporeans. And when you realise the truth, you will know why it's time to stand up and fight to protect ourselves. And you will know why I have stuck my head out to do so – if we don't fight for ourselves, no one else would.

Where Does Your CPF Go?

As I had written before (http://thehearttruths.com/2013/05/22/how-is-your-cpf-money-being-used-and-taken-away/), our CPF is invested in government bonds. The government bonds are borrowed by the government and invested in the reserves. The reserves are managed by GIC, Temasek Holdings and the Monetary Authority of Singapore.



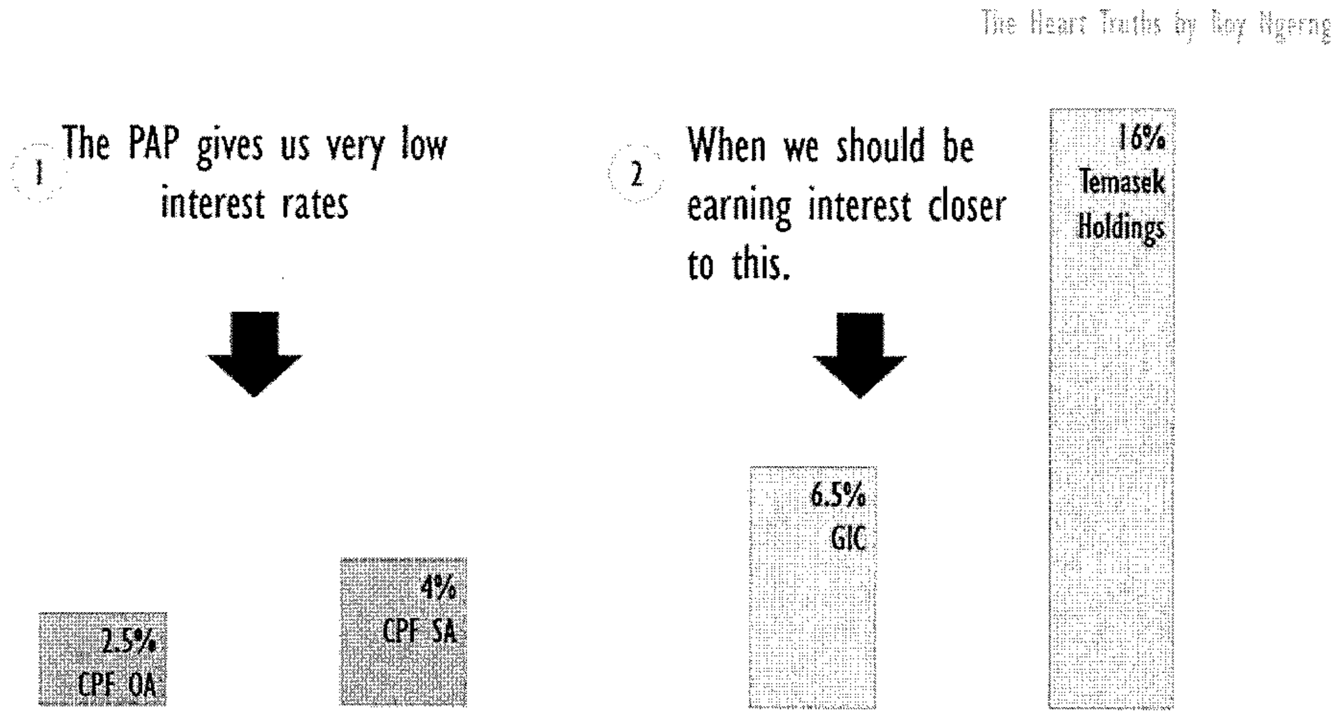
% Interest earned   our physical environment

(http://thehearttruths.files.wordpress.com/2013/05/photo-52.png) As such, it is without question of a doubt that our CPF is being used to invest in the GIC and Temasek Holdings. Now, why is this important?

- ***Also read:*** How Is Your CPF Money Being Used And Taken Away? *(http://thehearttruths.com/2013/05/22/how-is-your-cpf-money-being-used-and-taken-away/)*

Why Your CPF Is Not Growing

This is important because currently our CPF only earns 2.5% to 4%. But the GIC earns 6.5% in USD terms and Temasek Holdings 16% in SGD terms. Now, since our CPF is being used to earn 6.5% to 16%, why are we earning a miserly 2.5% to 4%? What this means is that the government is taking our CPF to use for their own investments, but they have chosen not to return our CPF monies to us.



(http://thehearttruths.files.wordpress.com/2014/04/slide47.jpg) If you think about it, if you decide to invest your money in a fund, would you accept if the investment firm tells you – thank you for investing your money with us. This fund earns 16%, but I am only give you 2.5%. Thank you very much. Would you accept it? You wouldn't! You would say – wait a minute. I gave you MY CPF to invest. If you earn 16% on it, then you should return what I have earned back to me. I might pay you a 1% administrative charge for managing my funds for me, but you have to return the rest back. Indeed, this is what most investment firms do, and this is what other retirement funds in the world do as well. So, it doesn't make sense that Singaporeans are only earning 2.5% to 4% on our CPF when our CPF is helping the government earn 6.5% to 16% for their reserves. But do you know what the government tells you?

The Government Doesn't Want To Give You The Full Return Of Your CPF

If you look at the CPF website, they tell you that your CPF Ordinary Account (OA)'s interest rate is "based on the 12-month fixed deposit and month-end savings rates of the major local banks" and that your Special and Medisave Account (SMA) is pegged to the government bonds (which stands at 3.19%). First, why is your CPF OA's interest rate pegged to the interest rates of banks when your CPF has nothing to do with the banks? Second, if your CPF is being used to invest in GIC and Temasek Holdings, why is your CPF interest rate not

Second, if your CPF is being used to invest in GIC and Temasek Holdings, why is your CPF interest rate not pegged to their interest rates instead? Something is not quite right, isn't it? Do you think the government should come out to explain this?

The PAP Is The GIC: The PAP Knows How Your Money Is Being Invested In The GIC

But do you know there is something even more sinister? The GIC claimed that, "GIC manages the Government's reserves, but as to how the funds from CPF monies flow into reserves which could then be managed by either MAS, GIC or Temasek, this is not made explicit to us. (http://www.gic.com.sg/en/faqs#47)"

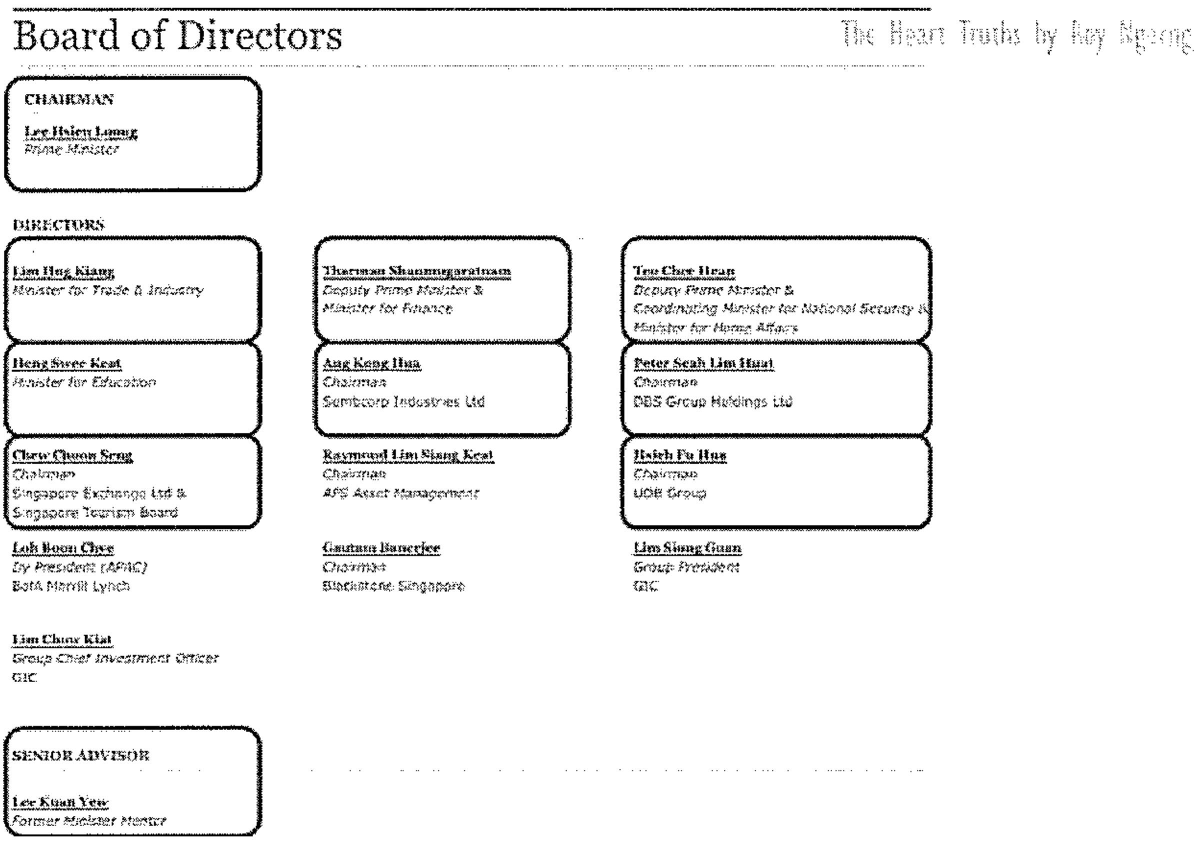
4. Does GIC invest CPF monies?
The short answer is that GIC manages the Government's reserves, but as to how the funds from CPF monies flow into reserves which could then be managed by either MAS, GIC or Temasek, this is not made explicit to us. What we do know from public sources: Singaporeans' CPF funds are invested in bonds called Special Singapore Government Securities (SSGS) which are fully guaranteed by the Government. These are non-marketable floating rate bonds issued specifically to the CPF Board. These bonds earn for the CPF Board a coupon rate that is pegged to CPF interest rates that members receive. Under the Protection of Reserves Framework in the Singapore Constitution of the Republic of Singapore, the Singapore Government cannot spend any monies raised from Government borrowings. All the proceeds from the Government's borrowing are therefore invested.

(http://thehearttruths.files.wordpress.com/2014/04/slide35.jpg) They also claimed that, "The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor interferes in the company's investment decisions. It holds the board accountable for the overall portfolio performance. (http://www.gic.com.sg/en/faqs#38)"

3. What is the relationship between GIC and the Government?
GIC is a private company wholly owned by the Government of Singapore. We do not own the assets we manage and are paid a fee as the fund manager looking after Singapore's foreign reserves assigned to our care.

The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor interferes in the company's investment decisions. It holds the board accountable for the overall portfolio performance. Although we are government-owned and manage Singapore's reserves, our relationship with the government is that of a fund manager to a client. We operate, invest and measure our performance in the same way as any global fund management company.

(http://thehearttruths.files.wordpress.com/2014/04/slide361.jpg) But do you know who is on the Board of Directors of the GIC (http://www.gic.com.sg/en/about/board-of-directors)? It is the Singapore Prime Minister Lee Hsien Loong, the two deputy prime ministers Tharman Shanmugaratnam and Teo Chee Hean, the Minister for Education Heng Swee Keat and the Minister for Trade & Industry Lim Hng Kiang. Lee Kuan Yew is the Senior Advisor.



(http://thehearttruths.files.wordpress.com/2014/04/slide39.jpg) So, how can it be that the GIC has no "explicit" knowledge as to how our CPF is being managed by the GIC? How is it possible that the government does not direct nor interfere in the GIC? If so, the PAP government knows exactly how they are using our CPF to invest in the GIC, then if that's the case, why do they tell us they don't or are not? Also, if the PAP knows that our CPF is being used to invest in the GIC, then why does the PAP not return us the interest earned on our CPF? What is the PAP trying to hide?

Singaporeans Are Losing $300,000 In Our CPF

In fact, according to Professor Christoper Balding (http://www.baldingsworld.com/2014/05/13/the-real-cpf-problem/), "If the average Singaporean had earned the average Singaporean wage since 1980 and saved the amount required by law but earned the GIC long term average rather than CPF interest, the average Singaporean would have approximately $850,000 SGD in the bank. This is approximately $300,000 more than they would have earned with the same amount of savings in a CPF account." He added that, "To put this number in perspective, Singaporeans pay higher fees than what the typical hedge fund would charge." Here's another tibit – according to the GIC, the GIC fund managers are "paid a fee (http://www.gic.com.sg/en/faqs#38)" to manage our CPF. Then, on top of the $2.2 million that Singaporeans are already paying to the Singapore prime minister with our taxpayers' money, then how much more are we paying to the Singapore prime minister from our CPF monies for his "fund manager fee"? And how much more are we paying to the other PAP politicians who are fund managers in the GIC? If so, why is it that we are earning such low earnings on our CPF because the GIC and Temasek Holdings doesn't return the money that they are using our CPF to earn, and why do they take this money to pay themselves fees? In fact, Prof Balding had also highlighted that, "The earnings in excess of 2.5-4% that the government keeps for itself that it does not return to CPF savers are directly harming Singaporeans who are on average $300,000 poorer." He also stated that, "It is complete hypocrisy by the government to publicize the supposedly amazing job it does managing Temasek and GIC which supposedly earn 16% since inception from public assets and 7% in USD term over 20 years from public assets, then plead poverty when paying CPF holders a paltry 2.5%. The wealth of Singapore which has been funded by the Singaporean people belongs to the Singaporean people."

The Government Does Not Give Us Full Information As To How Our CPF Is Being Invested In

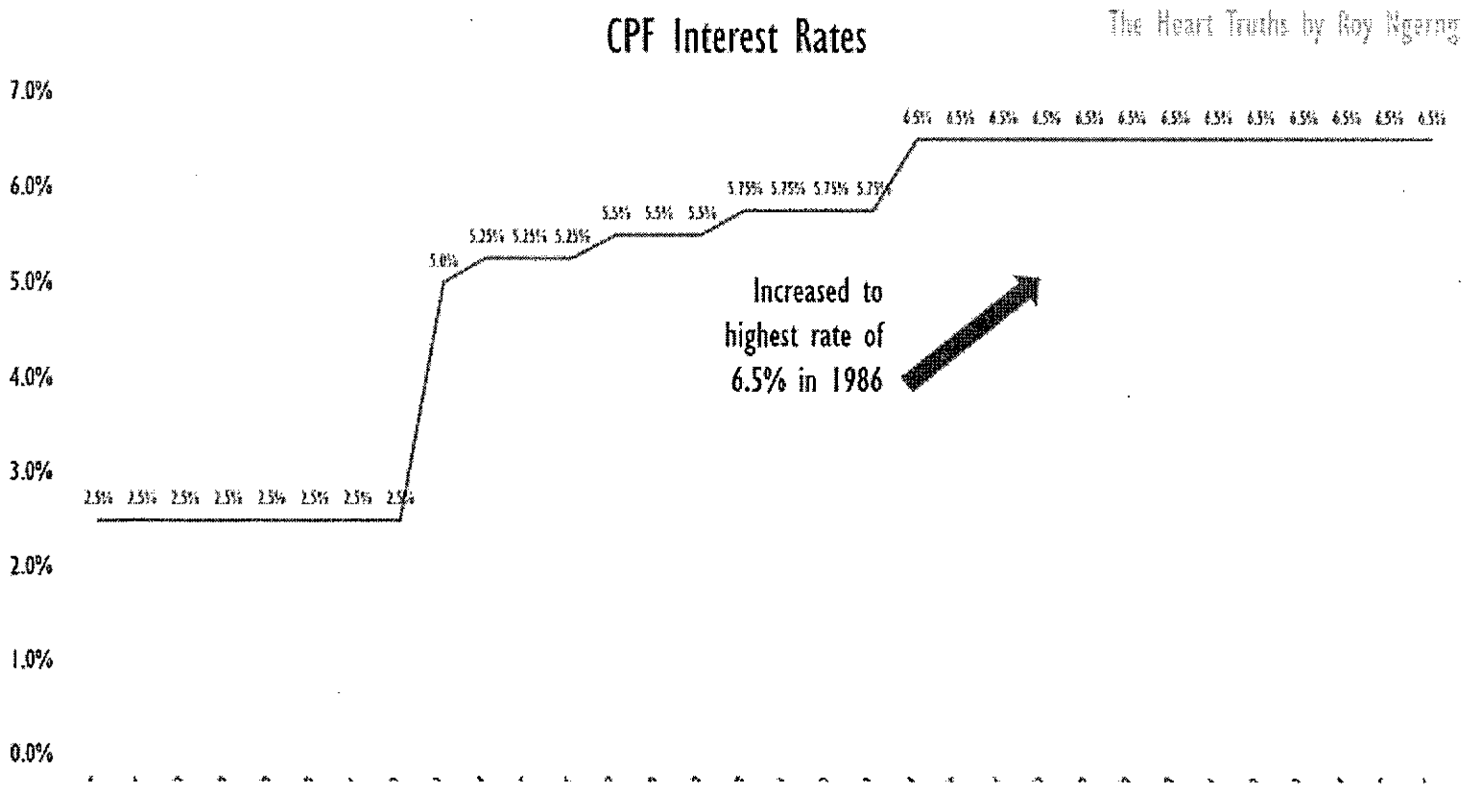
Finally, Prof Balding also said that, "The Singaporean government refuses to provide any of this information (of information about their investments, and how much they are paying their investment managers), hiding basic information that would be considered standard information in the marketplace or if owned." Now, take a look for yourself – this is the annual report of the world's largest sovereign wealth fund in the world, the Norway Government Pension Fund Global: http://www.nbim.no/en/transparency/reports/2013/annual-report-2013/ Then, take a look at the annual report of the GIC, ranked the 8th largest sovereign wealth fund: http://www.gic.com.sg/images/pdf/GIC_Report_2013.pdf Do you see the clear discrepancy? Why is the largest sovereign wealth fund in the world able to let its citizens know with clarity how and where their monies are being used and the GIC is unable to do even a shred of that? I don't think this needs to go beyond further explanation. Here are two questions:

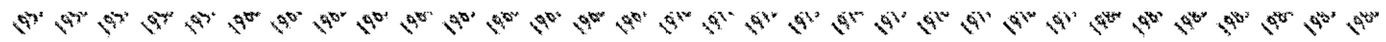
1. Why is the PAP government not transparent about how our CPF is being invested in the GIC and Temasek Holdings in?
2. Why does the PAP not provide full accountable reports on how our CPF is being invested in?

As a citizen, do you think it is your right to know how your CPF is being invested?

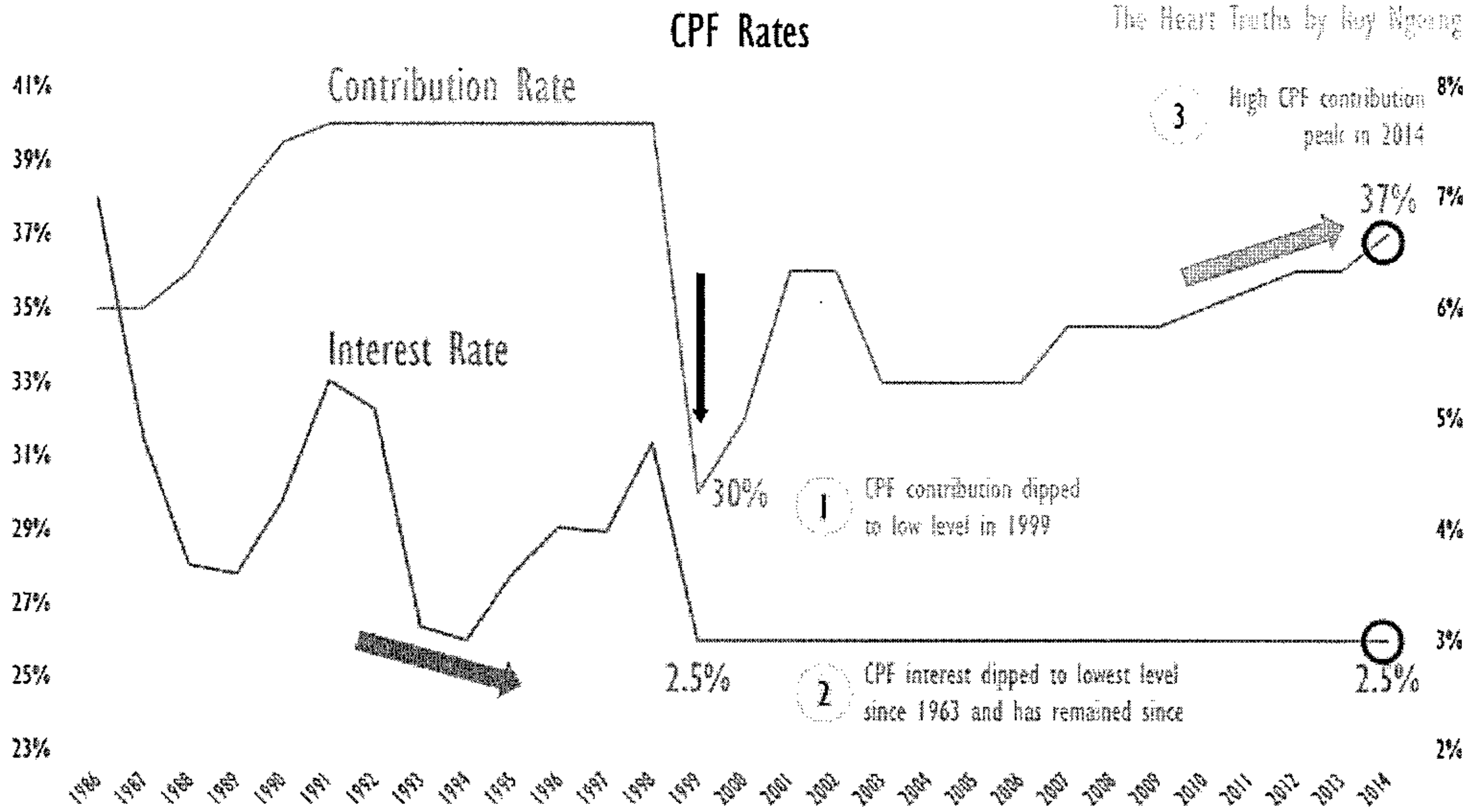
Once, We Earned 6.5% On Our CPF. Now, We Earn The Lowest Interest Rate In The World

In fact, do you know that at one point, our CPF was earning 6.5% in the 1980s? Singaporeans weren't always earning only 2.5%. In fact, we were earning 6.5% on our CPF from 1974 to 1986.





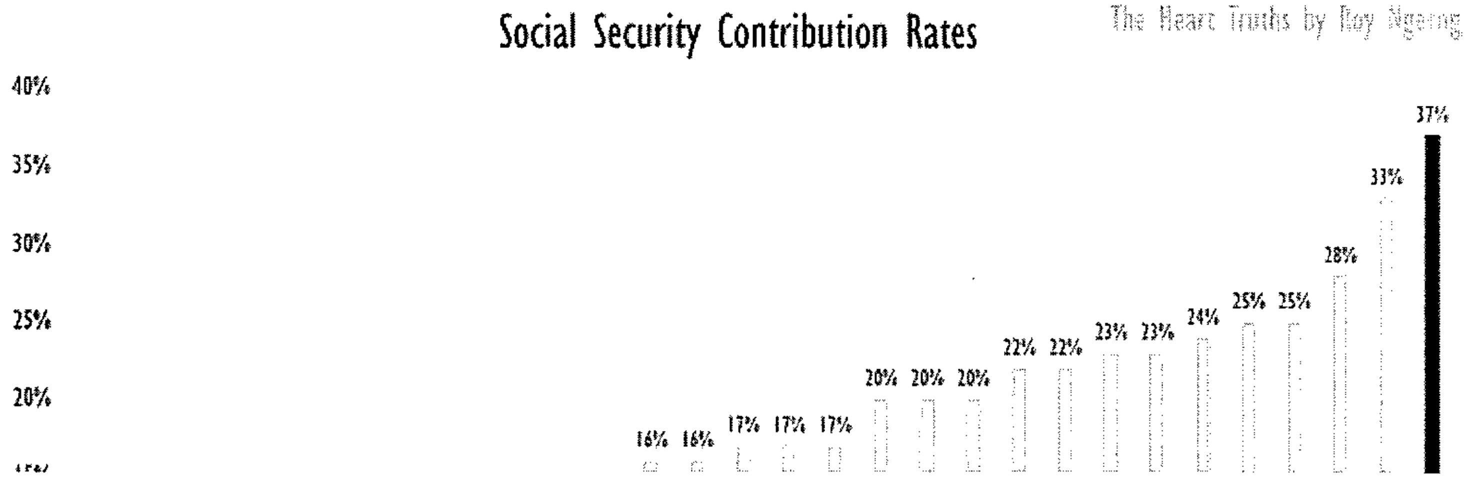
(http://thehearttruths.files.wordpress.com/2014/04/slide4.jpg) In 1994, the PAP government pushed this down to the lowest ever since 1963 – to 2.5% and in 1999, they pushed it down to 2.5% and it had remained at 2.5% ever since.

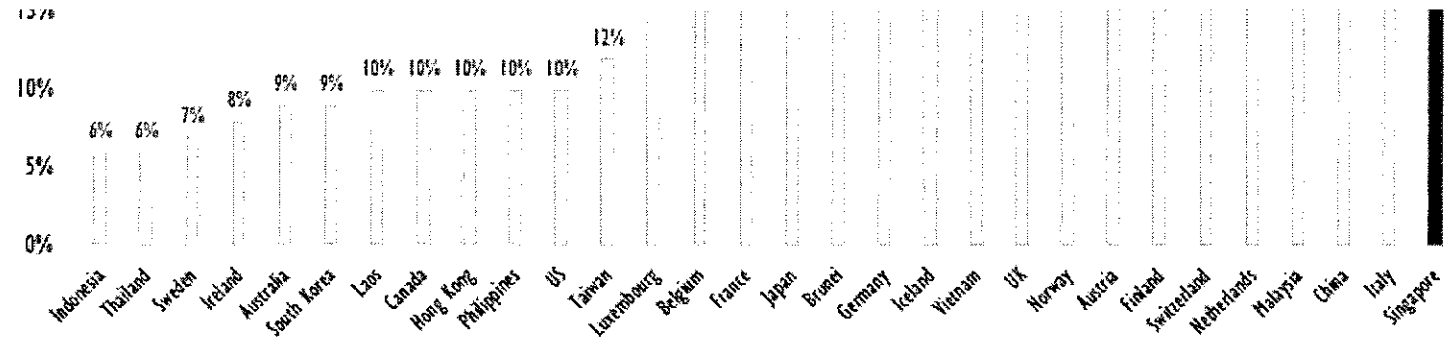


(http://thehearttruths.files.wordpress.com/2014/04/slide261.jpg) Now, not only did the PAP pushed down the CPF interest rate to only 2.5%, this 2.5% is the lowest interest rate in the world for pension funds, and Mr Leong Sze Hian had also shown that this is the lowest *real* interest rate in the world (http://www.theonlinecitizen.com/2014/04/cpf-returns-are-the-lowest-in-the-world/). In fact, when you compare to how much other similar provident funds in Hong Kong, Malaysia and India earn (http://thehearttruths.com/2013/11/05/shocking-facts-about-our-cpf-in-singapore-part-2/), they earn between 6.5% to 10%, yet ours underperform at only 2.5% to 4%. So, why are Singaporeans made to earn the lowest interest rates in the world? Why is the PAP doing this?

Singaporeans Pay The Highest CPF Contribution Rate In The World, But Have The Least Adequate Retirement Funds

What's more, do you know Singaporeans have to pay the highest contribution rate from our wages into CPF?





(http://thehearttruths.files.wordpress.com/2014/04/slide27.jpg)

Chart: Social Security Programs Throughout the World (http://www.ssa.gov/policy/docs/progdesc/ssptw/), Social Security Programs Throughout the World: Asia and the Pacific, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/asia/ssptw12asia.pdf), Social Security Programs Throughout the World: Europe, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/europe/ssptw12europe.pdf), Social Security Programs Throughout the World: The Americas, 2011 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2010-2011/americas/ssptw11americas.pdf), Social Security Programs Throughout the World: Africa, 2013 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/africa/ssptw13africa.pdf), Coordinating Healthcare and Pension Policies: An Exploratory Study (http://www.eaber.org/sites/default/files/documents/2012.08.16.wp374.coordinating.healthcare.pension.policies.pdf)

And because of that, CPF is ranked the 8th largest retirement fund in the world.

Rank	Fund	Country	Total assets
1	**Government Pension Investment**	Japan	$1,292,003
2	**Government Pension Fund**	Norway	$712,606
3	**ABP**	Netherlands	$372,860
4	**National Pension**	South Korea	$368,450
5	**Federal Retirement Thrift**	U.S.	$325,682
6	**California Public Employees**	U.S.	$244,754
7	**Local Government Officials** [1]	Japan	$201,443
8	**Central Provident Fund**	Singapore	$188,430
9	**Canada Pension** [1]	Canada	$184,425

10	**National Social Security**	China	$177,486
11	**PFZW** [1]	Netherlands	$177,311
12	**Employees Provident Fund**	Malaysia	$175,720
13	**California State Teachers**	U[redacted]739	
14	**New York State Common**	U.S.	$150,110

(http://thehearttruths.files.wordpress.com/2014/05/wpid-screenshot_2014-05-08-13-34-12-1.png)

Chart: Pensions & Investments/Towers Watson World 300: The largest retirement funds (http://www.pionline.com/article/20130902/INTERACTIVE/130829875/pitowers-watson-world-300-the-largest-retirement-funds)

Similarly, by using our CPF to invest, the GIC and Temasek Holdings are ranked the 8th and 9th largest sovereign wealth funds in the world.

Sovereign Wealth Fund Rankings

Largest Sovereign Wealth Funds by Assets Under Management
View the Sovereign Wealth Fund Map
Canadian Public Pension Fund Rankings

For full access of Sovereign Wealth Fund Profiles you must be a subscriber. To request a callback - support@swfinstitute(dot)org

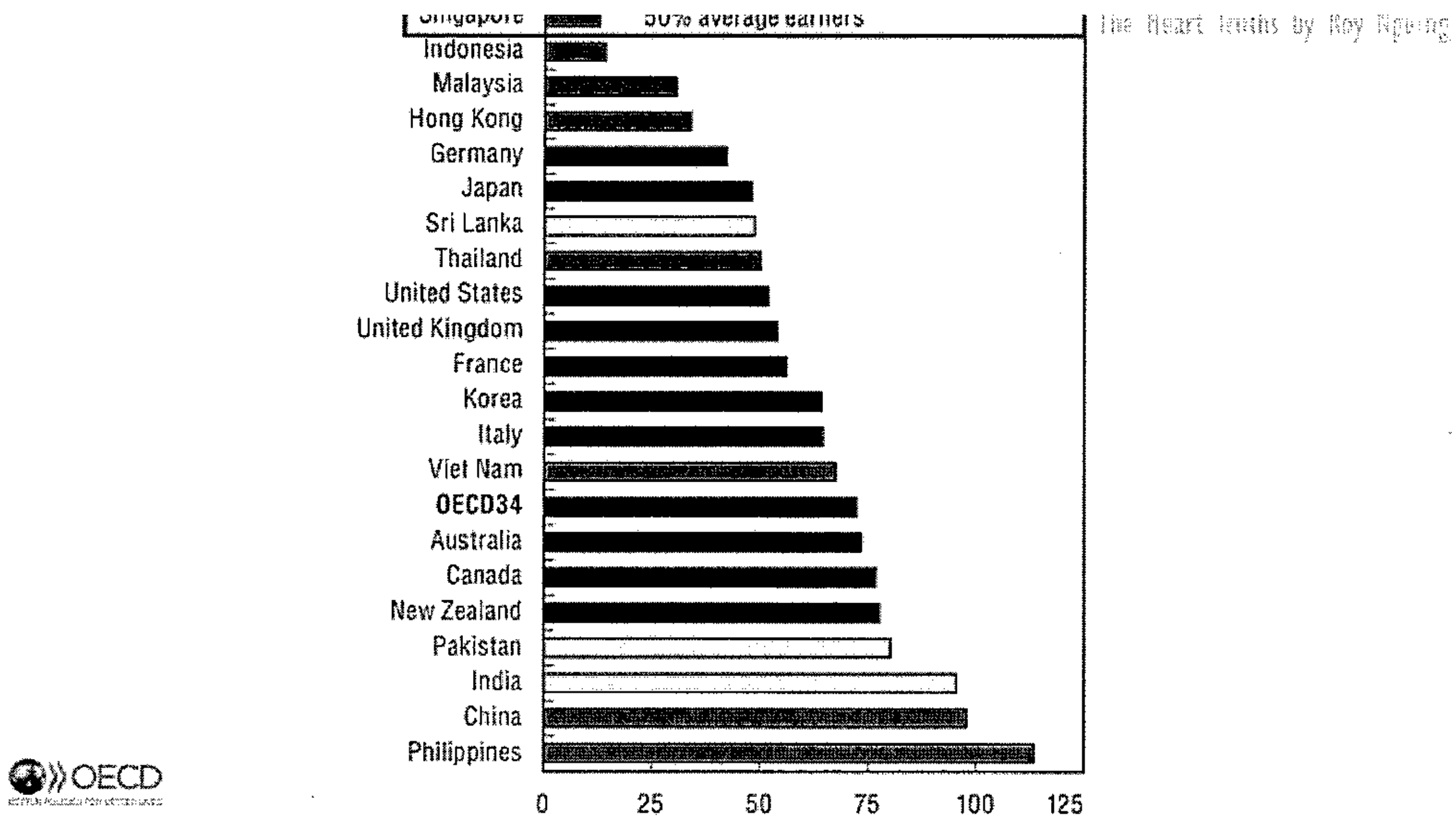
Country	Sovereign Wealth Fund Name	Assets $Billion	Inception	Origin	Linaburg-Maduell Transparency Index
Norway	Government Pension Fund – Global	$838	1990	Oil	10
UAE – Abu Dhabi	Abu Dhabi Investment Authority	$773	1976	Oil	5
Saudi Arabia	SAMA Foreign Holdings	$675.9	n/a	Oil	4
China	China Investment Corporation	$575.2	2007	Non-Commodity	7
China	SAFE Investment Company	$567.9**	1997	Non-Commodity	4
Kuwait	Kuwait Investment Authority	$410	1953	Oil	6
China – Hong Kong	Hong Kong Monetary Authority Investment Portfolio	$326.7	1993	Non-Commodity	8
Singapore	Government of Singapore Investment Corporation	$320	1981	Non-Commodity	6
Singapore	Temasek Holdings	$173.3	1974	Non-Commodity	10

(http://thehearttruths.files.wordpress.com/2014/04/slide401.jpg)

Chart: Sovereign Wealth Fund Institute (http://www.swfinstitute.org/fund-rankings/)

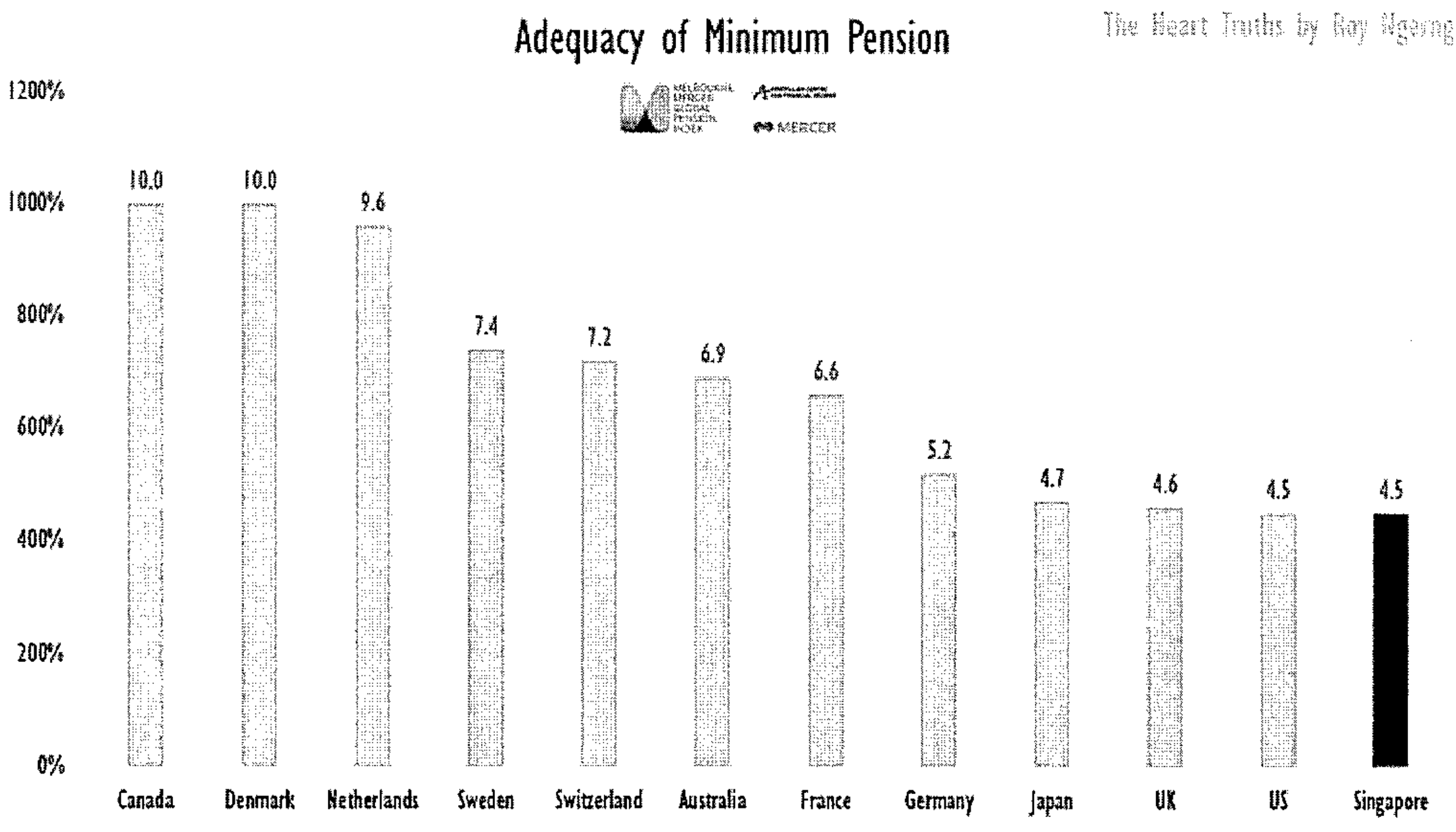
But how about individual Singaporeans? Do we have enough to retire on? Strangely, several studies have revealed that Singaporeans have the least adequate retirement funds among the high-income countries and even compared to regional Asian countries!

Singapore 59% average ...



(http://thehearttruths.files.wordpress.com/2014/04/slide54.jpg)

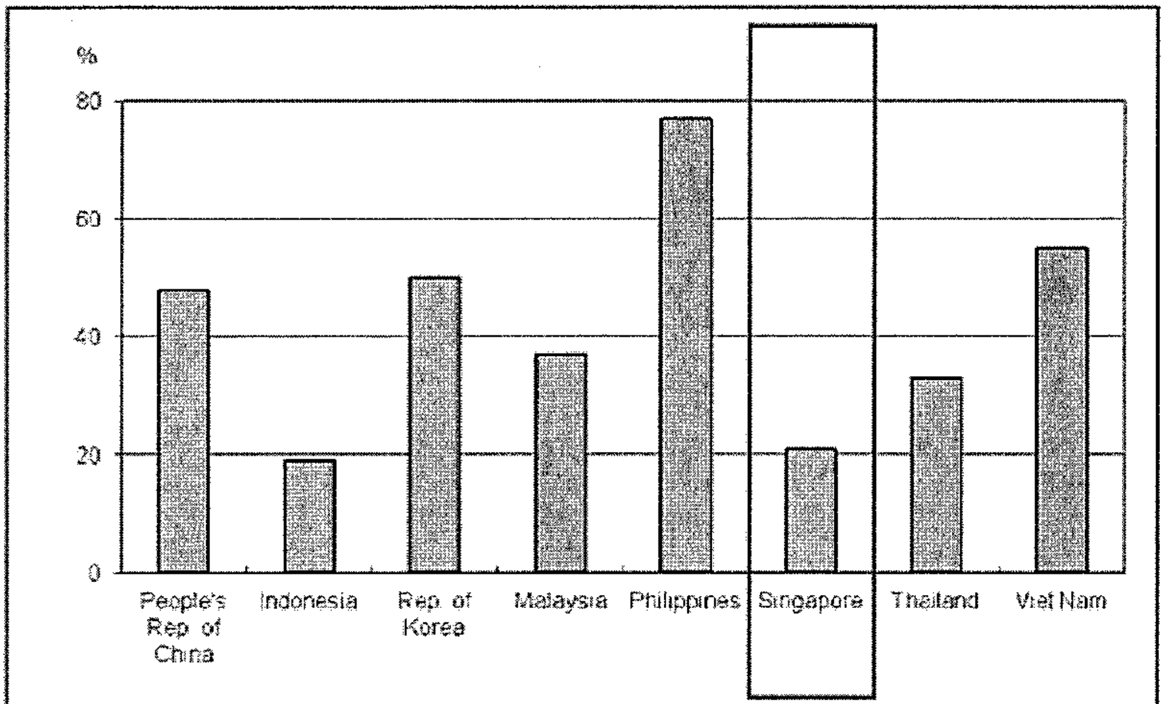
Chart: Pensions at a Glance Asia/Pacific 2011 (http://www.oecd-ilibrary.org/social-issues-migration-health/pensions-at-a-glance-asia-pacific-2011_9789264107007-en)



(http://thehearttruths.files.wordpress.com/2014/04/slide53.jpg)

Chart: Melbourne Mercer Global Pension Index (http://globalpensionindex.com/2013/melbourne-mercer-global-pension-index-2013-report.pdf)

Figure 12: Replacement Rate—Ratio of Retirement Income to Preretirement Income, 2007



ADBI Institute Source: Park, D. 2009. Developing Asia's Pension Systems: Overview and Reform Directions. Asian Development Bank Economics Working Paper 165. Manila: Asian Development Bank.

(http://thehearttruths.files.wordpress.com/2014/04/slide52.jpg)

Chart: Developing Asia's Pension Systems and Old-Age Income Support (http://www.adbi.org/files/2012.04.26.wp358.dev.asia.pension.systems.pdf)

So much so that Mr Leong Sze Hian had also estimated that nearly 90% of Singaporeans are not able to meet the CPF Minimum Sum.

(http://thehearttruths.files.wordpress.com/2014/04/slide76.jpg)

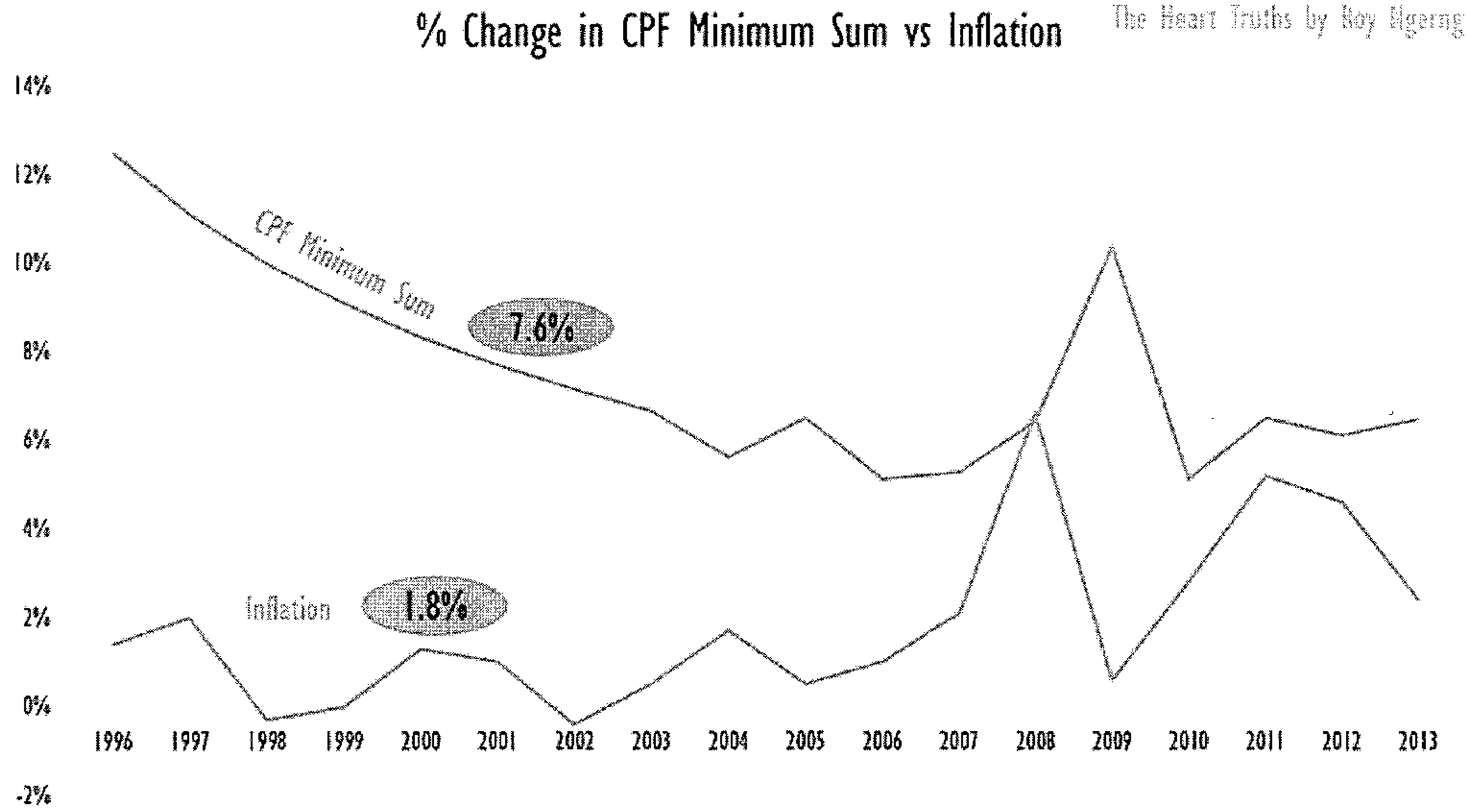
- ***Also read:*** *SHOCKING Facts About Our CPF in Singapore! (Part 1)*

(http://thehearttruths.com/2013/11/04/shocking-facts-about-our-cpf-in-singapore-part-1/)

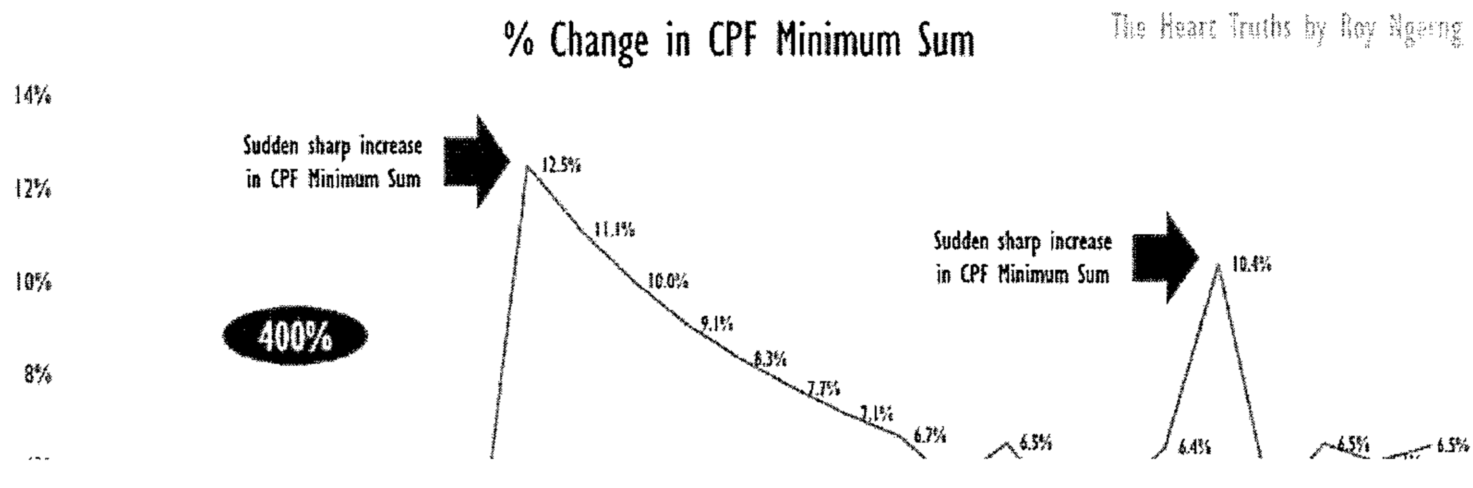
- ***Also read:*** SHOCKING Facts About Our CPF in Singapore! (Part 2) (http://thehearttruths.com/2013/11/05/shocking-facts-about-our-cpf-in-singapore-part-2/)

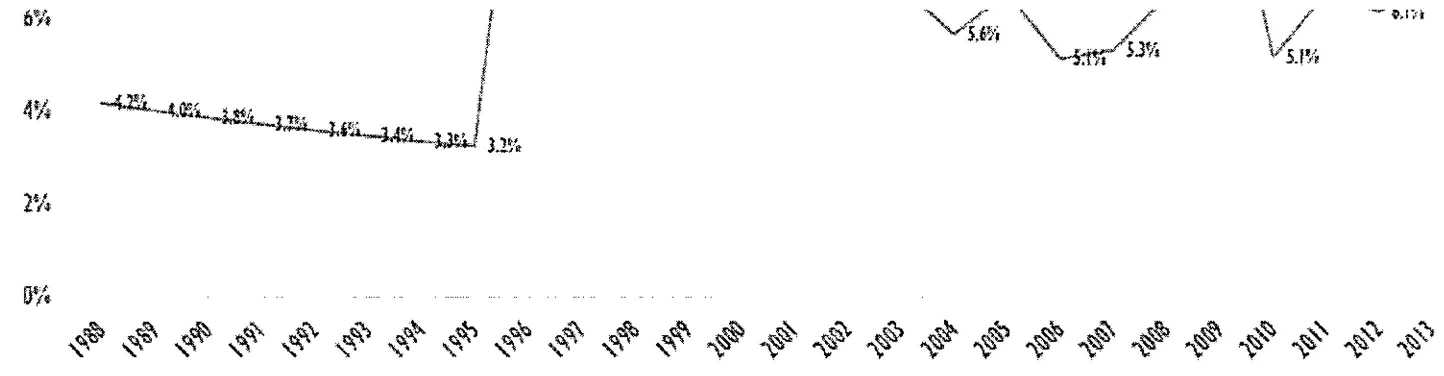
The CPF Minimum Sum Grew Much Faster Than Inflation But Wages And Our CPF Barely Grew

Recently, the PAP government had again increased the CPF Minimum Sum to $155,000. According to him (http://leongszehian.com/?p=8831), the CPF Minimum Sum increased by 4.7% even though inflation increased by only 2.4% last year. What's more, do you know that, "since 1997, our real median wages had grown by only 1.9% and the real returns on our CPF is only 0.7%. However, the CPF Minimum Sum had grown by a massive 5.2%, in real terms. (http://thehearttruths.com/2014/05/12/petition-to-singapore-government-to-return-our-cpf/)" To put this into perspective, if our wages had grown as fast as the CPF Minimum Sum had, it would mean that the lowest wage that Singaporeans should be earning today is $3,200. But today, half of Singaporeans earn less than that. No wonder why nearly 90% of Singaporeans aren't able to meet the CPF Minimum Sum, isn't it? In fact, you can see that from 1996 onwards, the CPF Minimum Sum have always grown by much faster than inflation.

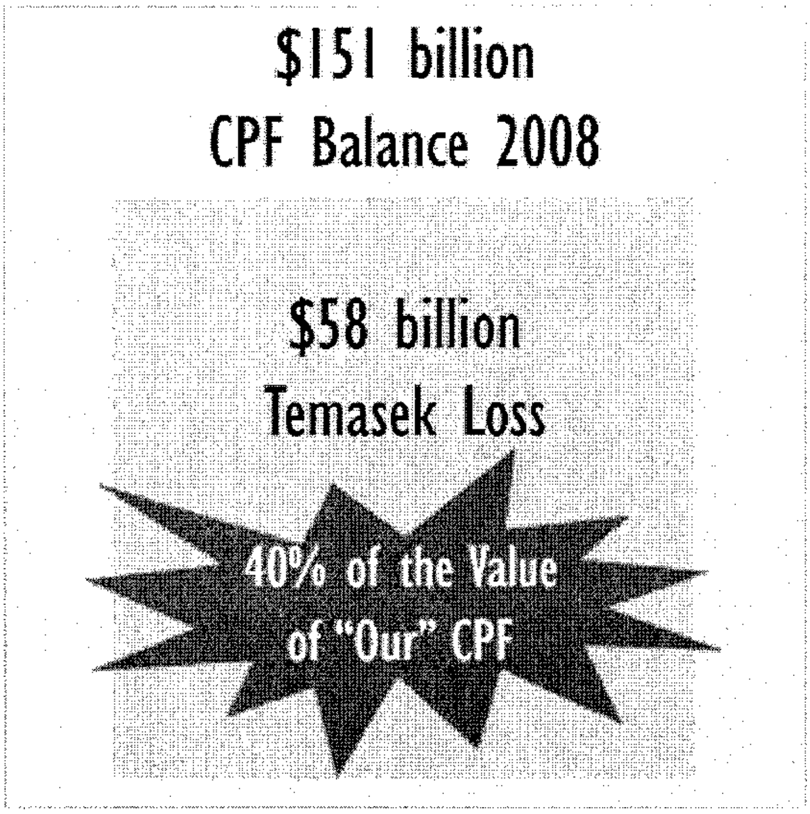


(http://thehearttruths.files.wordpress.com/2014/03/slide431.jpg) Not only that, in some years, in the late 1990s and in 2009, the CPF Minimum Sum even grew by more than 10% every year.





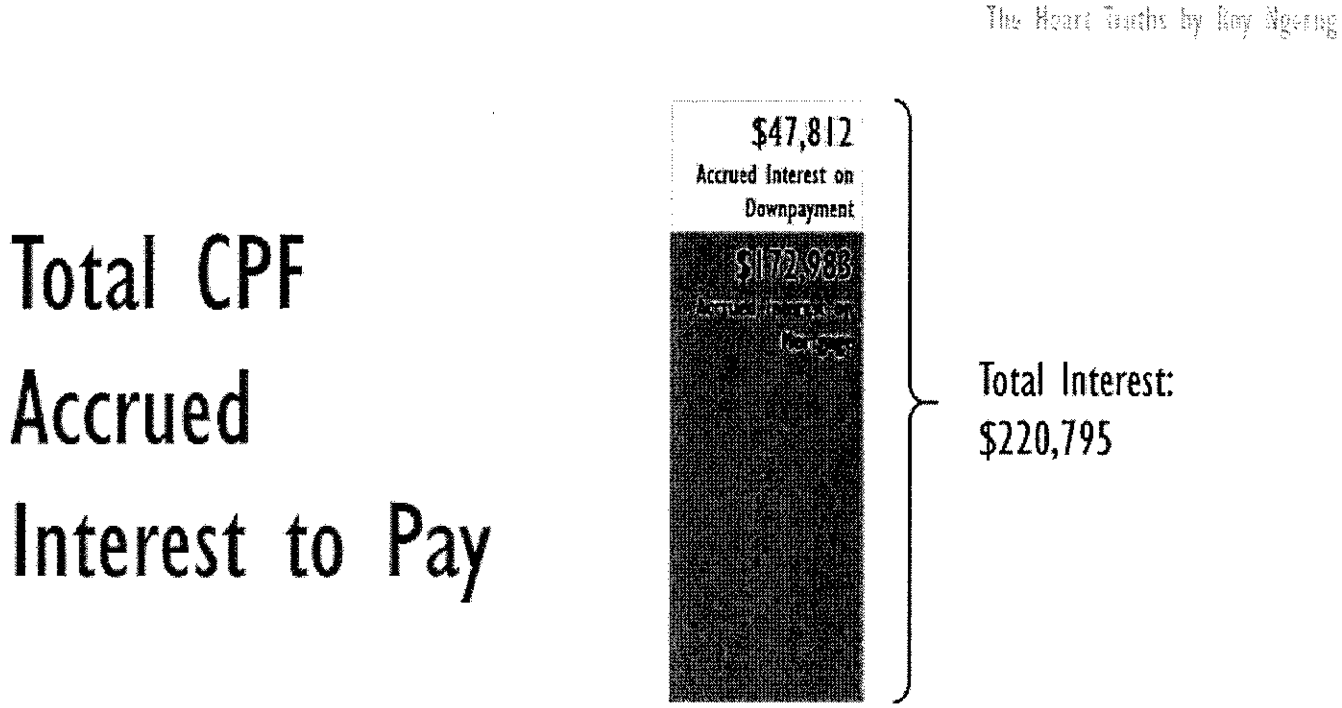
(http://thehearttruths.files.wordpress.com/2014/04/slide36.jpg) But why does the government need to increase the CPF Minimum Sum by leaps and bounds? Do you know that in 2008, Temasek Holdings lost $58 billion? This is equal to 40% of the value of our CPF in 2008. Now, remember, our CPF is being used to invest in the GIC and Temasek Holdings.



(http://thehearttruths.files.wordpress.com/2014/04/slide44.jpg) In 2009, the CPF Minimum Sum was suddenly increased by more than 10%. Does this have anything to do with it? So, the CPF Board might claim (http://mycpf.cpf.gov.sg/NR/rdonlyres/7B172485-F47E-4535-A9C8-343D31A2A042/0/Retirement.pdf) that 48.7% of CPF members were able to meet the CPF Minimum Sum. However, this is only for "active" CPF members who were able to meet the Minimum Sum "either fully in cash, or partly in cash and partly via a property pledge". Thus, it is estimated that if we include "all" CPF members who are able to meet the Minimum Sum "fully in cash", nearly 90% of Singaporeans wouldn't be able to do so.

The Government Makes You Pay Interest To Yourself To Borrow From Yourself

I had also previously written (http://thehearttruths.com/2014/04/02/truth-exposed-the-dirty-cpf-hdb-scheme-to-trick-singaporeans/) about how Singaporeans use our CPF to purchase property, we are required to pay an accrued interest back. According to the CPF Board (http://mycpf.cpf.gov.sg/CPF/my-cpf/buy-house/BH7.htm), "If you sell your HDB flat, you need to refund the principal amount you had earlier withdrawn for the purchase of the flat, including the accrued interest, to your CPF account. This interest is the amount you would have earned, had the savings not been taken out." Now, think about it, this is your money. If you want to take your own money to use, should you have to pay an interest on it? And even if the interest should be paid, the government was paying it in the first place – why are you made to pay for it now? Also, according to the government, "Accrued interest needs to be refunded to our CPF accounts upon the sale of our home as long as the sales proceeds is sufficient to pay back the principal and interest. (http://thehearttruths.com/2014/05/09/cpf-the-pap-still-not-telling-the-complete-truth-contradictions-revealed/)" Now, as I had shown before, if a person buys a $300,000 flat and sells it after 30 years, the person would have needed to pay more than $220,000 in accrued interest. After paying for the accrued interest, will you still have any profit left? If not, does that mean that your property doesn't net you any investment return at all?



(http://thehearttruths.files.wordpress.com/2014/03/slide231.jpg) However, what is more absurd is this – the government claimed that, "When international studies on pension systems make comparisons across countries, they often ignore this fact (and) ... they do not take into account the fact that Singaporeans also have used their CPF monies to pay for their homes." First, does that mean that when you want to retire, you would need to sell your home so that you can have enough cash to retire on? Second, where would you then live? And third, whoever in the world include their homes as part of their retirement funds?? Only in Singapore does such an occurrence happen!

- ***Also read:*** *Truth Exposed: The Dirty CPF-HDB Scheme To Trick Singaporeans (http://thehearttruths.com/2014/04/02/truth-exposed-the-dirty-cpf-hdb-scheme-to-trick-singaporeans/)*
- ***Also read:*** *CPF: The PAP Still Not Telling The Complete Truth, Contradictions Revealed (http://thehearttruths.com/2014/05/09/cpf-the-pap-still-not-telling-the-complete-truth-contradictions-revealed/)*

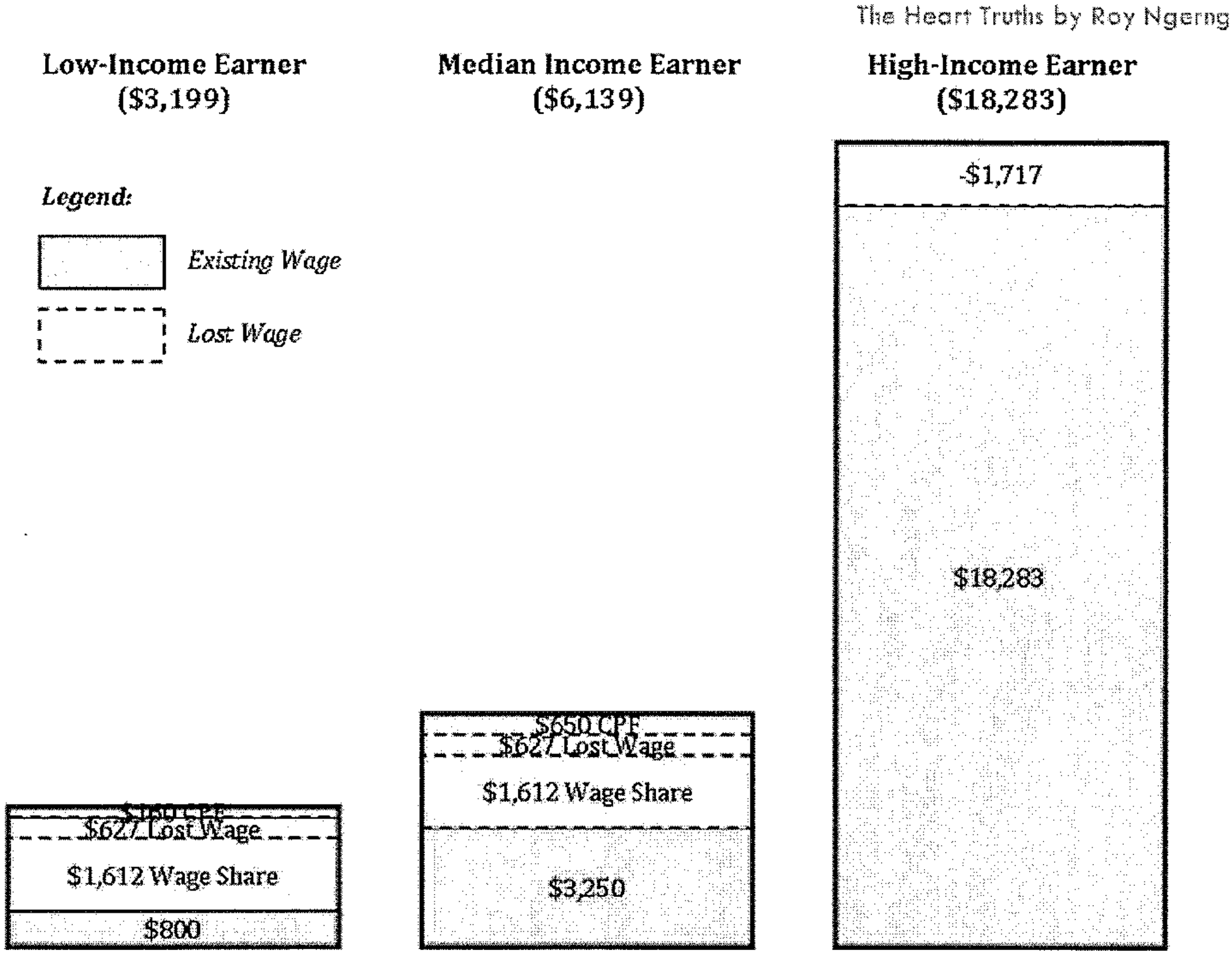
So, Where Is Really Happening To Your CPF?

If you can see the big picture, this is what is happening to your CPF:

1. The government makes Singaporeans sacrifice the largest proportion of our wages in the world into CPF.
2. The government then pays Singaporeans the lowest CPF interest rates in the world.
3. This has enabled the government to earn the 8th largest retirement funds in the world.
4. But it has caused Singaporeans to have one of the least adequate retirement funds in the world.
5. Meanwhile, the government takes our CPF to earn the 8th and 9th largest (GIC and Temasek Holdings) sovereign wealth funds in the world.
6. The government then uses our CPF to earn 6.5% to 16% for themselves.
7. But they return only 2.5% to 4% to Singaporeans

7. But they return only 2.5% to 4% to Singaporeans.
8. Prof Balding had shown that the interest that is not returned means that the average Singaporean is losing $300,000 in cash.

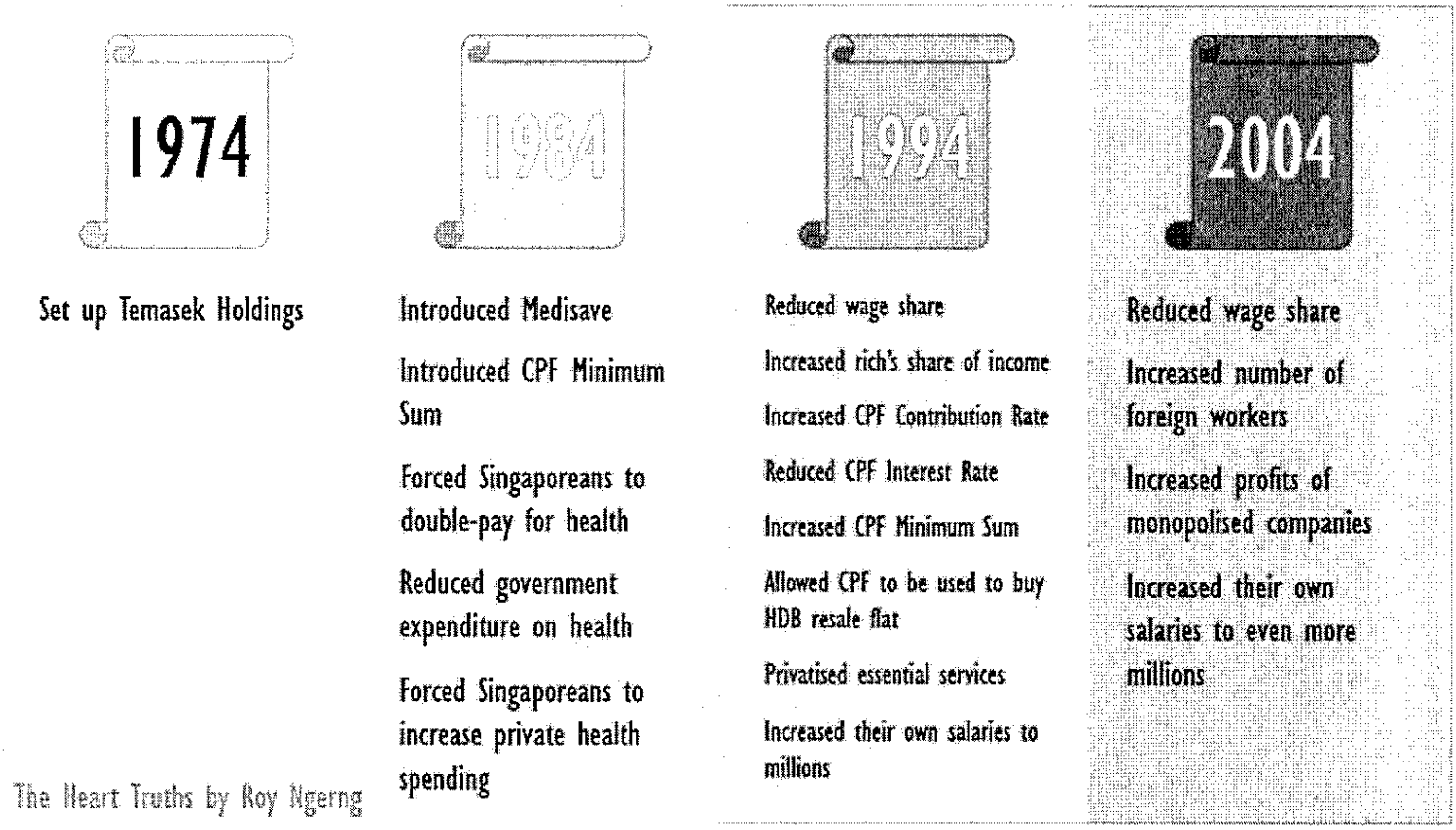
Not only that, as I had mentioned, if wages had grown as fast as the CPF Minimum Sum has, Singaporeans should be earning a minimum wage of $3,200. In another article (http://thehearttruths.com/2014/02/27/how-the-government-undercuts-singaporeans-wages/), I had also calculated how Singaporeans are losing our wages and that if we were to pay the rightful amount of our wages, the lowest income earner would earn $3,200 and the median income earner would earn $6,100 (as compared to $3,250 now).



(http://thehearttruths.files.wordpress.com/2014/02/slide91.jpg) So, because of our wages are stolen from us, we are not able to accumulate more in our CPF.

- ***Also read:*** *How The Government Undercuts Singaporeans' Wages (http://thehearttruths.com/2014/02/27/how-the-government-undercuts-singaporeans-wages/)*
- ***Also read:*** *Singapore: First World Economy, First World Costs, Third World Everything Else (http://thehearttruths.com/2014/05/06/singapore-first-world-economy-first-world-costs-third-world-everything-else/)*

Your Labour Is The Collateral For Your CPF But here's the final nail in the coffin. As I had explained, the government borrows our CPF for investment. Our CPF forms part of the national debt, which currently stands at 115% of GDP. Let me explain this – in other countries, the national debt is money the government owns to another country. In that situation, the citizens would pay for the debt. However, in Singapore's case, the 115% of the debt is owned to Singaporeans. And if this debt is owned to Singaporeans, who pays for the debt? The government? No. You pay for it. So, the government borrows money from you, but makes you pay for it. Makes sense? Of course not. Maybe let me explain why this is important – when the government borrows from your CPF, they need to pay you a collateral for borrowing your money, right? And since you are also the one paying back the loan, then you have to pay for the collateral. And what is this collateral? – it is your hard labour. In simple words, what this means is that the government has locked Singaporeans into a situation where they take your CPF to invest and because they need this constant source of funds for their investment, the only way that this source of funds is maintained is if you keep working. If you see how this flows, the only to keep you working is if you do not earn enough to be able to save and they do not give you high enough returns on your CPF for you to be able to save as well. Do you see the big picture now? This is all intentional. **The PAP Has Been Cutting Down On Singaporeans For 30 Years** In 1984, the PAP government had wanted to increase the retirement age but they were unsuccessful at doing so because Singaporeans rejected the idea. In 1986, the PAP then implemented the CPF Minimum Sum. This caused our CPF to be effectively locked up and because we couldn't withdraw our CPF, we were forced to work longer and had to retire later. In 1994, the PAP drove up the CPF Contribution Rate to a high of 40%, and pushed down the CPF interest rates to a low of 2.5%. From 1996, the CPF Minimum Sum started growing by much faster than inflation, trapping even more of Singaporeans' retirement funds inside the CPF. From the mid-1990s, the wages of low-income Singaporeans remained stagnant and real wages dropped. In 2004, the PAP then started a massive import of cheaper labour, depressing the wages of Singaporeans further, causing Singaporeans to be less able to accumulate our CPF.

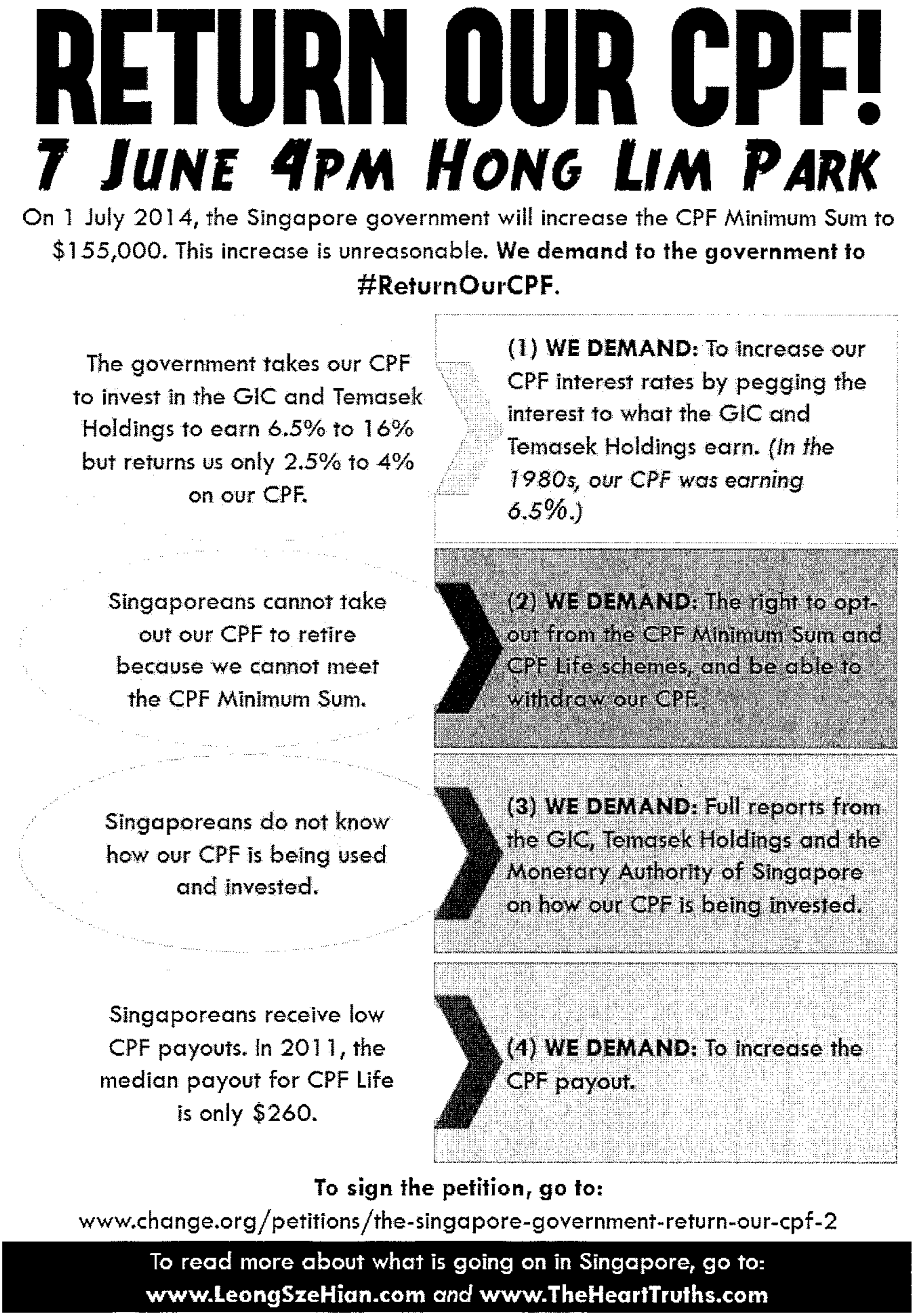


(http://thehearttruths.files.wordpress.com/2014/04/slide137.jpg)

- ***Also read:*** *When The PAP Started Turning Against Singaporeans Traced (http://thehearttruths.com/2014/04/17/when-the-pap-started-turning-against-singaporeans-traced/)*

CPF: All Part Of Their Plan

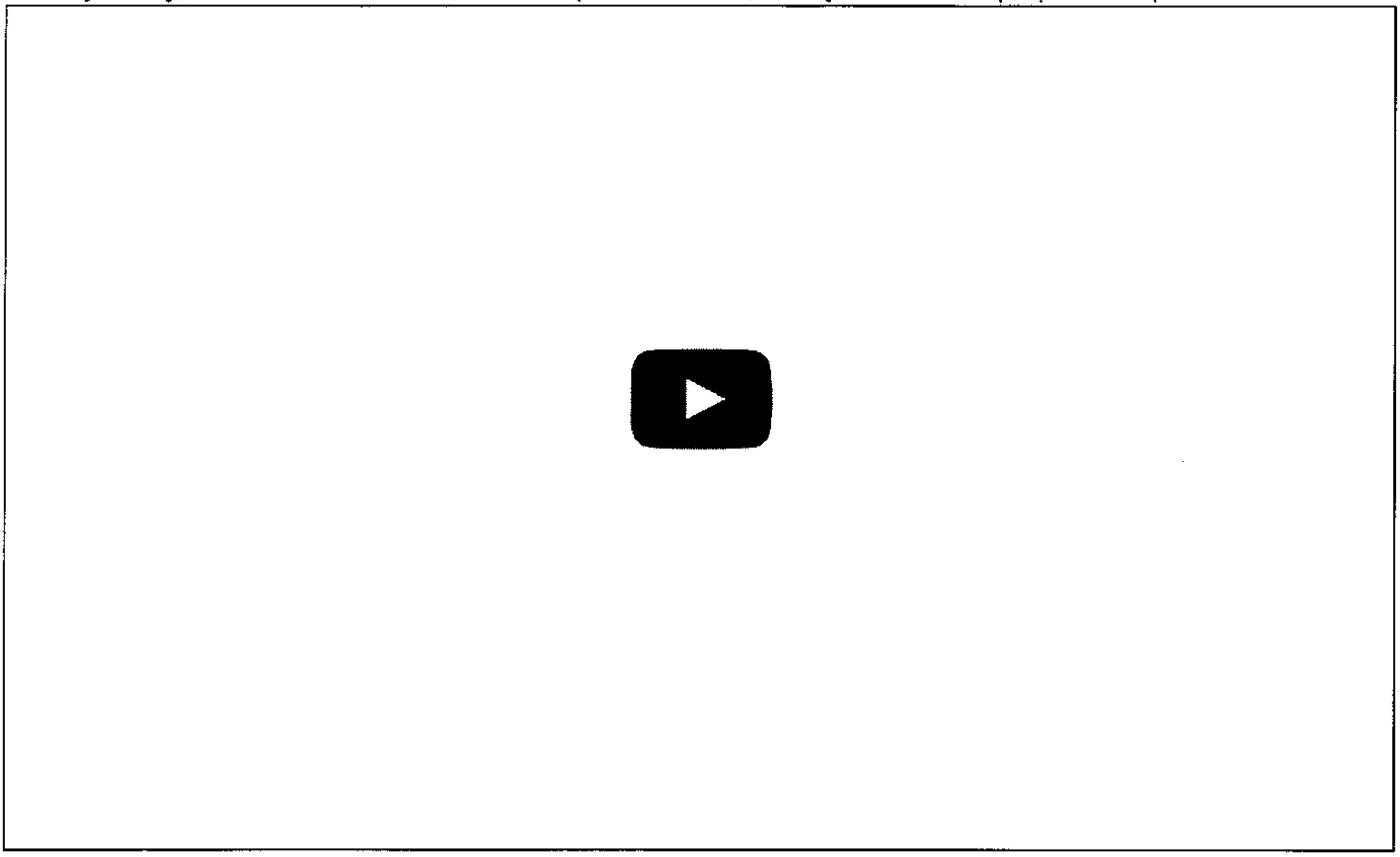
If you can finally see the full picture, you will understand how the CPF is used as the whole tool to entrap Singaporeans. PAP's ability to thrive depends on how much they can entrap our CPF for their own uses and investment. And the only way to entrap your CPF is for you to be in enforced labour for longer periods of time, so that your labour can be used as collateral to generate the CPF they need to fuel their investments. It has always been part of a plan. Perhaps now it would be clear why I am being gunned down. On 7 June 2014, we will be holding an event to demand to the Singapore government to #ReturnOurCPF. For our future, our livelihoods, for our families and our children, we have to take a stand for ourselves. We have to turn up in full force to demand that the government stop taking Singaporeans for granted and to return to us what is rightfully ours. Show your support by signing the petition here (https://www.change.org/petitions/the-singapore-government-return-our-cpf-2), and by coming down to the event on 7 June. See you there. Remember, sometimes for our freedom, we have to fight for it. You can join the Facebook event page here (https://www.facebook.com/events/540971529345418/?ref_dashboard_filter=upcoming).



(http://thehearttruths.files.wordpress.com/2014/05/return-our-cpf-colour-boxes-2benglish.jpg)

Roy Ngerng's Message: Defamation Suit From Singapore Prime Minister

Yesterday, I had put up the apology which the prime minister had demanded and requested not to pay damages. However, I only found out from the news yesterday that the prime minister is still demanding for damages, failing which, he would take me to court. I am disappointed. I would like to reaffirm my stance that the apology was made only in relation to the perceived suggestion of "misappropriation". The prime minister had not taken issue with the rest of the article with which CPF matters were discussed. I repeat my call for transparency and accountability from the Singapore government to fully disclose to Singaporeans how our CPF is being used. I had also invited the prime minister to an open dialogue on our CPF. However, he has not responded. He only asked for damages. Yesterday, Law and Foreign Affairs Minister K Shanmugam said that, "So if you say, the Prime Minister steals from pension funds, then you better be prepared to prove it."



To read more about how our CPF is being used, you can read the article here (http://thehearttruths.com/2014/05/20/your-cpf-the-complete-truth-and-nothing-but-the-truth/). Please also see below the screenshots of the GIC's FAQs which I had mentioned in the video.

GIC

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FAQ Popular

1. What does GIC see as long-term risks?

2. What is GIC doing to mitigate the risks that will impact returns?

3. What is the relationship between GIC and the Government?

GIC is a private company wholly owned by the Government of Singapore. We do not own the assets we manage and are paid a fee as the fund manager looking after Singapore's foreign reserves assigned to our care.

The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor interferes in the company's investment decisions. It holds the board accountable for the overall portfolio performance. Although we are government-owned and manage Singapore's reserves, our relationship with the government is that of a fund manager to a client. We operate, invest and measure our performance in the same way as any global fund management company.

Read more about Singapore's reserve management framework on the Ministry of Finance's FAQs on Reserve Management Framework.

4. Does GIC invest CPF monies?

5. What is GIC's source of funds?
6. What is GIC's new investment framework?
7. What are the ways to tell if GIC is meeting its responsibility as the Government's fund manager?

GIC REPORT 2012/2013

This report highlights how we are governed, our investment approach, our relationship with the Government of Singapore as well as the portfolio's performance.

» Find out more

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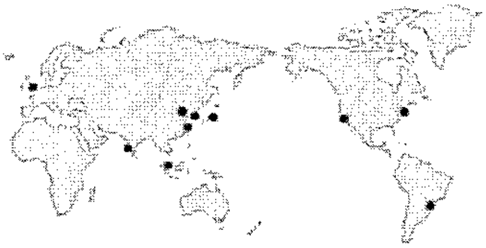

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(http://thehearttruths.files.wordpress.com/2014/05/photo-1-17.jpg)

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FAQ Popular

1. What does GIC see as long-term risks?
2. What is GIC doing to mitigate the risks that will impact returns?
3. What is the relationship between GIC and the Government?
4. Does GIC invest CPF monies?

The short answer is that GIC manages the Government's reserves, but as to how the funds from CPF monies flow into reserves which could then be managed by either MAS, GIC or Temasek, this is not made explicit to us. What we do know from public sources: Singaporeans' CPF funds are invested in bonds called Special Singapore Government Securities (SSGS) which are fully guaranteed by the Government. These are non-marketable floating rate bonds issued specifically to the CPF Board. These bonds earn for the CPF Board a coupon rate that is pegged to CPF interest rates that members receive. Under the Protection of Reserves Framework in the Singapore Constitution of the Republic of Singapore, the Singapore Government cannot spend any monies raised from Government borrowings. All the proceeds from the Government's borrowing are therefore invested.

Read more about Singapore's reserve management framework on the Ministry of Finance's FAQs on Reserve Management Framework

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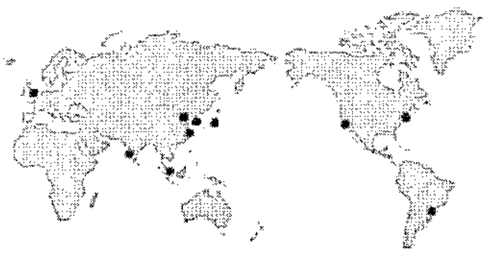

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(http://thehearttruths.files.wordpress.com/2014/05/photo-2-17.jpg)

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GIC SI BOARD
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SENIOR MANAGEMENT
CORPORATE GOVERNANCE
SANTIAGO PRINCIPLES

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Teo Chee Hean
Deputy Prime Minister & Coordinating Minister for National Security & Minister for Home Affairs

Heng Swee Keat
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Chairman
APS Asset Management

Hsieh Fu Hua
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Dy President (APAC)
BofA Merrill Lynch

Gautam Banerjee
Chairman
Blackstone Singapore

Lim Siong Guan
Group President
GIC

Lim Chow Kiat
Group Chief Investment Officer
GIC

SENIOR ADVISOR

Lee Kuan Yew
Former Minister Mentor

(http://thehearttruths.files.wordpress.com/2014/05/photo-3-14.jpg)

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THIS IS THE EXHIBIT MARKED ***"RNYL-9"***

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

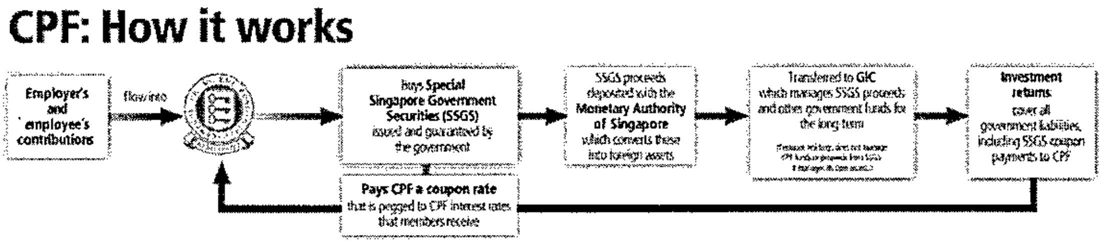
A COMMISSIONER FOR OATHS

JULY 8, 2014

10 Things Singaporeans Have To Worry About How The Government Uses Our CPF

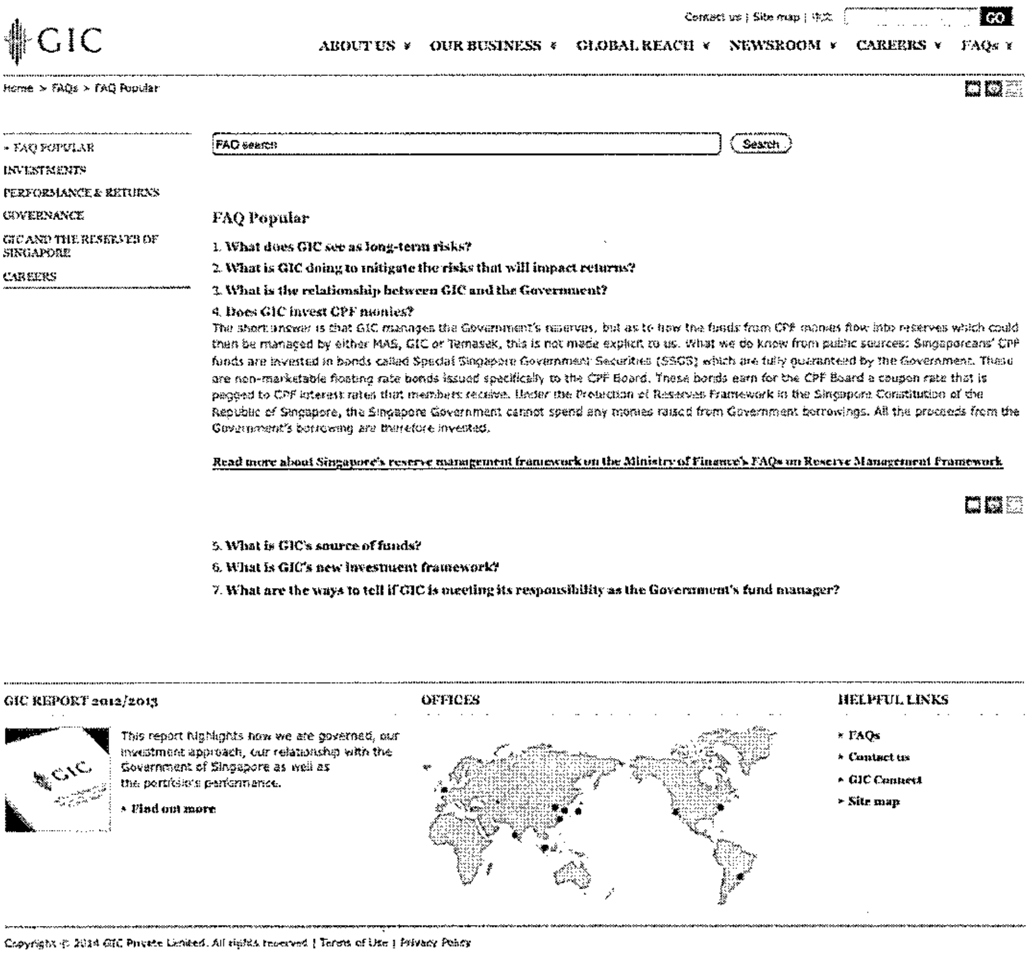
Last week, I had written a two-part article which I had shown evidence of how our CPF is really being used which the government is not telling us. This is a very short version of the article, which you can read quickly through, to know what is going on.

(1) Why did the government previously not admitted to Singaporeans on whether our CPF is being invested in the GIC and the Temasek Holdings but finally only admitted in June this year that our CPF is invested in the GIC (https://www.facebook.com/photo.php?fbid=731881993521245)?



(https://thehearttruths.files.wordpress.com/2014/06/cpf-how-it-works-cropped.jpg)

(2) Why did the GIC previously told Singaporeans that they do not know if they are managing Singaporeans' CPF before June this year, as it is "not made explicit to them",



(https://thehearttruths.files.wordpress.com/2014/05/photo-2-17.jpg)

But then suddenly admitted in June this year that they know they are managing our CPF (http://www.gic.com.sg/en/faqs#47)?

4. Does GIC invest CPF monies?
GIC, along with MAS, manages the proceeds from the Special Singapore Government Securities (SSGS) that are issued and guaranteed by the government which CPF board has invested in with the CPF monies. So while the CPF monies are not directly

transferred to GIC for management, one of the sources of funds that goes into the Government's assets managed by GIC is the proceeds from SSGS.

(https://thehearttruths.files.wordpress.com/2014/06/faqs.png)

(3) Why did the Temasek Holdings say that they do not invest our CPF (http://www.straitstimes.com/premium/forum-letters/story/temasek-doesnt-invest-or-manage-cpf-savings-20140604),

Wednesday, Jun 25, 2014

THE STRAITS TIMES Forum Letters

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Temasek doesn't invest or manage CPF savings

PUBLISHED ON JUN 4, 2014 1:44 AM

852 34 0 0

LAST Saturday's article ("Ways to improve CPF") quoted an unnamed person as saying he suspected the Central Provident Fund Minimum Sum was raised "because Temasek or GIC lost money overseas".

Temasek does not invest or manage the savings of CPF members.

(https://thehearttruths.files.wordpress.com/2014/06/temasek-doesnt-invest-or-manage-cpf-savings.png)

When it was revealed that the Temasek Holdings had used our CPF to invest in the past (http://books.google.com.sg/books?id=Ye5VyHY5CMgC&pg=PA163&lpg=PA163&dq=Development+States:+Relevancy,+Redundar CPF was "co-mingled" with the Temasek Holdings)?

The CPF is locked into the fiscal system by way of a 1968 legislation to have all CPF reserves invested in government bonds and securities for which a minimum guaranteed 2% interest rate is paid since CPF's formation in 1955. Initially, CPF finessed public sector deficit with HDB as a large borrower of development funds. With surplus government and public sector budgets since the late 1970s, CPF's reserves as part of public sector surplus have been co-mingled with other investments either domestically by Temasek Holding Ltd or abroad by the Government Investment Corporation of Singapore (GIC) which plausibly earn more than 2% in rate of return. CPF members have also been able to use CPF saving for housing and other asset enhancement beside approved medical and education expenses, making CPF more than a social security safety net.

(https://thehearttruths.files.wordpress.com/2014/06/developmental-states-relevancy-redundancy-or-reconfiguration-google-books.png)

(4) Why did the government (http://app.mof.gov.sg/reserves_sectionone.aspx) and the GIC (http://www.gic.com.sg/en/faqs#38) claim that the government does not interfere in the GIC's decisions,

Q3. What is the Government's role with regard to the investment decisions made by GIC, MAS and Temasek?

The Government plays no role in decisions on individual investments that are made by GIC, MAS and Temasek. At the GIC and MAS, whose boards include Ministers, these investment decisions are entirely the responsibility of their respective management teams. In the case of Temasek, where the Government has no representation on the Board, investment decisions are fully independent of any Government involvement or influence.

(https://thehearttruths.files.wordpress.com/2014/06/ministry-of-finance-section-i-what-comprises-the-reserves-and-who-manages-them.png)

3. What is the relationship between GIC and the Government?

GIC is a private company wholly owned by the Government of Singapore. We do not own the assets we manage and are paid a fee as the fund manager looking after Singapore's foreign reserves assigned to our care.

The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor interferes in the company's investment decisions. It holds the board accountable for the overall portfolio performance. Although we are government-owned and manage Singapore's reserves, our relationship with the government is that of a fund manager to a client. We operate, invest and measure our performance in the same way as any global fund management company.

(https://thehearttruths.files.wordpress.com/2014/06/faqs-2.png)

When the Singapore government is on the Board of Directors of the GIC and the Singapore prime minister is the GIC's Chairman (http://www.gic.com.sg/en/about/board-of-directors)?

GIC

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Group President
GIC

Lim Chow Kiat
Group Chief Investment Officer
GIC

SENIOR ADVISOR

Lee Kuan Yew
Former Minister Mentor

(https://thehearttruths.files.wordpress.com/2014/06/board-of-directors.png)

(5) Why does the government say that the President "safeguards" and is "entitled to all information" about our reserves and the CPF, but when President Ong Teng Cheong asked to know about our reserves in 1996, the government told him that it would take 56 man-years (http://www.theonlinecitizen.com/2014/02/ong-teng-cheong-i-had-a-job-to-do/)?

Q15. What kind of information does the President have access to?

The President is entitled to all information that the Cabinet and the boards of the Fifth Schedule entities are entitled to.

The President is entitled to ask Ministers, Permanent Secretaries and senior public officers and any of the board members, directors or CEOs of the Fifth Schedule entities for such information. When asked, all these persons are duty bound to supply the information requested.

The President has full information about the size of the reserves (including a listing of physical assets like land) and the performance of the investment entities. Each year, the Accountant-General prepares and submits the Government's financial statements to the President. These statements are independently audited by the Auditor-General.

(https://thehearttruths.files.wordpress.com/2014/06/ministry-of-finance-section-ii-what-is-the-president_s-role-in-safeguarding-the-reserves.png)

(6) Why does the government say that CPF is not a "cheap source of funds (http://news.asiaone.com/news/singapore/cant-please-all-fund-members?page=0%2C2)" for

[illegible] for the government when in 1983, the government had admitted that the CPF is a "cheap source of finance for the government (http://eresources.nlb.gov.sg/newspapers/Digitised/Article/straitstimes19831209.2.34.1.aspx)

The CPF has also contributed to the success of our public housing scheme. It provided a cheap source of finance for the government. The CPF purchases government stocks, and the government loans the money cheaply to the HDB.

(https://thehearttruths.files.wordpress.com/2014/06/newspaper-article-the-dollars-and-sense-of-cpf.png)

(https://thehearttruths.files.wordpress.com/2014/06/newspaper-article-the-dollars-and-sense-of-cpf-2.png)

(7) Why has the GIC admitted that, "Sustained balance of payments surpluses and accumulated national savings are the fundamental sources of the Singapore Government's funds (http://www.gic.com.sg/en/faqs#41)",

CPF savings provide a significant source of domestic funds available for government borrowing

5. What is GIC's source of funds?

The Government's financial assets, other than its deposits with the Monetary Authority of Singapore (MAS) and its stake in Temasek Holdings, are mainly managed by the GIC. Sustained balance of payments surpluses and accumulated national savings are the fundamental sources of the Singapore Government's funds.

(https://thehearttruths.files.wordpress.com/2014/06/faqs-12.png)

But the Temasek Holdings claim that it "does not manage CPF savings (and) Government surpluses (http://www.temasek.com.sg/abouttemasek/faqs)"? So, exactly does the Temasek Holdings invest or not invest our CPF?

Does Temasek manage Central Provident Fund (CPF) savings or Singapore's foreign reserves? —

Temasek does not manage CPF savings (which are managed by the Board of the Central Provident Fund), Government surpluses, or Singapore's Official Foreign Reserves (which are managed by the Monetary Authority of Singapore).

(https://thehearttruths.files.wordpress.com/2014/06/faqs-about-temasek-temasek.png)

(8) Why did the government initially admitted that our CPF is invested in government bonds which are invested "in reserves" but then deleted this information later on and hid this information?

OLD

1.3 Under the Protection of Reserves Framework in the Singapore Constitution of the Republic of Singapore, the Singapore Government cannot spend any monies raised from Government borrowings. All the proceeds from the Government's borrowing must therefore be invested in reserves.

http://app.mof.gov.sg/data/cmsresource/SGB.pdf

EDITED

1.4 Under the Protection of Reserves Framework in the Constitution of the Republic of Singapore, the Singapore Government <u>cannot</u> spend any monies raised from Government borrowing. All the proceeds from the Government's borrowing must therefore be invested.

http://app.mof.gov.sg/data/cmsresource/Public%20Debt%20Report%202013.pdf

(https://thehearttruths.files.wordpress.com/2014/06/slide11.jpg)

(9) Why did the government initially admitted that our reserves (which our CPF is invested in) is managed by the Monetary Authority of Singapore (MAS), GIC and Temasek Holdings but then changed this information later on and hid this information?

OLD

Our reserves are managed by three agencies – the Government of Singapore Investment Corporation (GIC), Temasek Holdings (Temasek) and the Monetary Authority of Singapore (MAS). The Government's assets, other than its deposits with MAS and its stake in Temasek, are mainly managed by the GIC. The MAS, which is a statutory board, manages its own assets. Temasek, which is wholly owned by the Government, also manages its own assets.

http://app.mof.gov.sg/reserves_sectionone.aspx

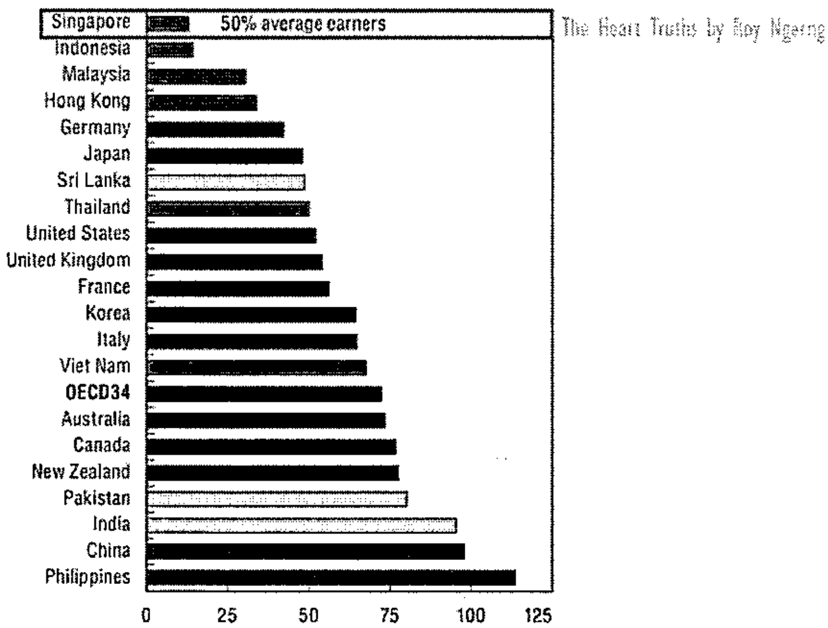
EDITED

The Government's assets are mainly managed by GIC Private Limited. The Government also places deposits with the MAS. in turn, MAS as a statutory board holds its own assets on its balance sheet. In addition, the Government is the sole equity shareholder of Temasek Holdings (Temasek). Temasek owns the assets on its balance sheet.

http://app.mof.gov.sg/reserves_sectionone.aspx

(https://thehearttruths.files.wordpress.com/2014/06/removed-reserves-managed-by.jpg)

(10) Why do Singaporeans have one of the least adequate retirement funds in the world (http://www.oecd-ilibrary.org/social-issues-migration-health/pensions-at-a-glance-asia-pacific-2011_9789264107007-en),



OECD

(https://thehearttruths.files.wordpress.com/2014/04/slide54.jpg)

But GIC and Temasek Holdings (which our CPF is and was invested in) are now ranked

one of the largest sovereign wealth funds in the world (http://www.swfinstitute.org/fund-rankings/), at 8th and 10th largest respectively?

Sovereign Wealth Fund Rankings

Largest Sovereign Wealth Funds by Assets Under Management
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Canadian Public Pension Fund Rankings

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Country	Sovereign Wealth Fund Name	Assets $Billion	Inception	Origin	*Linaburg-Maduell Transparency Index*
Norway	Government Pension Fund – Global	$878	1990	Oil	10
UAE – Abu Dhabi	Abu Dhabi Investment Authority	$773	1976	Oil	5
Saudi Arabia	SAMA Foreign Holdings	$737.6	n/a	Oil	4
China	China Investment Corporation	$575.2	2007	Non-Commodity	7
China	SAFE Investment Company	$567.9**	1997	Non-Commodity	4
Kuwait	Kuwait Investment Authority	$410	1953	Oil	6
China – Hong Kong	Hong Kong Monetary Authority Investment Portfolio	$326.7	1993	Non-Commodity	8
Singapore	Government of Singapore Investment Corporation	$320	1981	Non-Commodity	6
China	National Social Security Fund	$181	2000	Non-Commodity	5
Singapore	Temasek Holdings	$173.3	1974	Non-Commodity	10

(https://thehearttruths.files.wordpress.com/2014/06/sovereign-wealth-fund-rankings-sovereign-wealth-fund-institute.png)

Do you see the discrepancies?

1. **Why did the government previously not want to admit that our CPF is invested in the GIC and Temasek Holdings but finally admitted this in June this year?**

2. **Why does the GIC previously not want to admit that they invest our CPF but finally admitted this in June this year?**

3. **Why does the Temasek Holdings tell us in June this year that they do not invest our CPF when they had used to invest our CPF?**

4. **Why does the government want to remove the information that our CPF is (a) invested in reserves and that (b) our reserves are managed by the MAS, GIC and Temasek Holdings and hid the information?**

5. **Why did the government not want to let President Ong Teng Cheong know how much there are in the reserves?**

6. **Why is the Singapore government so rich but Singaporeans so poor? Why are the GIC and Temasek Holdings one of the largest sovereign wealth funds in the world but Singaporeans have one of the least adequate retirement funds in the world?**

7. Why did the government and GIC tell us that the government doesn't interfere in the GIC's decisions when the government is the GIC?

Why are Singaporeans allowing the government to bulldoze us with these discrepancies? Why isn't the Singapore government transparent to Singaporeans?

Do you think something is terribly wrong with how our CPF is being managed by the government?

To read more and read the sources, you can read the two-part article on the 10 things the government needs to be transparent to Singaporeans about our CPF. Part 1 (https://theheartruths.com/2014/06/30/part-1-10-things-the-government-has-to-be-transparent-about-how-they-use-singaporeans-cpf/) and Part 2 (https://theheartruths.com/2014/07/03/part-2-10-things-the-government-has-to-be-transparent-about-how-they-use-singaporeans-cpf/) of the article can be read here.

*****

It is clear that something is amiss in the management of our CPF by the government, the GIC and Temasek Holdings. There are still loopholes and discrepancies which the government has not addressed. This are important loopholes that the government has to acknowledge and speak up on, especially so since this concerns the retirement funds of Singaporeans.

What exactly is going on with Singaporeans' CPF!

On 12 July 2014, an event will be held to discuss the CPF issues and the lack of transparency and accountability from the government and for Singaporeans to demand to the government to #ReturnOurCPF.

You can join the Facebook event page here (https://www.facebook.com/events/251518938371663).

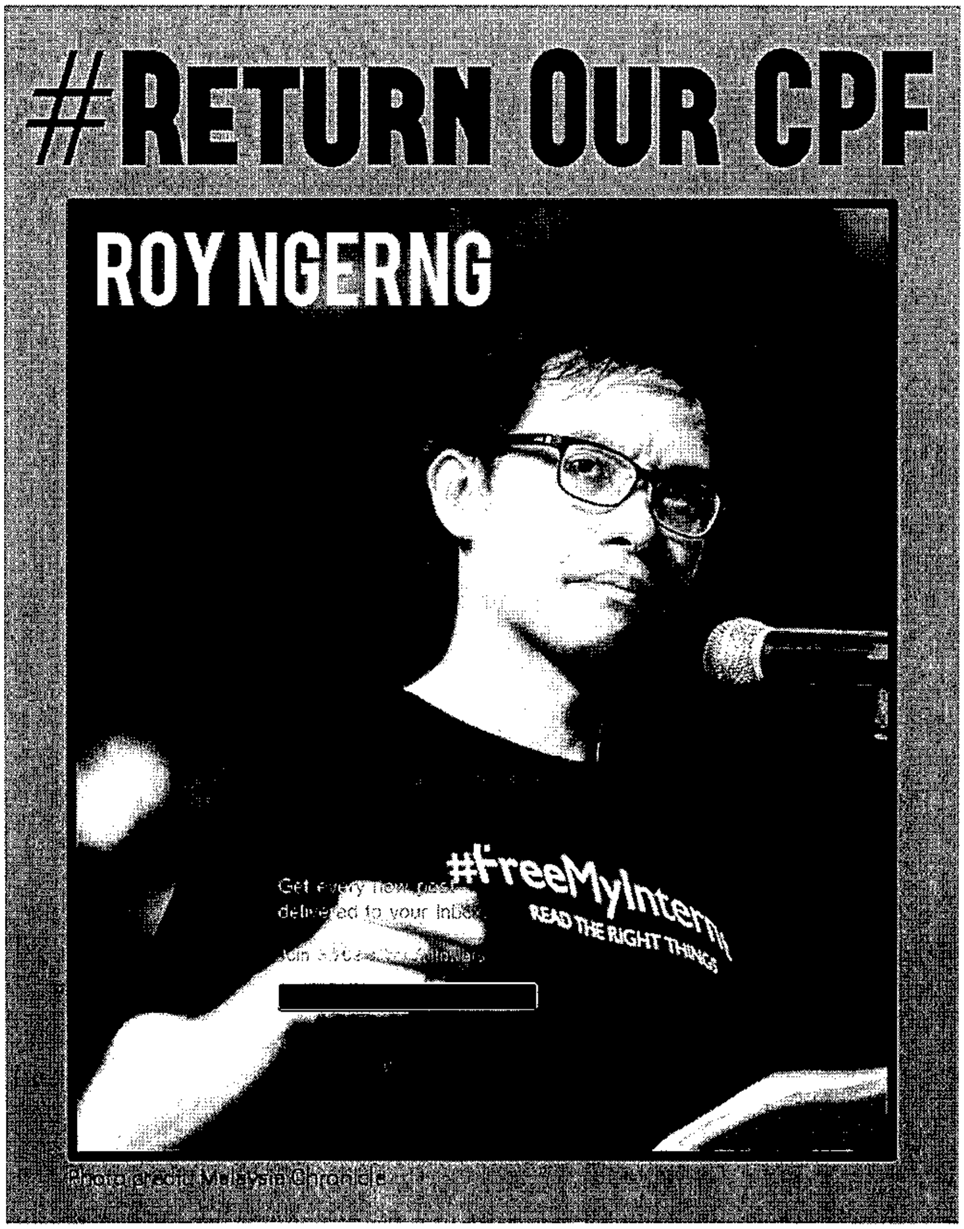

Photo credit: Malaysia Chronicle

THIS IS THE EXHIBIT MARKED ***"RNYL-10"***

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C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

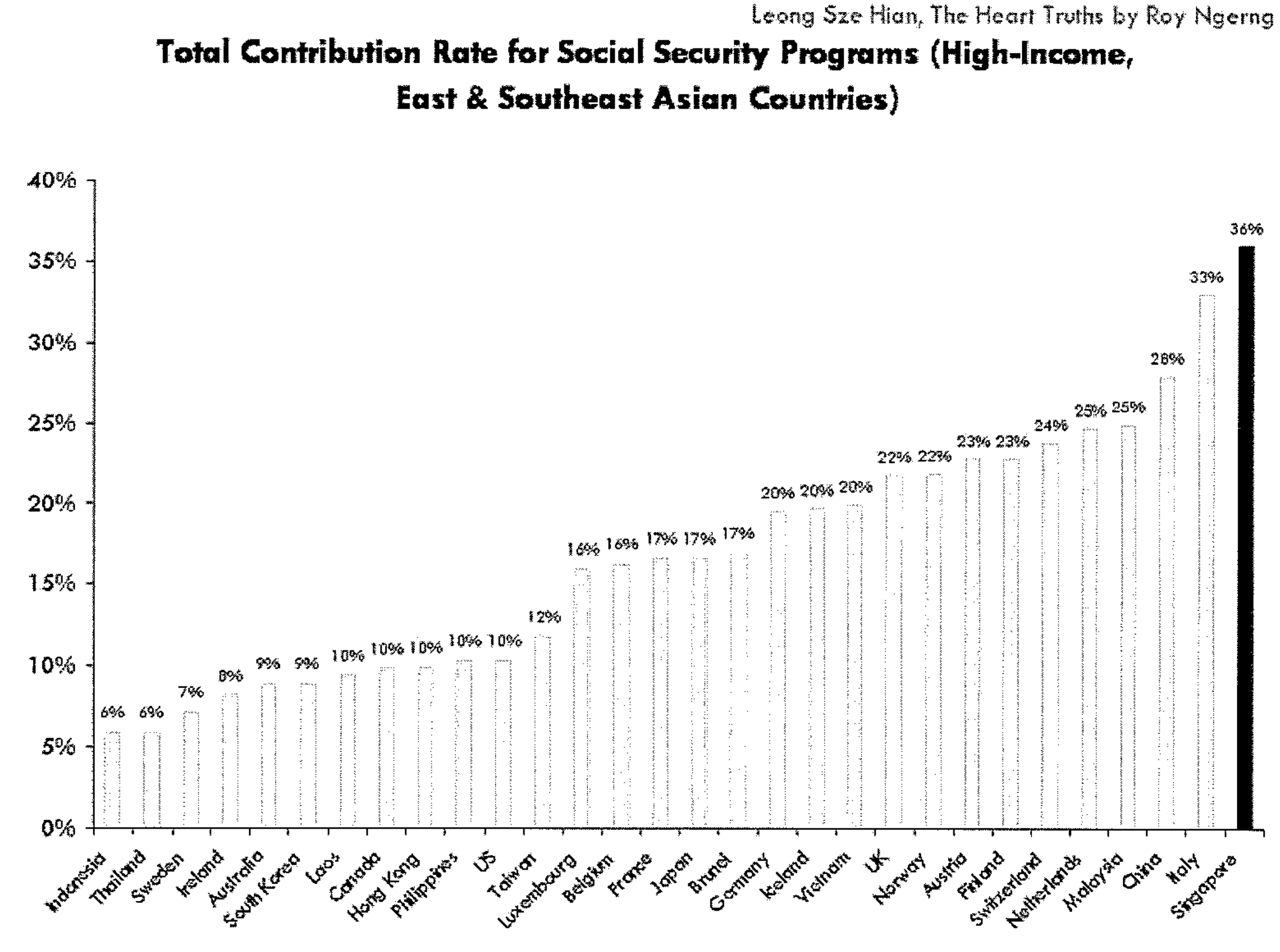
NOVEMBER 4, 2013

SHOCKING Facts About Our CPF in Singapore! (Part 1)

Singaporeans have always been told by the government that we pay one of the lowest taxes in the world. But do you know what we have not been told?

(Part 2 of this article can be read here. (http://thehearttruths.com/2013/11/05/shocking-facts-about-our-cpf-in-singapore-part-2/))

Do you know that when comparing what we pay into our CPF with what people in other countries pay into their forms of social security, Singapore actually has the highest total contribution rate (employee 20% + employer 16% contribution rate) in the world (Chart 1)!

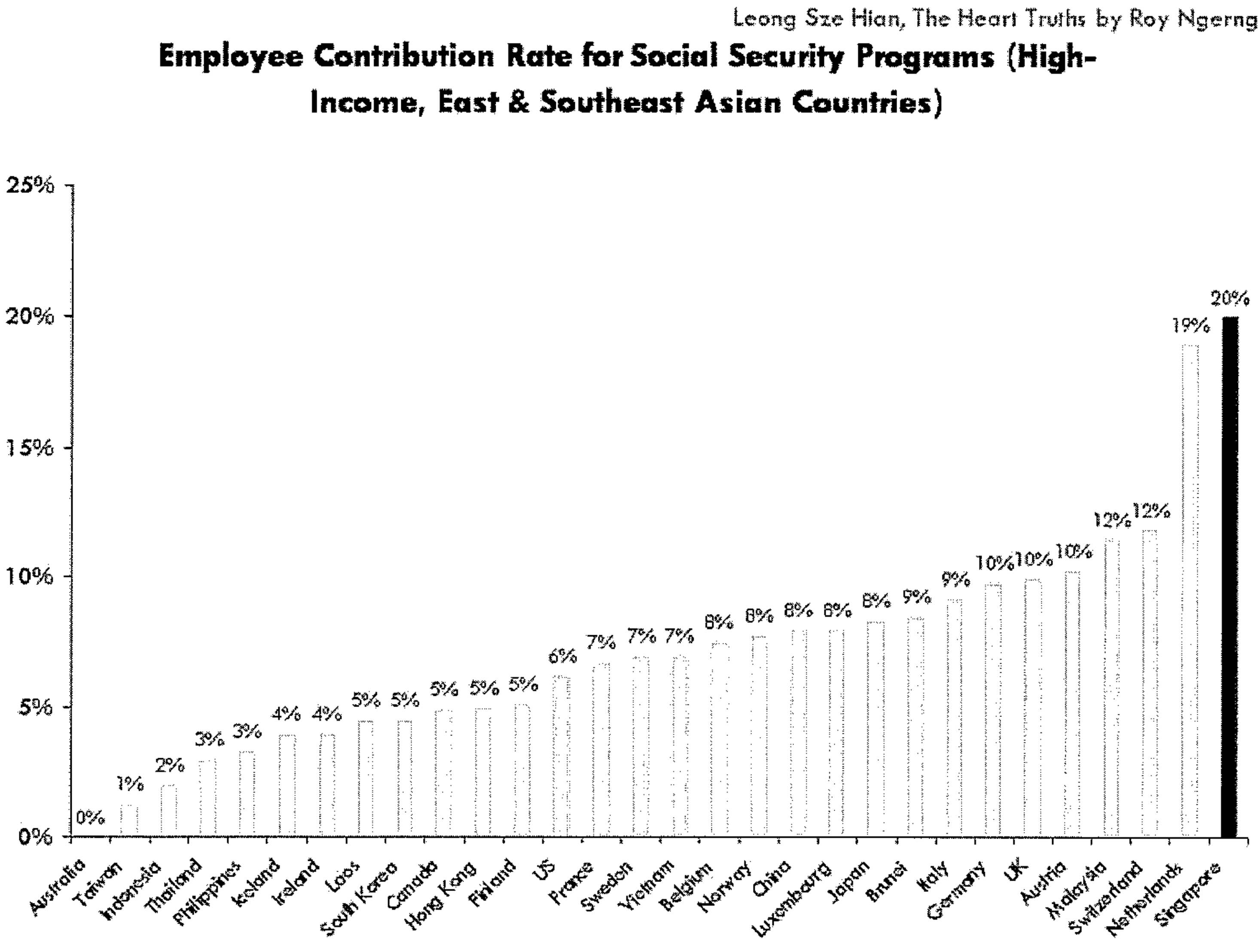


(http://thehearttruths.files.wordpress.com/2013/10/slide125.jpg)

Chart 1: Social Security Programs Throughout the World (http://www.ssa.gov/policy/docs/progdesc/ssptw/), Social Security Programs Throughout the World: Asia and the Pacific, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/asia/ssptw12asia.pdf), Social Security Programs Throughout the World: Europe, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/europe/ssptw12europe.pdf), Social Security Programs Throughout the World: The Americas, 2011 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2010-2011/americas/ssptw11americas.pdf), Social Security Programs Throughout the World: Africa, 2013 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/africa/ssptw13africa.pdf), Coordinating Healthcare and Pension Policies: An Exploratory Study

(http://www.eaber.org/sites/default/files/documents/2012.08.16.wp374.coordinating.healthcare.pension.policies.pdf)

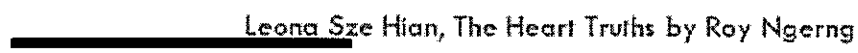
But not only that, what is even more shocking is that the 20% of our own income that employees pay into the CPF is also the highest in the world (Chart 2)! So, Singaporeans pay the highest proportion of our income into social security in the world.



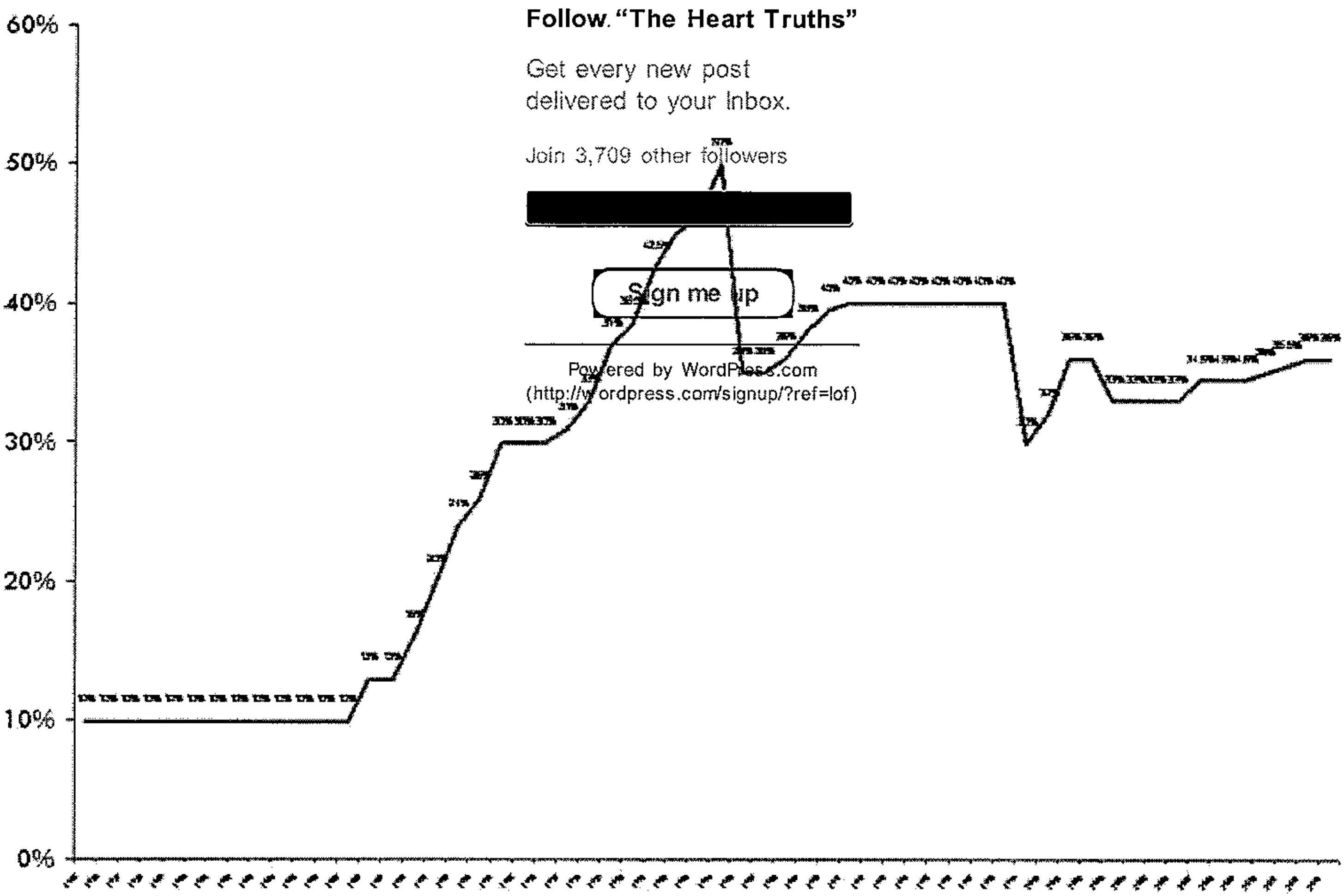
(http://thehearttruths.files.wordpress.com/2013/10/slide218.jpg)

Chart 2: Social Security Programs Throughout the World (http://www.ssa.gov/policy/docs/progdesc/ssptw/), Social Security Programs Throughout the World: Asia and the Pacific, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/asia/ssptw12asia.pdf), Social Security Programs Throughout the World: Europe, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/europe/ssptw12europe.pdf), Social Security Programs Throughout the World: The Americas, 2011 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2010-2011/americas/ssptw11americas.pdf), Social Security Programs Throughout the World: Africa, 2013 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/africa/ssptw13africa.pdf), Coordinating Healthcare and Pension Policies: An Exploratory Study (http://www.eaber.org/sites/default/files/documents/2012.08.16.wp374.coordinating.healthcare.pension.policies.pdf)

But how did we get to paying the highest contribution rate into our CPF? Take a look at the growth of the total CPF contribution rates since 1955 (Chart 3). You can see that the contribution rate has more than tripled since the CPF's inception.



Total CPF Con[redacted] - 2013)



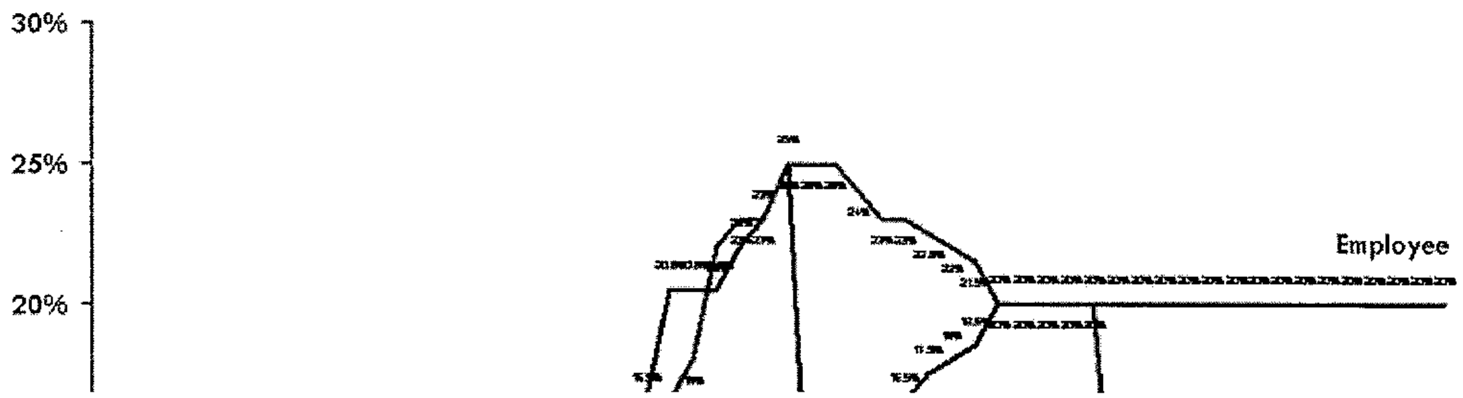
(http://thehearttruths.files.wordpress.com/2013/10/slide318.jpg)

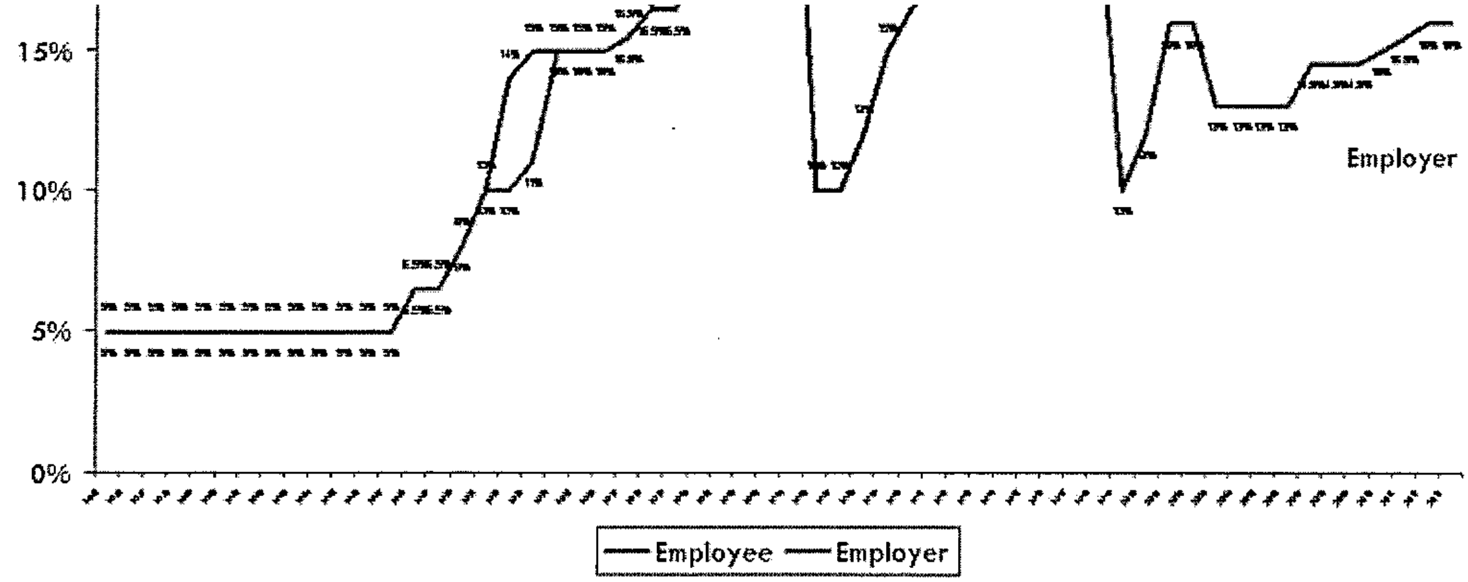
Chart 3: The Pension System in Singapore (http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Pensions-DP/9919.pdf), Contribution Rates (http://mycpf.cpf.gov.sg/NR/rdonlyres/27074ECF-F5CF-4FB2-AB8E-C4FE45DB5217/0/CPFTrendsandHightlightsContributionRates.pdf), CPF Contribution Rates (http://mycpf.cpf.gov.sg/NR/rdonlyres/B957EA2E-AEC4-452A-917F-7C768E30F886/0/CPFTrends_ConRates.pdf)

Now, take a quick look at the growth in the Employee (blue line) vs the Employer (red line) CPF contribution rates since 1955 (Chart 4). Don't spend too much time on this – take a look at the next chart.

Leong Sze Hian, The Heart Truths by Roy Ngerng

Employee vs Employer CPF Contribution Rate (1955 - 2013)

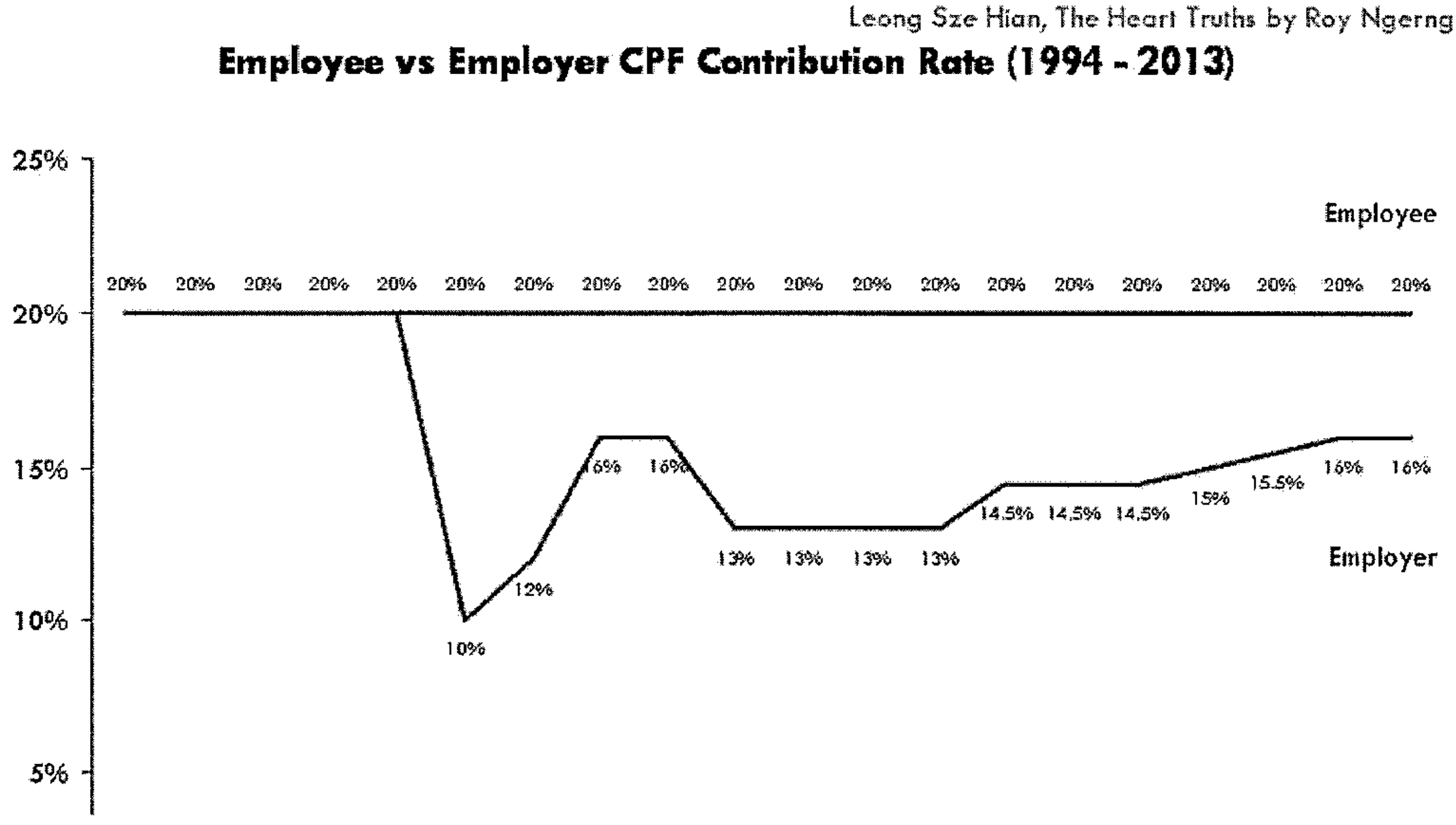


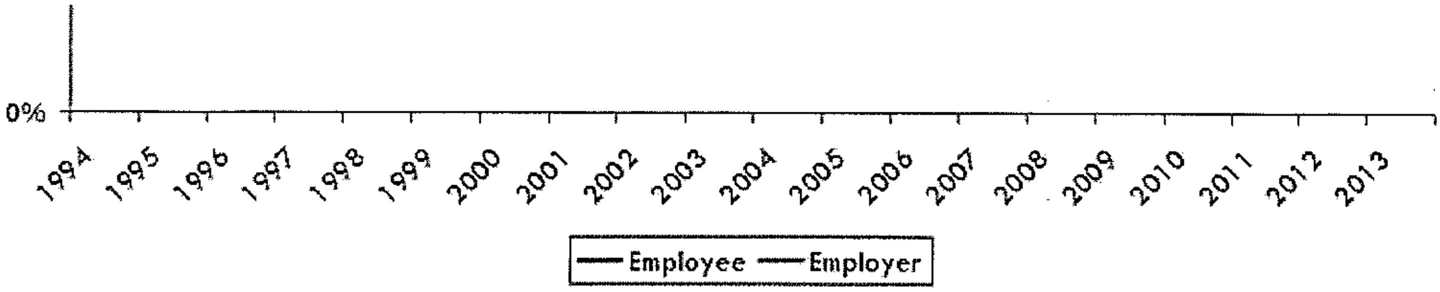


(http://thehearttruths.files.wordpress.com/2013/10/slide418.jpg)

Chart 4: The Pension System in Singapore (http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Pensions-DP/9919.pdf), Contribution Rates (http://mycpf.cpf.gov.sg/NR/rdonlyres/27074ECF-F5CF-4FB2-AB8E-C4FE45DB5217/0/CPFTrendsandHightlightsContributionRates.pdf), CPF Contribution Rates (http://mycpf.cpf.gov.sg/NR/rdonlyres/B957EA2E-AEC4-452A-917F-7C768E30F886/0/CPFTrends_ConRates.pdf)

In Chart 5, you can see the growth of the Employee and Employer CPF contribution rates since 1994. In the first few years, the contribution rates were the same at 20%. However, after the general election in 1997 under Goh Chok Tong, the employer contribution rate dropped, while Singaporeans have been made to shoulder the burden of topping up our retirement funds. However, even though the wages of Singaporeans have remained stagnant since 2000, workers still contribute more into CPF, whereas even though profits of companies have been increasing since then, companies have been paying lesser into our CPF. Note that the largest companies in Singapore are owned by the government, via Temasek Holdings.

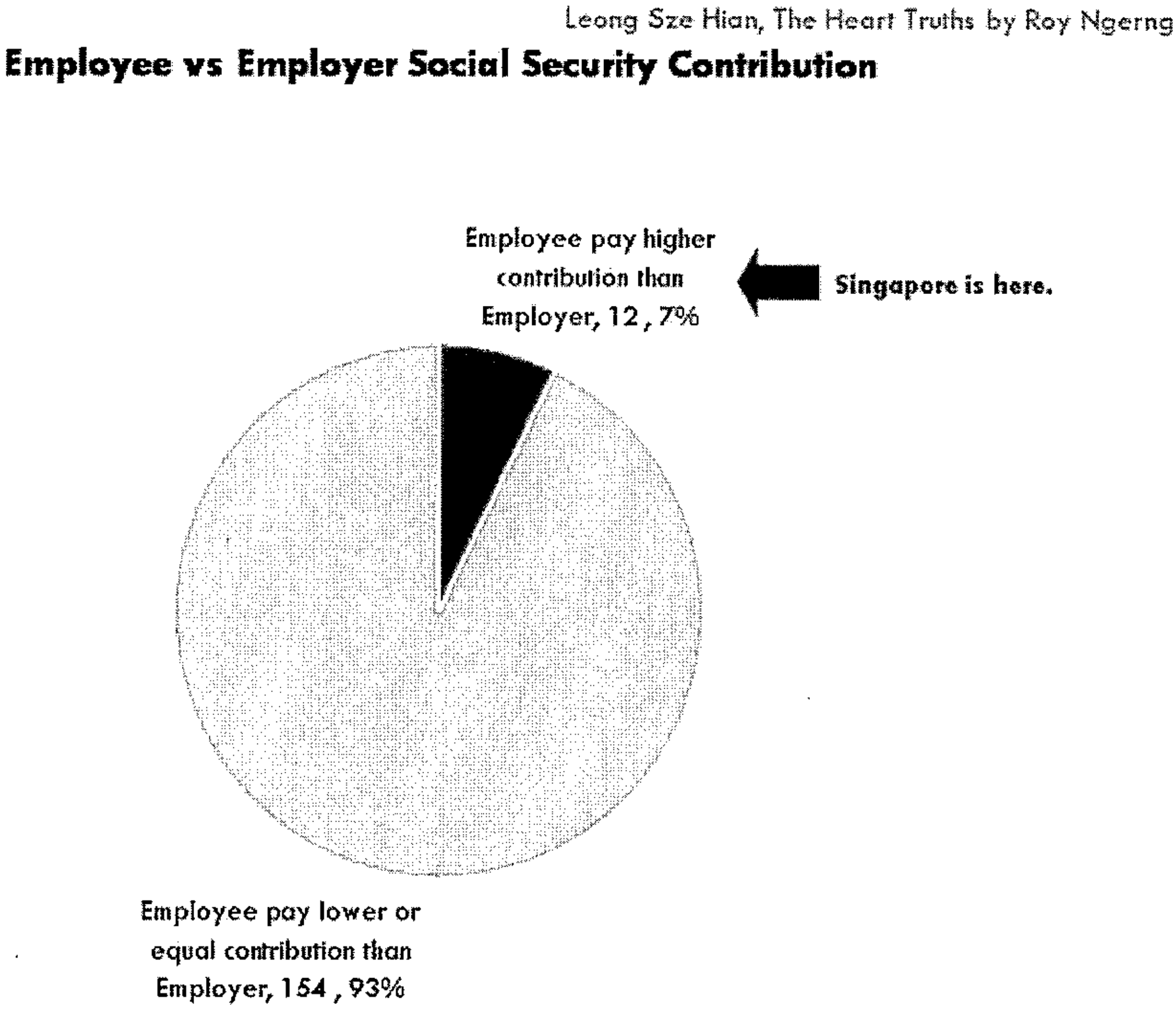




(http://theheartruths.files.wordpress.com/2013/10/slide59.jpg)

Chart 5: The Pension System in Singapore (http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Pensions-DP/9919.pdf), Contribution Rates (http://mycpf.cpf.gov.sg/NR/rdonlyres/27074ECF-F5CF-4FB2-AB8E-C4FE45DB5217/0/CPFTrendsandHightlightsContributionRates.pdf), CPF Contribution Rates (http://mycpf.cpf.gov.sg/NR/rdonlyres/B957EA2E-AEC4-452A-917F-7C768E30F886/0/CPFTrends_ConRates.pdf)

However, do you know that when compared to the rest of the world, of the 166 territories with social security in the world, only in 12, or 7% of these territories, did employees contribute more than the employers into social security? Singapore belongs to this 7% (Chart 6).

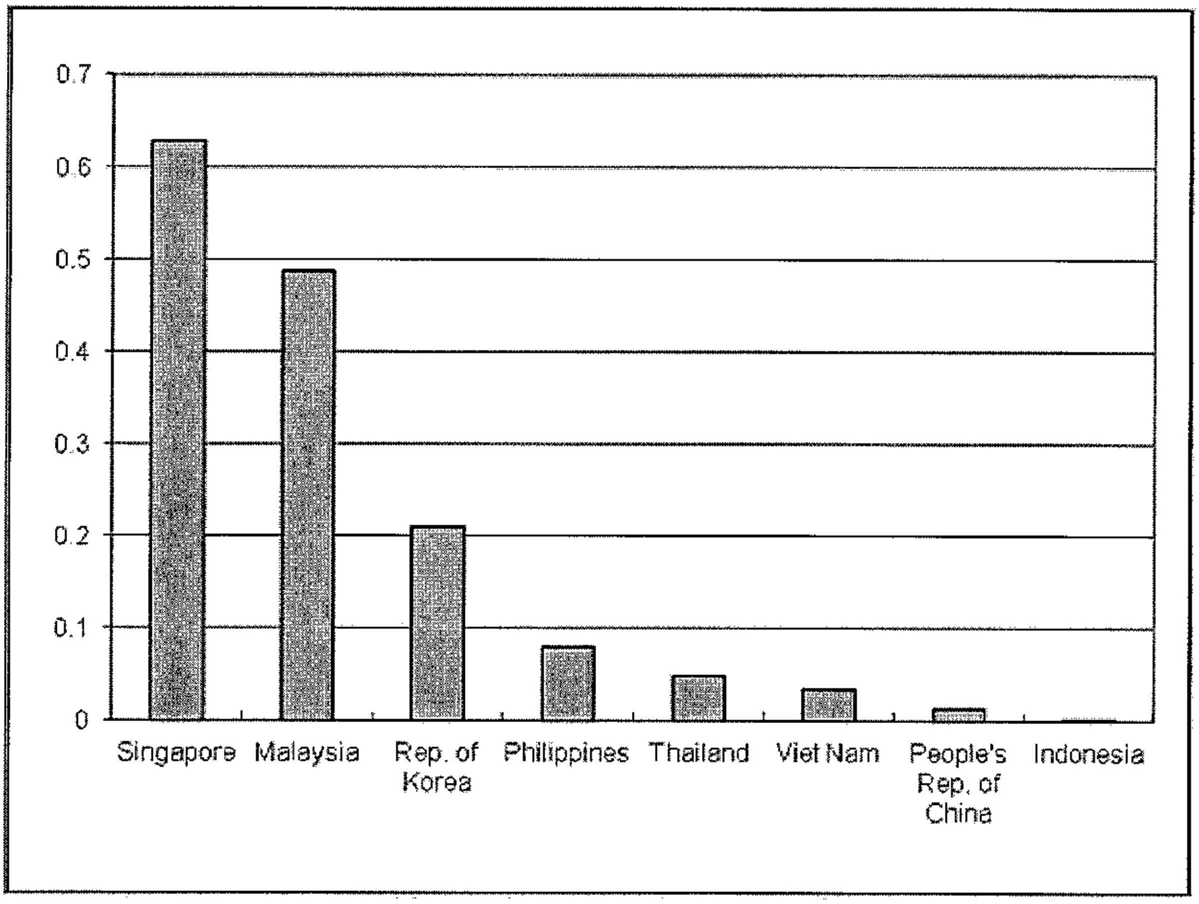


(http://theheartruths.files.wordpress.com/2013/10/slide185.jpg)

Chart 6: Social Security Programs Throughout the World (http://www.ssa.gov/policy/docs/progdesc/ssptw/), Social Security Programs Throughout the World: Asia and the Pacific, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/asia/ssptw12asia.pdf), Social Security Programs Throughout the World: Europe, 2012 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/europe/ssptw12europe.pdf), Social Security Programs Throughout the World: The Americas, 2011 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2010-2011/americas/ssptw11americas.pdf), Social Security Programs Throughout the World: Africa, 2013 (http://www.ssa.gov/policy/docs/progdesc/ssptw/2012-2013/africa/ssptw13africa.pdf), Coordinating Healthcare and Pension Policies: An Exploratory Study (http://www.eaber.org/sites/default/files/documents/2012.08.16.wp374.coordinating.healthcare.pension.policies.pdf)

So, because Singaporeans pay the most into our CPF, our CPF assets are actually the largest among the Asian countries (Chart 7). Sounds good? Read on.

Figure 10: Ratio of Total Pension Assets to Gross Domestic Product, 2006

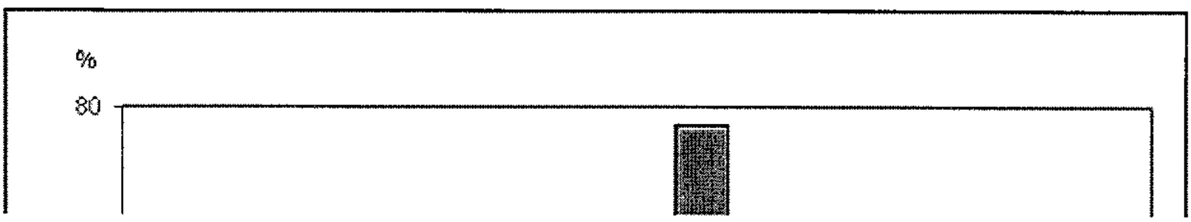


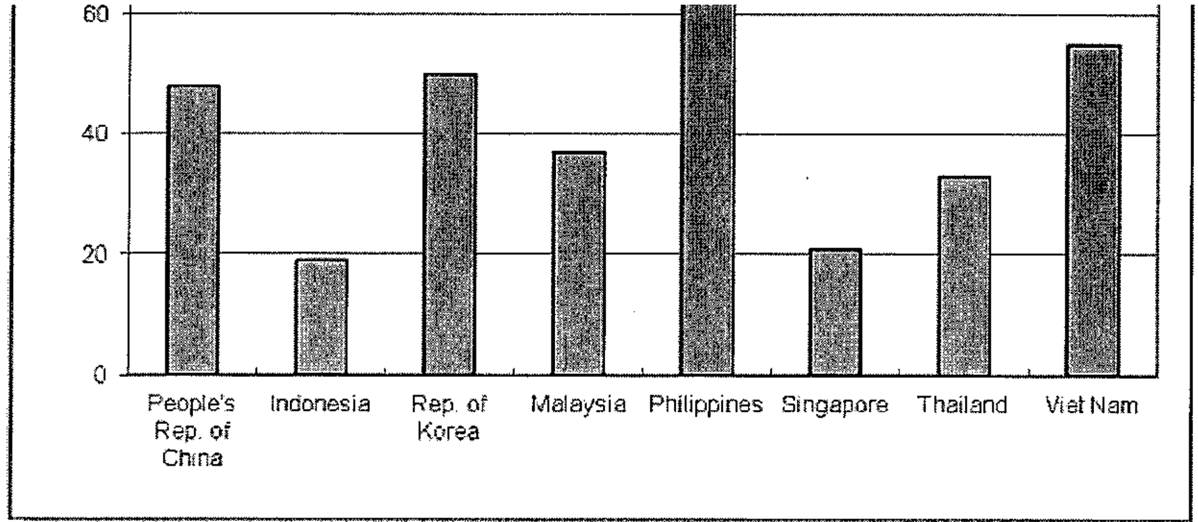
(http://thehearttruths.files.wordpress.com/2013/10/photo-1-3.jpg)

Chart 7: Developing Asia's Pension Systems and Old-Age Income Support (http://www.adbi.org/files/2012.04.26.wp358.dev.asia.pension.systems.pdf)

But something is not quite right – what is shocking is that even though we have accumulated so much monies in the CPF, our CPF is actually the least adequate for retirement (Chart 8)! Our ratio of retirement income to pre-retirement income is only 20%!

Figure 12: Replacement Rate—Ratio of Retirement Income to Preretirement Income, 2007



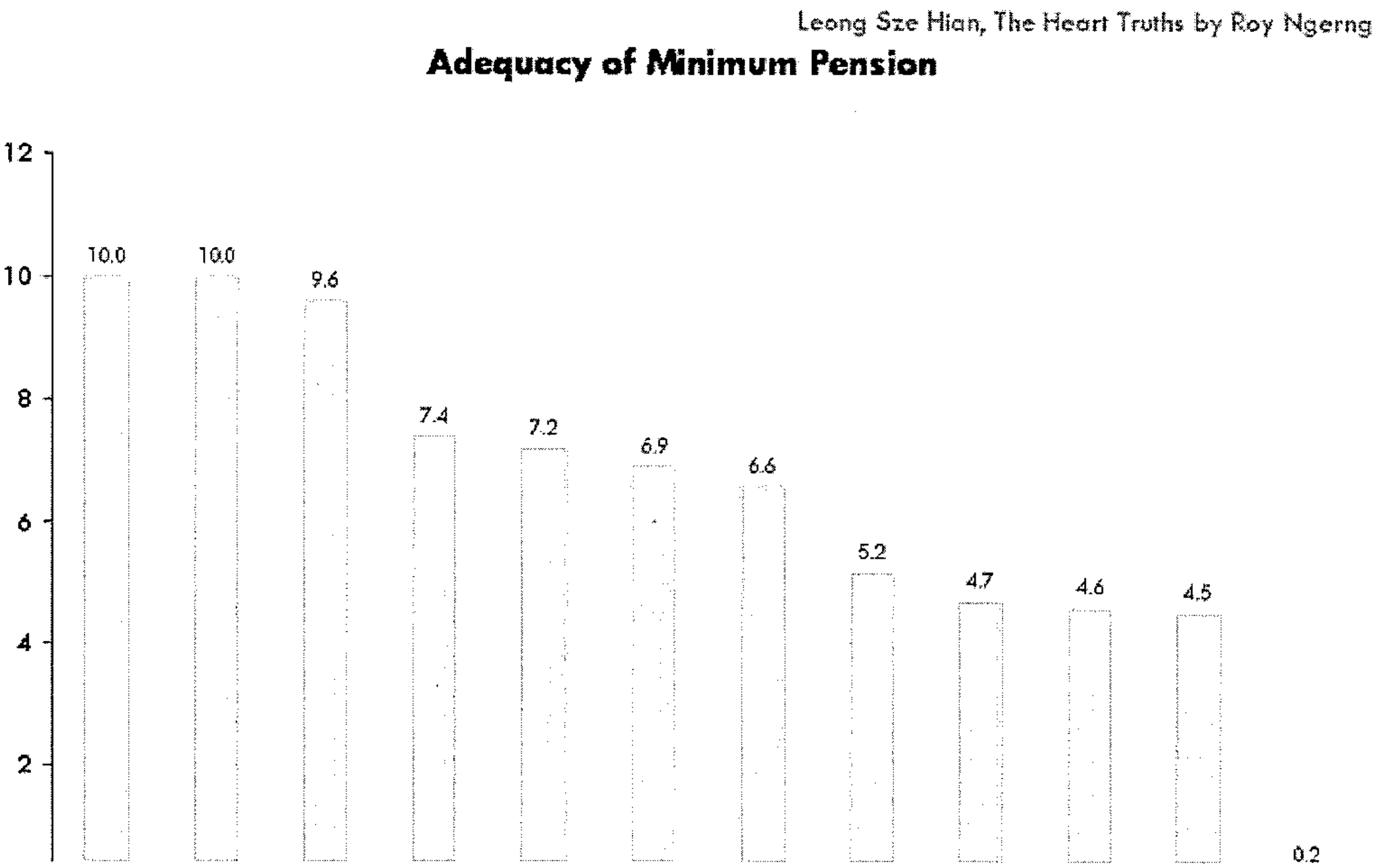


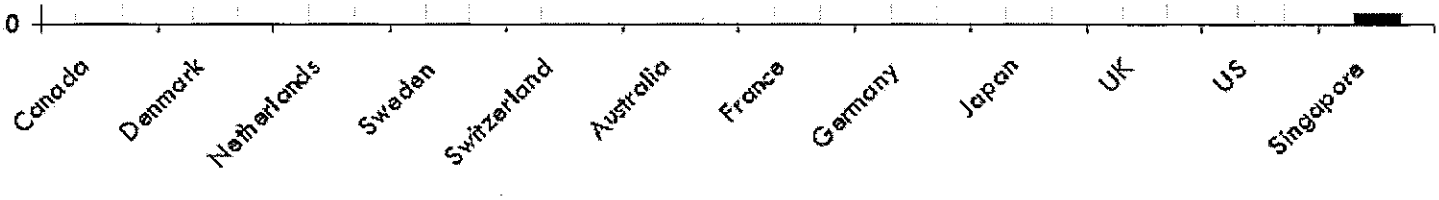
Source: Park, D. 2009. Developing Asia's Pension Systems: Overview and Reform Directions. Asian Development Bank Economics Working Paper 165. Manila: Asian Development Bank.

(http://thehearttruths.files.wordpress.com/2013/10/photo-2-3.jpg)

Chart 8: *Developing Asia's Pension Systems and Old-Age Income Support (http://www.adbi.org/files/2012.04.26.wp358.dev.asia.pension.systems.pdf)*

The same finding is found in the Melbourne Mercer Global Pension Index (http://globalpensionindex.com/2013/melbourne-mercer-global-pension-index-2013-report.pdf), which ranked Singapore as having the least adequate minimum pension (Chart 9). Minimum pension is the "percentage of the average wage, that a single aged person will receive" upon retirement. Singapore's score of 0.2 means that Singaporeans will receive only about "10 percent or less of average earnings", which "offers very limited income provision". 30% is necessary to meet the "poverty alleviation goal", which means that Singapore's 10% can possibly entrench poverty in Singapore further. Already Singapore's poverty rate of 28% is the highest among the developed countries and countries in the region (http://thehearttruths.com/2013/10/28/poverty-in-singapore-grew-from-16-in-2002-to-28-in-2013/), and the low CPF returns does nothing to help the situation.

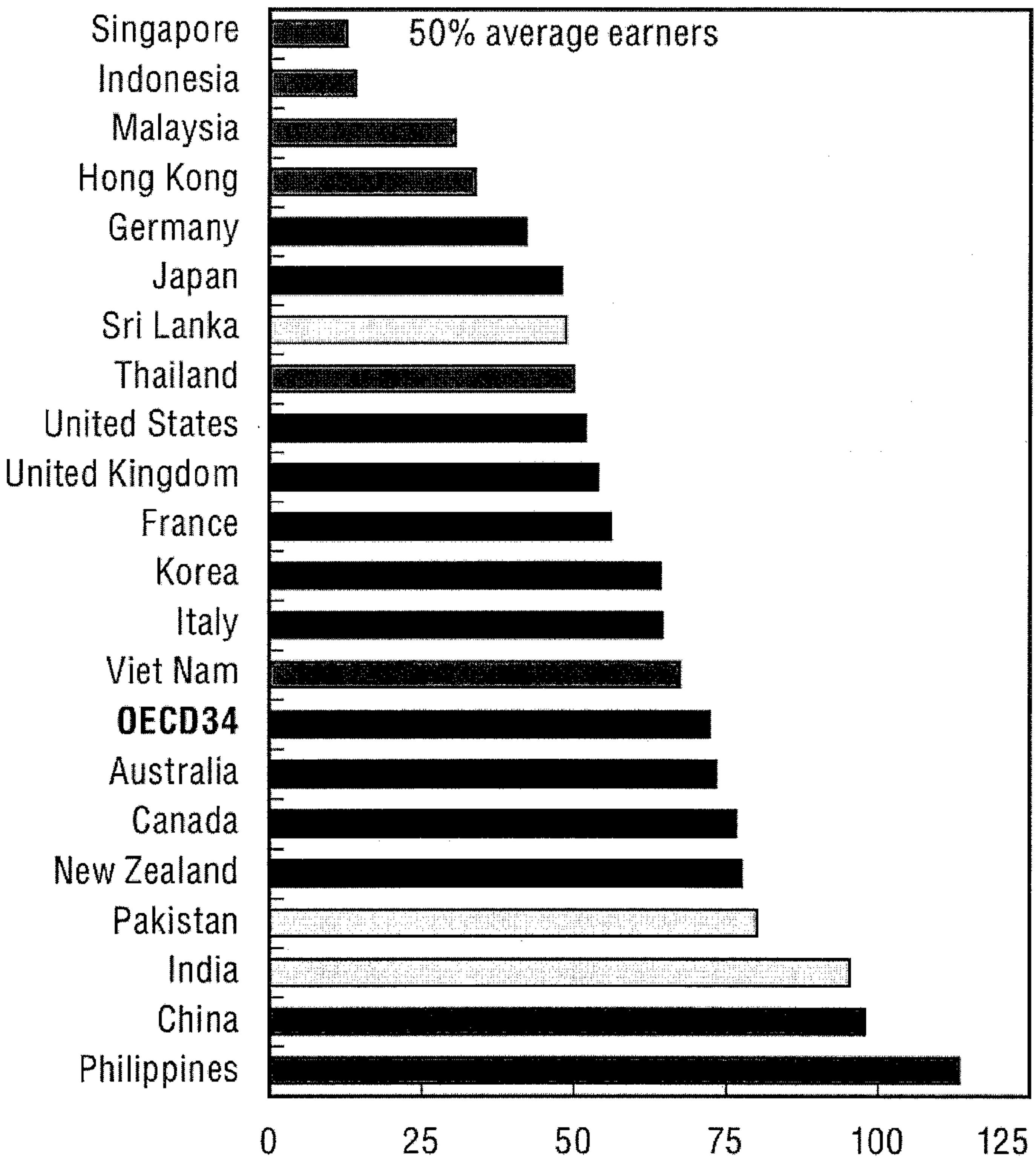




(http://thehearttruths.files.wordpress.com/2013/10/slide194.jpg)

Chart 9: Melbourne Mercer Global Pension Index (http://globalpensionindex.com/2013/melbourne-mercer-global-pension-index-2013-report.pdf)

Another report by the OECD also shows that our overall pension as a share of individual lifetime earnings, at only 13%, is the least adequate, whereas the average in other countries is about 57% (Chart 10).



(http://thehearttruths.files.wordpress.com/2013/07/photo-4-3.jpg)

Chart 10: Pensions at a Glance Asia/Pacific 2011 (http://www.oecd-ilibrary.org/social-issues-migration-health/pensions-at-a-glance-asia-pacific-2011_9789264107007-en)

So, our CPF is vastly inadequate for our retirements, even as we set aside the highest proportion of our incomes into CPF! This explains why that according to the latest Manulife Investor Sentiment Index (http://www.manulife.com/public/news/detail/0,,lang=en&artId=147649&navId=630002,00.html), 69% of Singaporeans "expect to continue in full-time or part-time work during so-called retirement" – the highest in the region where an average of only 55% would expect to have to do so.

According to the Asian Development Bank (http://www.imf.org/external/np/seminars/eng/2013/oapfad/pdf/park_ppr.pdf), "Pension experts generally recommend a replacement rate of 60%–75%, adjusted for longevity and inflation risks." Thus Singapore's replacement rate of 20% is "not providing an adequate retirement income for retirees". But the question is, where then did our CPF monies go if we have accumulated so much money, but they are not coming back?

This could be because around 75% of our CPF is trapped in housing (pink shaded portion in Chart 11). This is way too high, as compared to only 20% for the United States (http://www.dgmccarthy.com/JPEF-2002-November.pdf). This would also explain why from 50 years of age onwards, we would only be able to receive 17%-30% of our pre-retirement incomes when we retire (blue shaded area in Chart 11).

Table 6. *Estimated earnings and total wealth, asset allocation, and replacement rates for base case*

Age	Real earnings (S$000)	Total wealth (S$000)	Asset allocation (% of total)					Implied RR: retirement income/final earnings (%)	
			CPF: Ordinary	CPF: Special	Housing	Mortgage	Other	Earnings	Subsistence
50	60.9	1093.5	15	6	76	−4	7	17	120
55	67.3	1384.1	16	6	73	−1	6	23	202
60	74.3	1659.1	14	5	74	0	6	26	268
62	77.3	1774.3	14	5	75	0	6	28	296
65	82.0	1955.9	13	5	77	0	5	30	343

Notes: Authors' calculations; all wealth in real 2000 S$(000); assumes male head of household married to same age non-working wife. See text for other assumptions.

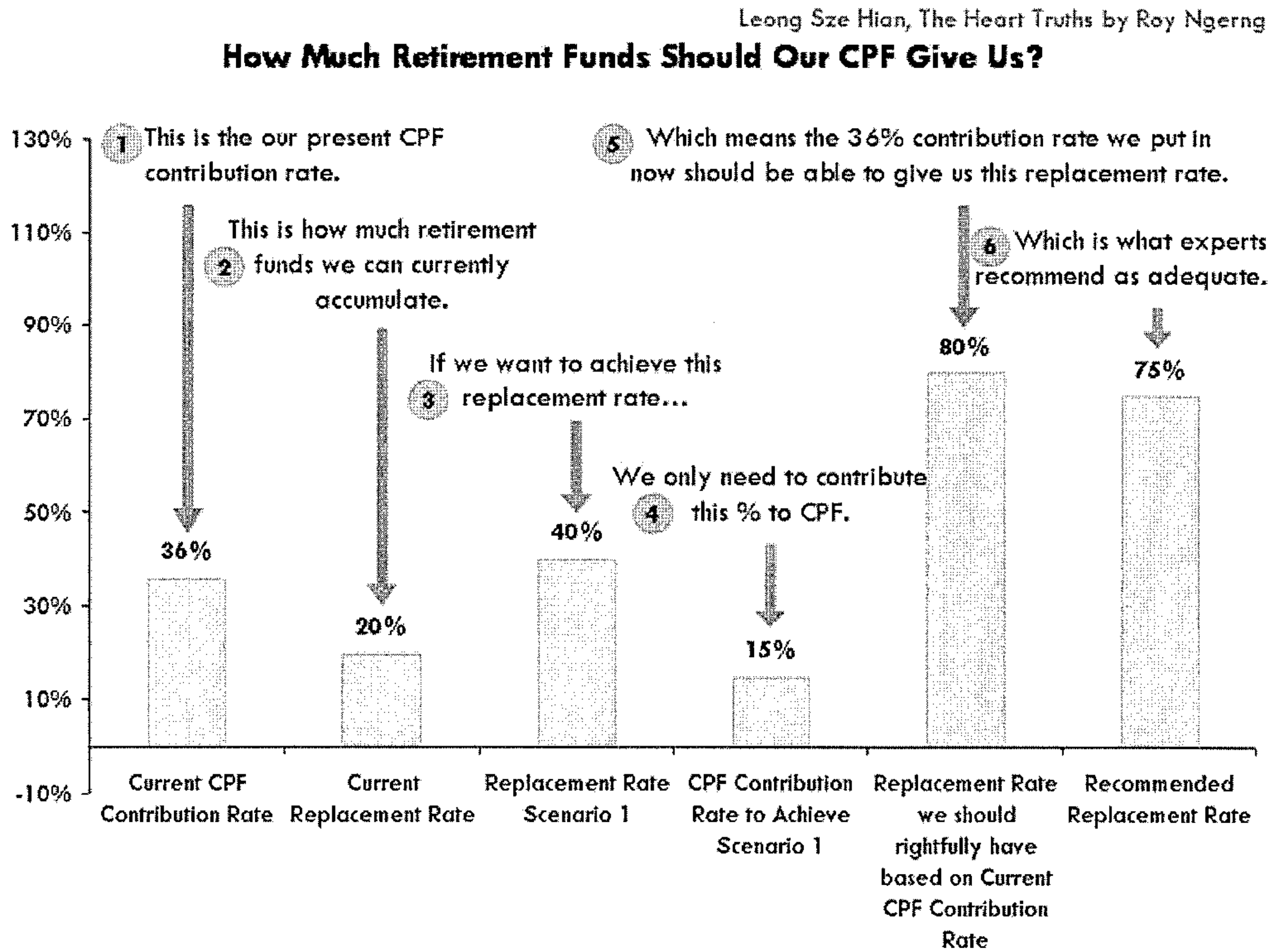
(http://thehearttruths.files.wordpress.com/2013/10/slide67.jpg)

Chart 11: Asset rich and cash poor : retirement proision and housing policy in Singapore (http://www.dgmccarthy.com/JPEF-2002-November.pdf)

It is thus ridiculous when Prime Minister Lee Hsien Loong had said that, "poor people are not poor by any international standard" because "the lowest one-fifth, 20 per cent of households, ... each poor household has on average $200,000 of net wealth in the HDB flat. (http://www.pmo.gov.sg/content/pmosite/mediacentre/speechesninterviews/primeminister/2013/August/prime-minister-lee-hsien-loong-s-national-day-rally-2013--speech.html#.Um0g7_kwqTU)"

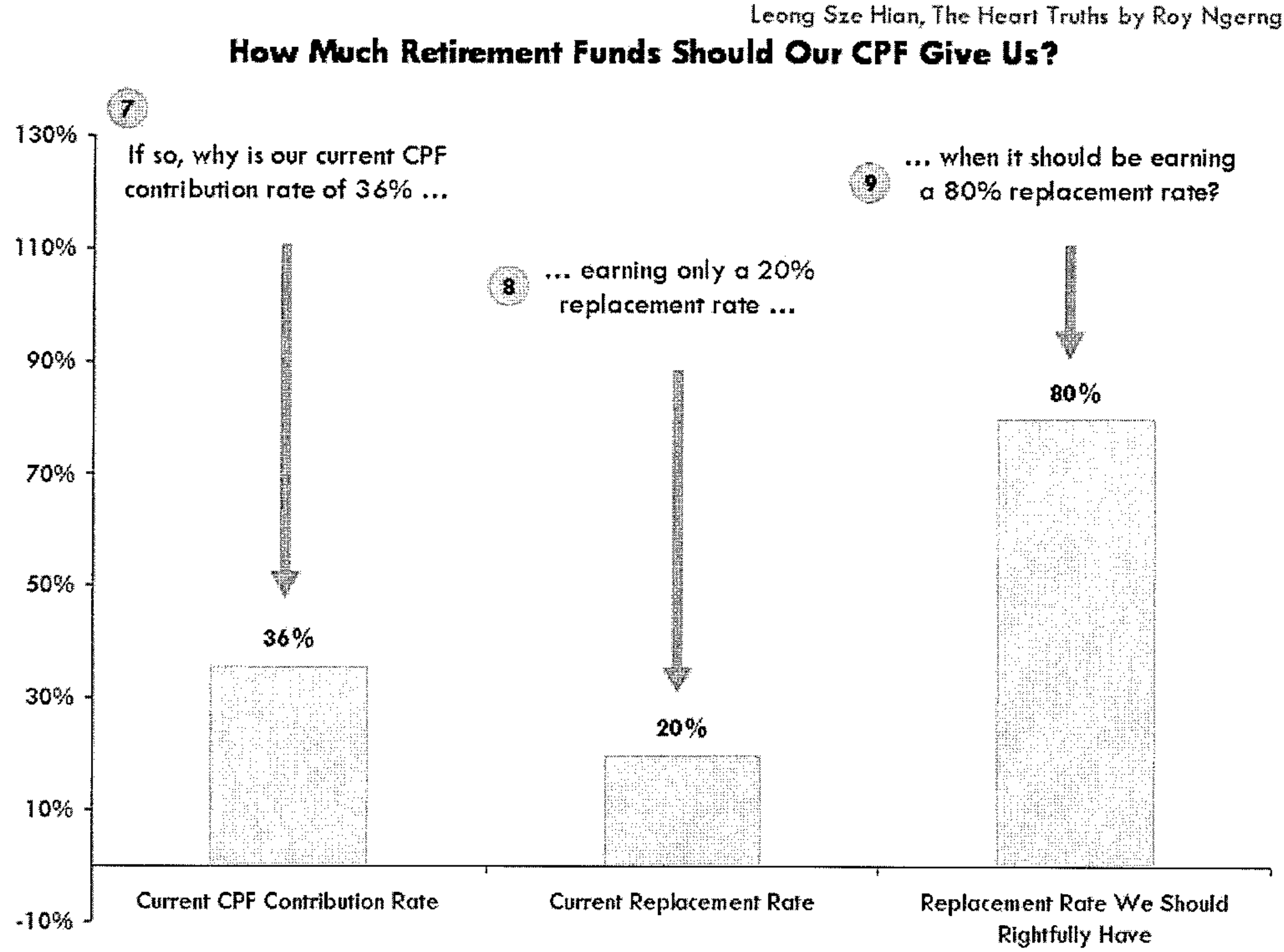
What this means is that they would have around 75% of their CPF trapped in housing, and would only be able to retire with an amount that is only 20% of their pre-retirement incomes. If they want to be able to use the "net wealth" of $200,000 to retire, they would have to sell their flats and become homeless. Is this what the PAP recommends Singaporeans to do? Would this be what the PAP ministers would do for themselves?

According to the Asian Development Bank Institute, if Singapore wants to achieve a replacement rate of between 35% and 40%, "a contribution rate of 10 to 15 percent should be sufficient (http://adbi.org/files/2002.05.rp37.old.age.singapore.pdf)". What this means is that either our 36% contribution is ridiculously high, or that our 36% contribution rate should be able to provide us with a replacement rate of more than 80% (we should be able to receive 80% of our pre-retirement incomes) or even close to 100% (Chart 12a and 12b).



(http://theheartruths.files.wordpress.com/2013/10/slide79.jpg)

Chart 12a



(http://thehearttruths.files.wordpress.com/2013/10/slide89.jpg)

Chart 12b

So, with the 36% contribution that we are giving, that should mean that we have more than enough to retire on, by international standards! But why is this not happening? Housing prices that have shot through the roof is one reason. But what is the other reason why are CPF aren't earning as much as they should?

We will tell you why in the next part of the article.

You can read Part 2 of this article here. (http://thehearttruths.com/2013/11/05/shocking-facts-about-our-cpf-in-singapore-part-2/)

Part 3 of the article can be read here. (http://thehearttruths.com/2013/11/07/top-8-shocking-facts-about-the-singapore-cpf/)

Leong Sze Hian and Roy Ngerng of The Heart Truths

NOVEMBER 5, 2013

SHOCKING Facts About Our CPF in Singapore! (Part 2)

In the first part of this article, we shared with you that Singaporeans pay the highest proportionate contribution into social security (which is our CPF) in the world – the 36% we pay is the highest in the world. Singaporeans are also one of the only 12 countries, or 7% out of 166 territories, where employees pay more than employers into social security. (You can read Part 1 of this article here. (http://theheartruths.com/2013/11/04/shocking-facts-about-our-cpf-in-singapore-part-1/))

However, even though Singaporeans contribute the most into our CPF, and accumulate the largest CPF assets, we have the one of the least adequate retirement funds in the world. But why is this so?

This is because we are paid very low returns on our CPF. We are paid only 2.5% on the Ordinary Account and 4% on the Special and Retirement Accounts (Chart 1).

CPF Interest Rates (01 Oct 2013 to 31 Dec 2013) (reviewed quarterly)

Ordinary Account	**2.50% p.a.**
Special & Medisave Accounts	**4.00% p.a.**

CPF Interest Rates (01 Jan 2013 to 31 Dec 2013) (reviewed yearly)

Retirement Account	**4.00% p.a.**

(http://theheartruths.files.wordpress.com/2013/10/photo-3-2.jpg)

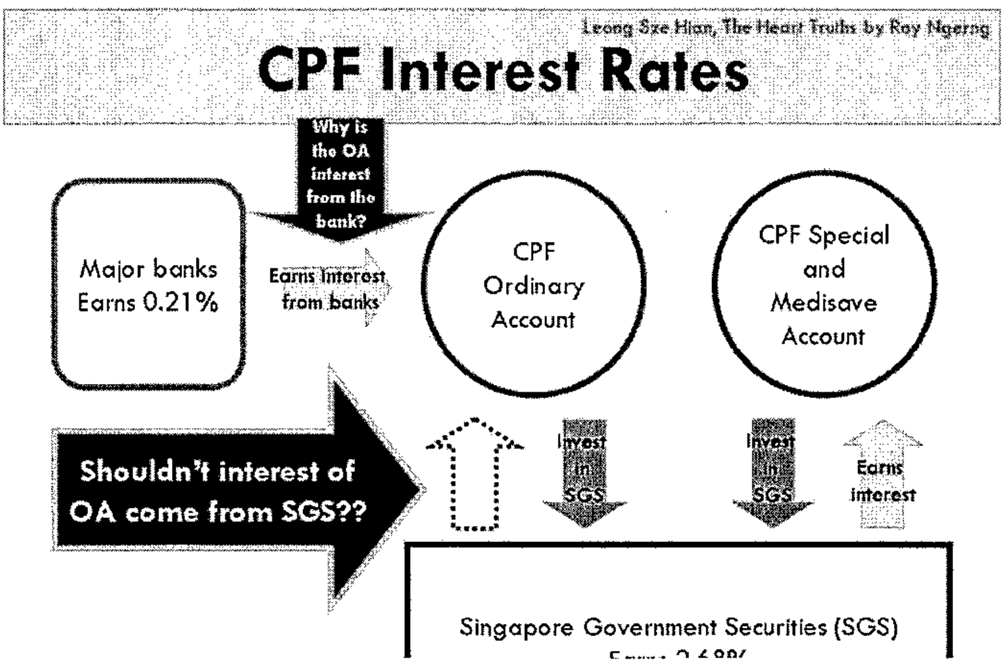
Chart 1: Interest Rates (http://mycpf.cpf.gov.sg/Members/Gen-Info/Int-Rates/Int-Rates.htm)

According to the CPF Board, the 2.5% interest for our Ordinary Account (OA) is based on the interest rates of the major local banks. (http://mycpf.cpf.gov.sg/Members/Gen-Info/Int-Rates/Int-Rates.htm) which was last at 0.21% (http://mycpf.cpf.gov.sg/CPF/News/News-Release/N_15Aug2013.htm). And because the CPF Board is required to pay us a minimum of 2.5% on our CPF, the interest on the OA has remained at 2.5%.

For the interest for our Special and Medisave Account (SMA), it is based on the interest that the bonds (Singapore Government Securities (10YSGS)) that our CPF is invested in earns, plus another 1% (http://mycpf.cpf.gov.sg/Members/Gen-Info/Int-Rates/Int-Rates.htm). So, because the bonds are earning 2.68% (http://mycpf.cpf.gov.sg/CPF/News/News-Release/N_27Sep2013.htm), and the minimum our SMA has to earn is 4%, our SMA will continue to earn a 4% interest rate.

However, why is there a discrepancy in the interest earned on our OA and SMA? In fact, do you know that according to the Ministry of Finance, our "CPF monies are invested in bonds that are issued and guaranteed by the Singapore Government (http://app.mof.gov.sg/reserves_sectionthree.aspx)". So, if that's the case, if our OA is also invested in the bonds, why is the interest rate on our OA pegged to that of the the major local banks? Shouldn't it be pegged to the bonds that our CPF are invested in? If so, shouldn't our OA and SMA earn the same interest rates of 4% (Chart 2)?

And do you know that it was only in 1995 that our OA and SMA started earning different interest rates? Before that, our total CPF would earn the same interest rate (see Chart 16).



Earns 2.00%

(http://theheartruths.files.wordpress.com/2013/10/slide98.jpg)

Chart 2

But that's not even the problem. Do you know where our CPF is really, really invested in? Take a look at Chart 3 and looked at the pink shaded parts.

Leong Sze Hian, The Heart Truths by Roy Ngerng

Where Does Your CPF Go?

CPF monies are invested in bonds that are issued and guaranteed by the Singapore Government. The full resources of the Government are backing this guarantee that CPF monies will be paid back.
http://app.mof.gov.sg/reserves_sectionthree.aspx

SSGS are non-tradable bonds issued specifically to the Central Provident Fund (CPF) Board, Singapore's national pension fund. Singaporeans' CPF monies are invested in these special securities which are fully guaranteed by the Government. The securities earn for the CPF Board a coupon rate that is pegged to CPF interest rates that members receive.

All borrowing proceeds from the issuance of SGS and SSGS are invested. These investment returns are more than sufficient to cover the debt servicing costs.
http://app.mof.gov.sg/reserves_sectionthree.aspx

1.3 Under the Protection of Reserves Framework in the Singapore Constitution of the Republic of Singapore, the Singapore Government cannot spend any monies raised from Government borrowings. All the proceeds from the Government's borrowing must therefore be invested in reserves.
http://app.mof.gov.sg/data/cmsresource/SGB.pdf

Our reserves are managed by three agencies – the Government of Singapore Investment Corporation (GIC), Temasek Holdings (Temasek) and the Monetary Authority of Singapore (MAS). The Government's assets, other than its deposits with MAS and its stake in Temasek, are mainly managed by the GIC. The MAS, which is a statutory board, manages its own assets. Temasek, which is wholly owned by the Government, also manages its own assets.
http://app.mof.gov.sg/reserves_sectionone.aspx

(http://theheartruths.files.wordpress.com/2013/10/slide104.jpg)

Chart 3

So, our CPF is indeed invested in the GIC and Temasek Holdings! But more importantly, do you know how much interest the GIC and Temasek Holdings are earning?

GIC earns an interest of 6.5% (Chart 4).

	Annualised nominal rates of return in USD for period ended 31 March 2013		Annualised volatility for period ended 31 March 2013	
Time Period	GIC Portfolio	65.35 Global Portfolio	GIC Portfolio	65.35 Global Portfolio
5-year	2.0%	3.4%	12.8%	15.3%
10-year	6.8%	8.0%	10.3%	11.9%
20-year	6.5%	7.2%	9.3%	10.9%

(http://theheartruths.files.wordpress.com/2013/10/gic-table.jpg)

Chart 4: Ministry of Finance: Section I: What comprises the reserves and who manages them? (http://app.mof.gov.sg/reserves_sectionone.aspx)

Temasek Holdings earns an interest of 16% (Chart 5).

Performance Highlights

We ended our financial year with a record net portfolio value of S$215 billion[1] as at 31 March 2013, including a net cash position.

One-year Total Shareholder Return (TSR) was 8.86%, giving us a Wealth Added of S$3.7 billion above our risk-adjusted cost of capital hurdle. Three-year TSR was 4.94% compounded annually.

Our longer term 10-year and 20-year TSRs were at 13% and 14% respectively. TSR since inception in 1974 was 16%.

Over the last decade, our portfolio value more than tripled in Singapore dollar terms[2] from a trough of S$61 billion in March 2003.

14%

Twenty-year TSR

16%

TSR since inception

(http://theheartruths.files.wordpress.com/2013/10/photo-4.jpg)

Chart 5: Temasek Review 2013 (http://www.temasekreview.com.sg/#overview-fromOurChairman)

And if so, if our CPF is invested in the GIC and Temasek Holdings, and they are earning interest of between 6.5% to 16%, why are we earning only 2.5% to 4%? Shouldn't we be earning 16% (Chart 6)?

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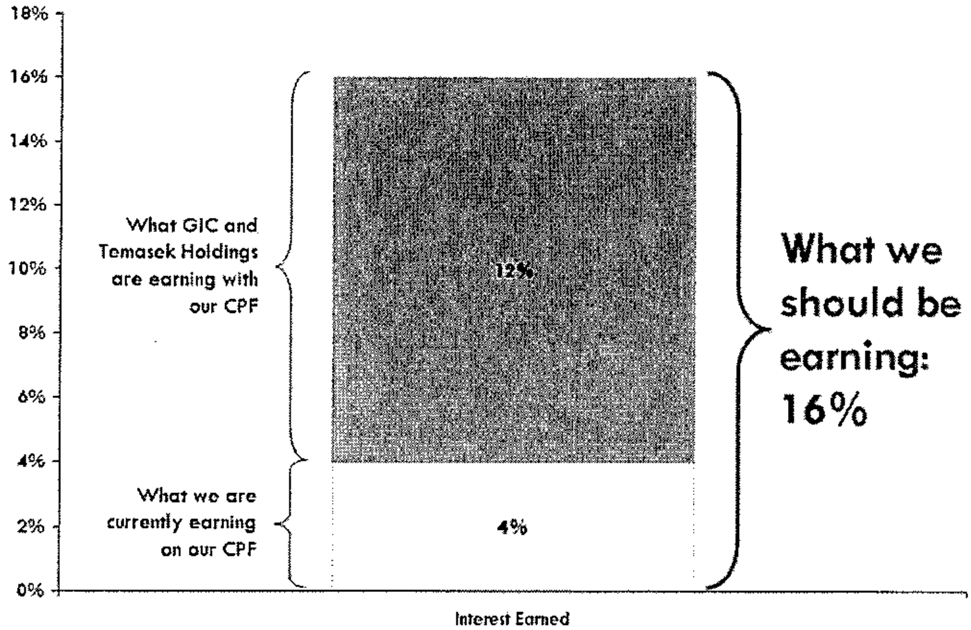
What Our CPF Should Have Earned



(http://theheartruths.files.wordpress.com/2013/10/slide1111.jpg)

Chart 6

The question is also, why do the Temasek Holdings and GIC, as government agencies, continuously deny that they are using our CPF for investments (Chart 7)? As the largest government investment firm in Singapore, can the GIC really claim ignorance as to where the monies that they manage of Singaporeans come from?

Leong Sze Hian, The Heart Truths by Roy Ngerng

Where Does Your CPF Go?

GIC and the Reserves of Singapore

1. Does GIC invest CPF monies?
The short answer is that GIC manages the Government's reserves, but as to how the funds from CPF monies flow into reserves which could then be managed by either MAS, GIC or Temasek, this is not made explicit to us. What we do know from public sources: Singaporeans' CPF funds are invested in bonds called Special Singapore Government Securities (SSGS) which are fully guaranteed by the Government. These are non-marketable floating rate bonds issued specifically to the CPF Board. These bonds earn for the CPF Board a coupon rate that is pegged to CPF interest rates that members receive. Under the Protection of Reserves Framework in the Singapore Constitution of the Republic of Singapore, the Singapore Government cannot spend any monies raised from Government borrowings. All the proceeds from the Government's borrowing are therefore invested.

http://www.gic.com.sg/en/faqs

Does Temasek manage Central Provident Fund (CPF) savings or Singapore's foreign reserves? —

Temasek does not manage any CPF savings - these are managed by the Board of the Central Provident Fund, the Government surpluses, nor does it manage Singapore's Official Foreign Reserves, which are managed by the Monetary Authority of Singapore.

More information on the management of Singapore's reserves is available by visiting the Singapore Ministry of Finance website, http://app.mof.gov.sg, which has a Frequently Asked Questions section on the management of reserves.

http://www.temasek.com.sg/abouttemasek/faqs

(http://theheartruths.files.wordpress.com/2013/10/slide157.jpg)

Chart 7

Not only that, do you know that the government has said that they do not want to reveal the "exact size of assets that GIC manages" because "if we do so, it will make it easier for markets to mount speculative attacks on the Singapore dollar during periods of vulnerability" (Chart 8).

Q5. Why does the Government not disclose the overall size of our reserves?

MAS and Temasek publish the size of the funds they manage. As of 31 March 2013, the Official Foreign Reserves managed by MAS was S$320 billion, and the size of Temasek's portfolio was S$215 billion.

It is the size of the Government's funds managed by GIC that are not published. What has been revealed is that GIC manages well over US$100 billion. Revealing the exact size of assets that GIC manages will, taken together with the published assets of MAS and Temasek, amount to publishing the full size of Singapore's financial reserves.

It is not in our national interest to publish the full size of our reserves. If we do so, it will make it easier for markets to mount speculative attacks on the Singapore dollar during periods of vulnerability.

Further, our reserves are a strategic asset, and especially for a small country with no natural resources or other assets. They are a key defence for Singapore in times of crisis, and it will be unwise to reveal the full and exact resources at our disposal.

(http://thehearttruths.files.wordpress.com/2013/11/photo-1-23.jpg)

Chart 8: Ministry of Finance Singapore Section I: What comprises the reserves and who manages them? (http://app.mof.gov.sg/reserves_sectionone.aspx)

But then do you know that the size of GIC's assets can be found readily available on several websites? It can be found on Institutional Investor (http://www.institutionalinvestor.com/Research/3909/Sovereign-Wealth-Fund-Ranking.html) (Chart 9).

Institutional Investor | Asset Management | Banking & Capital Markets | Blogs & Column

Home » Research & Rankings > Top Money Managers » Sovereign Wealth Fund Ranking

The 2012 World's Biggest Sovereign Wealth Funds

Sovereign Wealth Fund Ranking

Only subscribers can view full ranking results. Subscribe to view the full World's Biggest Sovereign Wealth Funds ranking, including additional data and sorting options.

Select Year 2012 Download to Excel

RANK 2012	RANK 2011	SOVERIGN WEALTH FUND	COUNTRY	TOTAL ASSETS UNDER MANAGEMENT ($ MILLIONS) 2012	TOTAL ASSETS UNDER MANAGEMENT ($ MILLIONS) 2011
1	2	Government Pension Fund Global	Norway	612,080	564,514
2	1	Abu Dhabi Investment Authority	United Arab Emirates	365,000[1]	600,000[1]
3	3	Kuwait Investment Authority	Kuwait	290,000[1]	292,000
4	4	Government of Singapore Investment Corp.	Singapore	247,500[1]	185,000[1]
5	6	China Investment Corp.	China	177,287[3]	135,100[4]
6	5	Temasek Holdings	Singapore	157,471	152,898
7	7	National Council for Social Security Fund	China	136,506[3]	129,570[4]
8	10	Qatar Investment Authority	Qatar	135,000[1]	65,000[1]
9	-	Abu Dhabi Investment Council	United Arab Emirates	120,000[1]	-
10	8	National Wealth Fund	Russia	89,500[6]	91,800[6]
11	9	Future Fund	Australia	80,017	76,927
12	-	International Petroleum Investment Co.	United Arab Emirates	65,264[3]	-
13	12	Libyan Investment Authority	Libya	55,000[1]	53,300[1]
14	15	National Fund of the Republic of Kazakhstan	Kazakhstan	48,277[1]	38,636[1]
15	-	Queensland Investment Corp.	Australia	46,816	-
16	16	Korea Investment Corp.	South Korea	42,860	37,005
17	14	Alaska Permanent Fund Corp.	USA	38,932[3]	38,812[4]
18	17	Khazanah Nasional	Malaysia	34,016[3]	33,773[4]
19	21	State Oil Fund of the Republic of Azerbaijan	Azerbaijan	32,359	25,797
20	18	National Pensions Reserve Fund	Ireland	20,140	32,704

(http://thehearttruths.files.wordpress.com/2013/11/photo-2-25.jpg)

Chart 9: Institutional Investor (http://www.institutionalinvestor.com/Research/3909/Sovereign-Wealth-Fund-Ranking.html)

It can be found on Sovereign Wealth Funds News.com (http://www.sovereignwealthfundsnews.com/ranking.php) (Chart 10).

SOVEREIGN WEALTH FUNDS

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The largest Sovereign Wealth Funds by assets under management

No	Assets US$bn	Fund name (click to see fund details)	Country
1	$342-627	Abu Dhabi Investment Authority	UAE - Abu Dhabi
2	$570	The Government Pension Fund - Global	Norway
3	$567.9	SAFE Investment Company	China
4	$520	SAMA Foreign Holdings	Saudi Arabia
5	$409.6	China Investment Corporation	China
6	$319.6	Hong Kong Monetary Authority Exchange Fund	Hong Kong
7	$296	Kuwait Investment Authority	Kuwait

9	$157.2	Temasek Holdings	Singapore
10	$146.5	National Social Security Fund	China
11	$92.6	National Wealth Fund	Russia
12	$80-85	Qatar Investment Authority	Qatar
13	$78	Samruk Kazyna	Kazakhstan
14	$77	Australian Future Fund	Australia
15	$64	Revenue Regulation Fund	Algeria
16	$53.3	Libyan Investment Authority	Libya
17	$44	Kazakhstan National Fund	Kazakhstan
18	$39.3	Brunei Investment Agency	Brunei
19	$37.6	Korea Investment Corporation	South Korea
20	$37.5	Alaska Permanent Fund	USA - Alaska

(http://thehearttruths.files.wordpress.com/2013/11/photo-3-18.jpg)

Chart 10: Sovereign Wealth Funds News.com (http://www.sovereignwealthfundsnews.com/ranking.php)

On Sovereign Wealth Fund Institute (http://www.swfinstitute.org/fund-rankings/) as well (Chart 11).

SWF Institute

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Fund Rankings

Sovereign Wealth Fund Rankings

Largest Sovereign Wealth Funds by Assets Under Management

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Country	Sovereign Wealth Fund Name	Assets $Billion	Inception	Origin	*Linaburg-Maduell Transparency Index*
Norway	Government Pension Fund – Global	$785.2	1990	Oil	10
Saudi Arabia	SAMA Foreign Holdings	$675.9	n/a	Oil	4
UAE – Abu Dhabi	Abu Dhabi Investment Authority	$627	1976	Oil	5
China	China Investment Corporation	$575.2	2007	Non-Commodity	7
China	SAFE Investment Company	$567.9**	1997	Non-Commodity	4
Kuwait	Kuwait Investment Authority	$386	1953	Oil	6
China – Hong Kong	Hong Kong Monetary Authority Investment Portfolio	$326.7	1993	Non-Commodity	8
Singapore	Government of Singapore Investment Corporation	$285	1981	Non-Commodity	6
Singapore	Temasek Holdings	$173.3	1974	Non-Commodity	10

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(http://thehearttruths.files.wordpress.com/2013/11/photo-4-14.jpg)

Chart 11: Sovereign Wealth Fund Institute (http://www.swfinstitute.org/fund-rankings/)

And on Global Finance (http://www.gfmag.com/tools/global-database/economic-data/12146-largest-sovereign-wealth-funds.html#axzz2jeLYHx00) too (Chart 12).

IMF/World Bank 2013 Meetings

GLOBAL FINANCE

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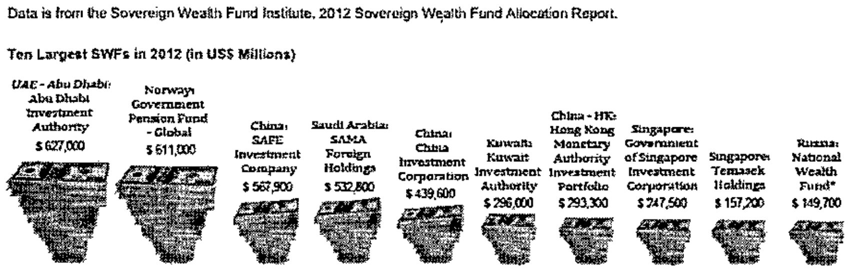
Largest Sovereign Funds (SWFs) – 2012 Ranking

A Sovereign Wealth Fund is a state-owned investment fund comprising financial assets such as stocks, bonds, real estate or other instruments and funded by foreign exchange assets. In the latest 2012 ranking, the Abu Dhabi Investment Authority tops the list at US$627 billion, followed by Norway's Government Pension Fund-Global (US$611 billion) and China's SAFE Investment Company (US$568 billion). Many of the world's largest SWFs are financed via oil revenue, such as in the case of the Abu Dhabi Investment Authority and Norway's Government Pension Fund–Global.

By Valentina Pasquali and Tina Aridas. Project coordinators: Denise Bedell and Alessandro Magno



(http://thehearttruths.files.wordpress.com/2013/11/photo-5-9.jpg)

Chart 12: Global Finance (http://www.gfmag.com/tools/global-database/economic-data/12146-largest-sovereign-wealth-funds.html#axzz2jeLYHx00)

So, you see, the information is everywhere. Then, the question is – if the government already allows other people to know this information so readily already, then why does it want to tell Singaporeans that it is not in our interests to let Singaporeans know how much GIC is earning (from us)?

And if you look at the Global Finance website, it says that, "sovereign wealth funds ... are pools of money governments use to generate profits". Then if so, why aren't Singaporeans seeing these profits??

Do you know that together with the assets that the Monetary Authority of Singapore and Temasek Holdings manage, our reserves would stand at at least S$900 billion – or close to S$1 trillion (Chart 13)!!

(http://thehearttruths.files.wordpress.com/2013/11/there-is-close-to-s1-trillion-in-the-singapore-financial-reserves.jpg)

Chart 13

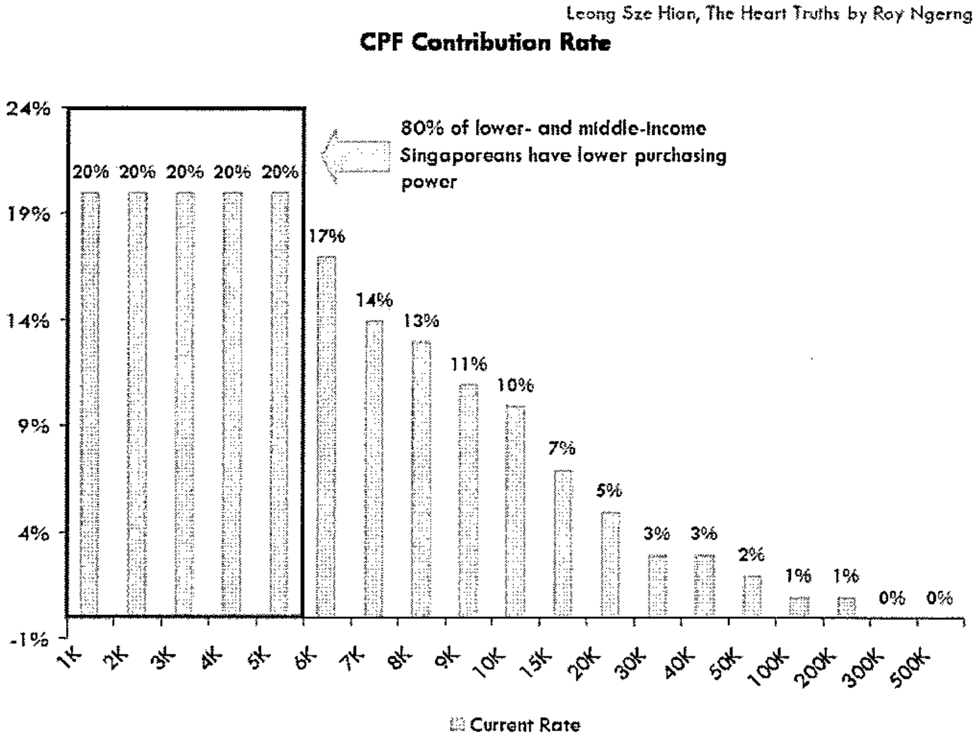
And if there are S$1 trillion in the Singapore reserves, then why the heck are Singaporeans earning one of the lowest returns to our CPF? Why do Singaporeans still live on one of the least adequate pension funds? Why do most Singaporeans still have to work past their retirement – the highest in the region – because they cannot afford to retire? (Read Part 1 here (http://thehearttruths.com/2013/11/04/shocking-facts-about-our-cpf-in-singapore-part-1/) for how inadequate our CPF is).

If the Singapore government is so rich, why do Singaporeans continue to earn the lowest salaries among the high-income (http://thehearttruths.com/2013/11/01/singaporeans-earn-the-lowest-wages-among-the-high-income-countries/)? Why does the government continue to spend the lowest on health among the developed countries and one of the lowest in the world (http://thehearttruths.com/2013/10/31/its-time-the-government-spends-a-lot-more-for-singaporeans-health/)? Why does the government continue to spend the lowest on education among the developed countries? Why does the government continue to spend the least public spending, such that Singapore now has the highest income inequality among the high income countries, and one of the highest in the world? Why is there still no minimum wage in Singapore to protect the low-income earners in Singapore (http://thehearttruths.com/2013/09/17/how-much-should-the-minimum-wage-in-singapore-be/) and why do we have the highest poverty rate among the high income countries (http://thehearttruths.com/2013/10/28/poverty-in-singapore-grew-from-16-in-2002-to-28-in-2013/)?

Singaporeans Are Paying An Implicit Tax On CPF

According to the Asian Development Bank Institute (http://adbi.org/files/2002.05.rp37.old.age.singapore.pdf), "To the extent the Government earns a higher rate of return on the CPF funds than what it pays to members; there is an implicit tax on CPF wealth. This tax is likely to be fairly large and regressive, as low-income members are likely to have most of their non-housing wealth in the form of CPF balances. **This vividly illustrates how political risks (i.e protection of political power) and non-transparency can arise in an individual account system.**"

Already, the contribution rate that we are paying into CPF is regressive, as the lower-income Singaporeans pay a higher proportion of their incomes into CPF than the higher-income earners (Chart 14). In fact, nearly 80% of the lower- and middle-income Singaporeans pay more into their CPF, than the higher-income earners (http://theheartruths.com/2013/08/23/how-are-taxes-built-for-the-rich-in-singapore/).

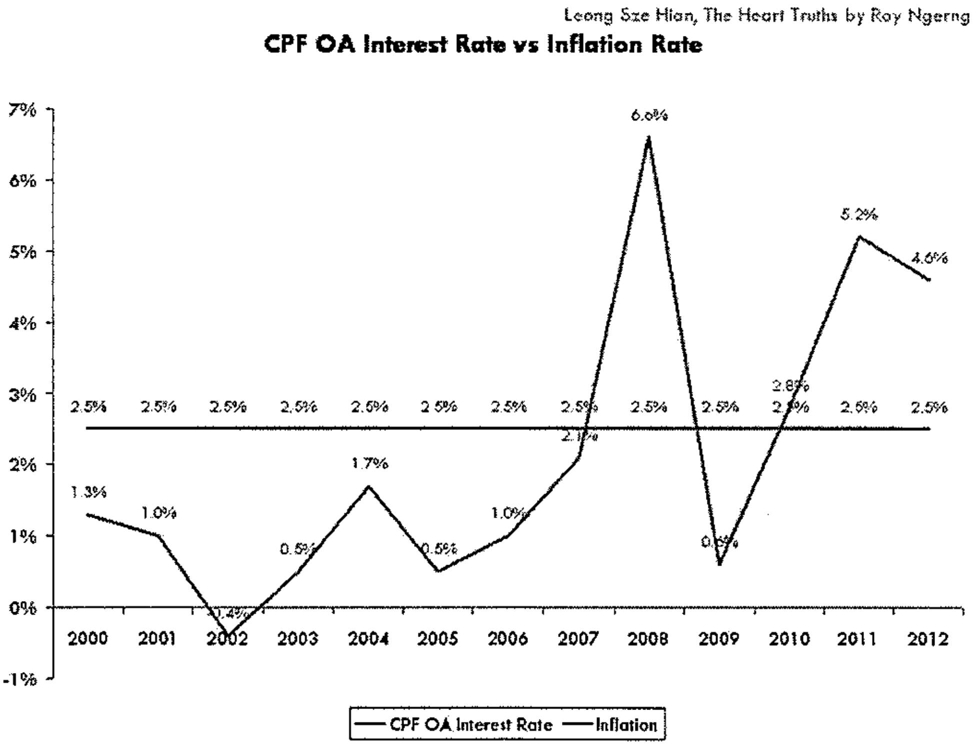


(http://theheartruths.files.wordpress.com/2013/10/slide127.jpg)

Chart 14: The Heart Truths (http://theheartruths.com/2013/08/23/how-are-taxes-built-for-the-rich-in-singapore/)

There are real problems with continuing with the current model of the CPF, as the Asian Development Bank Institute (http://adbi.org/files/2002.05.rp37.old.age.singapore.pdf) had also asked, "How valuable is the guarantee of 2.5 percent nominal return? As the long-term annual inflation rate in Singapore is about 3.0 percent, the guarantee does not even preserve the principal in real terms."

Indeed, you can see that over the past few years, the inflation rate has been rising (red line), and has become higher than the returns to our CPF (blue line) (Chart 15).



(http://theheartruths.files.wordpress.com/2013/10/slide134.jpg)

Chart 15: Annual Consumer Price Index and Inflation Rate (http://www.singstat.gov.sg/statistics/browse_by_theme/economy/time_series/cpi_1980.xls)

Not only that, do you know how much interest the other countries with social security are earning?

This is what India is earning – between 8% and 10% in recent years (Chart 16).

SINCE 1952

YEAR	INTEREST RATE
1952-53	3%
1953-54	3%
1954-55	3%
1955-56	3.50%
1956-57	3.50%
1957-58	3.75%
1958-59	3.75%
1959-60	3.75%
1960-61	3.75%
1961-62	3.75%
1962-63	3.75%
1963-64	4%
1964-65	4.25%
1965-66	4.50%
1966-67	4.75%
1967-68	5%
1968-69	5.25%
1969-70	5.50%
1970-71	5.70%
1971-72	5.80%
1972-73	6%
1973-74	6%
1974-75	6.50%
1975-76	7%
1976-77	7.50%
1977-78	8%

YEAR	INTEREST RATE
1978-79	8.25%+0.5 %bonus***
1979-80	8.25%
1980-81	8.25%
1981-82	8.50%
1982-83	8.75%
1983-84	9.15%
1984-85	9.90%
1985-86	10.15%
1986-87	11%
1987-88	11.50%
1988-89	11.80%
1989-90	12%
1990-91	12%
1991-92	12%
1992-93	12%
1993-94	12%*
1994-95	12%*
1995-96	12%*
1996-97	12%*
1997-98	12%*
1998-99	12%*
1999-00	12%*

YEAR	INTEREST RATE
2000-01	12 % 11% (*)
2001-02	9.50%
2002-03	9.50%
2003-04	9.50%
2004-05	9.5% @
2005-06	8.50%
2006-07	8.50%
2007-08	8.50%
2008-09	8.50%
2009-10	8.50%
2010-11	9.50%
2011-12	8.25%
2012-13	8.50%
2013-14	

(http://thehearttruths.files.wordpress.com/2013/10/india-epf-interest-rates.jpg)

Chart 16: Interest Rate Declared on Provident Fund Accumulations Since 1952 (http://www.epfindia.gov.in/sites/pdf/InterestRate_OnPFAccumulationsSince1952.pdf)

This is what Hong Kong is earning (Chart 17). Note that, "as a whole, the MPF System recorded an annualized return of 5.5% over the 10-year period after fees and charges", which is still significantly higher than the 2.5% and 4% on our CPF. It also "outperform(ed) the average annual inflation rate (0.7% per year) and the one-month HK dollar deposit rate (1.0% per year) of the same period (http://www.mpfa.org.hk/engtxt/information_centre/press_releases/1932_record.jsp)".

Table 3 Annualized Internal Rate of Return[i] of the MPF System since Inception

Period	*(HK$ million)*				Annualized Internal Rate of Return[iii]
	Net Asset Values		Total Net Contributions during the Period[ii]	Net Investment Return[iii] during the Period	
	Period-Beginning (a)	Period-End (b)	(c)	(b)–(a)–(c)	
1.12.2000 – 31.3.2002	-	42,125	43,878	- 1,753	-4.9%
1.4.2002 – 31.3.2003	42,125	59,305	23,016	- 5,837	-10.7%
1.4.2003 – 31.3.2004	59,305	97,041	22,133	15,604	22.0%
1.4.2004 – 31.3.2005	97,041	124,316	22,205	5,070	4.7%
1.4.2005 – 31.3.2006	124,316	164,613	23,435	16,862	12.3%
1.4.2006 – 31.3.2007	164,613	211,199	24,684	21,901	12.4%
1.4.2007 – 31.3.2008	211,199	248,247	26,844	10,205	4.5%
1.4.2008 – 31.3.2009	248,247	217,741	38,503[iv]	- 69,010	-25.9%
1.4.2009 – 31.3.2010	217,741	317,310	29,484[iv]	70,086	30.1%
1.4.2010 – 31.12.2010[v]	317,310	365,442	23,341[iv]	24,790	7.5%[v]
Since Inception of the MPF System					
1.12.2000 – 31.12.2010	-	**365,442**	**277,523[ii]**	**87,919**	**5.5%**

(http://thehearttruths.files.wordpress.com/2013/10/photo-5.jpg)

Chart 17: Mandatory Provident Fund Schemes Authority A 10-year Investment Performance Review of the MPF System (1 December 2000 – 31 December 2010) (http://www.mpfa.org.hk/eng/information_centre/publications/research_reports/files/10_year_performance_English.pdf)

This is what Malaysia is earning – between 4.5% and 6.5% in recent years (Chart 18).

Kadar Dividen

Tahun	Peratus
1952 - 1959	2.50
1960 - 1962	4.00
[illegible]	5.00

(http://thehearttruths.files.wordpress.com/2013/10/photo-1-4.jpg)

Chart 18: Employees Provident Fund Dividend Rate (http://www.kwsp.gov.my/portal/about-epf/investment-highlights/dividend-rates/dividend-rates)

And if you look at what the Malaysians are earning, even after accounting for inflation, it is still higher than what Singaporeans are able to get back (Chart 19).

1964	5.25
1965 - 1967	5.50
1968 - 1970	5.75
1971	5.80
1972 - 1973	5.85
1974 - 1975	6.60
1976 - 1978	7.00
1979	7.25
1980 - 1982	8.00
1983 - 1987	8.50
1988 - 1994	8.00
1995	7.50
1996	7.70
1997 - 1998	6.70
1999	6.84
2000	6.00
2001	5.00
2002	4.25
2003	4.50
2004	4.75
2005	5.00
2006	5.15
2007	5.80
2008	4.50
2009	5.65
2010	5.80
2011	6.00
2012	6.15

MALAYSIA: NOMINAL AND REAL RATES OF DIVIDEND ON EPF BALANCES, 1961-1998

Year	Nominal Dividend Rate (%)	Inflation Rate (CPI) (%)	Real Rate of Dividend (%)
1961	4.00	-0.20	4.22
1962	4.00	0.10	3.89
1963	5.00	3.10	1.86
1964	5.25	-0.40	5.68
1965	5.50	0.10	5.61
1966	5.50	1.40	4.13
1967	5.50	4.20	1.34
1968	5.75	-0.20	5.95
1969	5.75	-0.40	6.16
1970	5.75	1.90	3.84
1971	5.80	1.60	4.20
1972	5.85	3.20	2.65
1973	5.85	10.50	-4.65
1974	6.60	17.40	-10.80
1975	6.60	4.50	2.10
1976	7.00	2.60	4.40
1977	7.00	4.70	2.30
1978	7.00	4.90	2.10
1979	7.25	3.60	3.65
1980	8.00	6.70	1.30
1981	8.00	9.70	-1.70
1982	8.00	5.70	2.30
1983	8.50	3.70	4.80
1984	8.50	3.60	4.90
1985	8.50	0.40	8.10
1986	8.50	0.60	7.90
1987	8.50	0.80	7.70
1988	8.00	2.50	5.50
1989	8.00	2.80	5.20
1990	8.00	3.10	4.90
1991	8.00	4.40	3.60
1992	8.00	4.70	3.30
1993	8.00	3.60	4.40
1994	8.00	3.70	4.30
1995	7.50	3.40	4.10
1996	7.70	3.50	4.20
1997	6.70	2.70	5.00
1998	6.70	5.30	1.40
Simple average (1961-1998)	6.90	3.51	3.38

(http://thehearttruths.files.wordpress.com/2013/10/photo-2-4.jpg)

Chart 19: South East Asian Provident and Pension Funds: Investment Policies and Performance (http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.196.8029&rep=rep1&type=pdf)

And finally, here's a look at how Norway, Ireland, Canada and New Zealand did – between 6.5% and 14.5% (Chart 20).

Asset returns (percent)

	2000	2001	2002	2003	2004	2005	2006	Average
Norway - GPFG	2.5	-2.4	-4.7	12.6	8.9	11.1	7.9	6.5
Canada - CPP[1]	7.0	4.0	-1.5	17.6	8.5	15.5	12.9	8.2
Canada - CPPIB[1]	-17.6	2.8	-25.8	28.6	10.9	16.6	12.9	6.6
Ireland - NPRF		3.3	-16.1	12.8	9.3	19.6	12.4	6.5
New Zealand - NZSF					10.4	14.1	19.2	14.5

Notes: [1] Data refer to end March of following year.
Average rates for the reported period of activity for each fund.
Source: Vittas, Impavido and O'Connor (2008).

(http://thehearttruths.files.wordpress.com/2013/10/photo-3-3.jpg)

Chart 20: Improving the Investment Performance of Public Pension Funds: Lessons for the Social Insurance Fund of Cyprus from the Experience of Four OECD Countries (http://www.ucy.ac.cy/data/ecorece/Full%20text_Impavido.pdf)

Interestingly, between 1970 and 1995, Singapore had also underperformed the other countries (Chart 21).

Table 4: Estimated real total returns for mandatory funded pension systems

In percent per annum, standard deviations in brackets

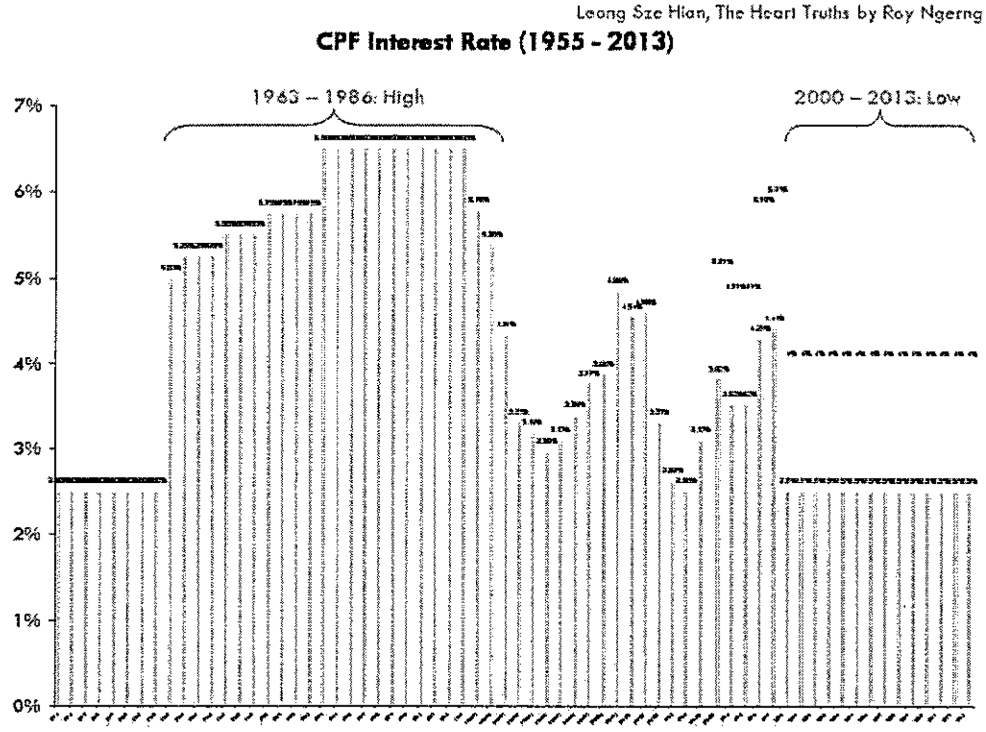
1970-95	Real return	Average earnings	Global portfolio	Domestic balanced portfolio	Return less average earnings	Return less global portfolio	Return less domestic balanced
Chile	-	2.1 (6.3)	-	-	-	-	-
Singapore	1.3 (2.0)	6.9 (3.3)	5.1 (18.4)	-	-5.6	-3.8	-
Malaysia	3.0 (3.9)	4.4 (2.9)	6.7 (17.2)	-	-1.4	-3.7	-
Switzerland	1.7 (7.5)	1.5 (2.1)	3.7 (17.0)	2.4 (18.1)	+0.2	-2.0	-0.7
Australia	1.8 (11.4)	1.0 (3.4)	6.1 (18.2)	3.5 (17.5)	+0.8	-4.3	-1.7

Sweden	2.0 (13.1)	1.4 (3.5)	6.3 (14.8)	8.0 (20.1)	+0.6	-4.3	-6.0
Memo: Netherlands	*4.6 (6.0)*	*1.4 (2.6)*	*4.8 (14.7)*	*5.5 (18.3)*	*+3.2*	*-0.2*	*-0.9*
Memo: UK	*5.9 (12.8)*	*2.8 (2.3)*	*5.9 (15.0)*	*4.7 (15.4)*	*+3.1*	*0.0*	*+1.2*
1980-95							
Chile	13.0 (9.5)	3.2 (5.7)	9.1 (19.1)	-	+9.8	+4.1	-
Singapore	2.3 (2.0)	6.4 (3.5)	9.2 (15.3)	-	-4.1	-6.9	-
Malaysia	4.3 (2.6)	4.1 (3.0)	11.7 (14.0)	-	+0.2	-7.4	-
Switzerland	1.8 (7.7)	0.8 (1.3)	9.2 (15.8)	3.4 (18.6)	+1.0	-7.4	-1.6
Australia	6.1 (8.6)	-0.1 (2.2)	10.2 (17.8)	8.8 (15.8)	+6.2	-4.1	-2.7
Sweden	4.9 (15.9)	0.3 (2.4)	10.4 (15.3)	10.3 (21.7)	+4.6	-5.5	-5.4

(http://theheartruths.files.wordpress.com/2013/10/photo-4-1.jpg)

Chart 21: Investment of Mandatory Funded Pension Schemes (http://www.jekomilev.com/davis_investment_pension_fund.pdf)

But do you know that we didn't use to always earn such a low interest? You can see in Chart 22 that during the earlier years of Singapore until the mid-1980s, Singaporeans were enjoying better returns on our CPF. The government used to protect Singaporeans.



(http://theheartruths.files.wordpress.com/2013/10/slide143.jpg)

Chart 22: Investment Patterns in Singapore's Central Provident Fund System (https://mercury.smu.edu.sg/rsrchpubupload/8354/c2007-5-1.pdf)

Thus, in order to ameliorate the CPF's pitfalls, the Asian Development Bank Institute (http://adbi.org/files/2002.05.rp37.old.age.singapore.pdf) had recommended that, "urgent consideration should be given to eliminating the implicit tax on CPF wealth (whereby the government returns us only 2.5% to 4% and keeps the other 2% to 11.5% that our CPF earns for themselves). This can be accomplished by crediting the weighted average of returns of government investment companies, which are actually making decisions on the deployment of the CPF funds. Similarly, full returns must be credited to the Government Pension Fund, and other provident and pension funds."

Thus it is precisely because the Singapore government mandates the fixed interest rates for our CPF, and does not channel the full returns from our CPF back to us (by indirectly taxing us on our CPF monies), Singaporeans have the least adequate retirement funds among the developed countries and with the countries in the region.

Indeed, in a ranking of social security systems in 1995, Singapore was ranked 117th out of 172 countries (http://books.google.com.sg/books?id=SAv9zpVSulMC&pg=PA220&lpg=PA220&dq=Singapore+117th+social+security+systems&source=bl&ots=MqXfrXcTOC&sig=lyO3L8zDCin4m-gFrijOJfYHBaM&hl=en&sa=X&ei=2w9uUtKbAsLWrQf5ylHgDQ&ved=0CD4Q6AEwAA#v=onepage&q=Singapore%20117th%20social%20security%20systems&f=false) (Chart 23). If Singapore was already performing so badly then, you can imagine how much worse Singapore would perform now. The report explained that the reason why Singapore was ranked so poorly at 117th is because "of its chosen financial arrangements, which sought to achieve objectives other than those related to social security. (http://web.swk.cuhk.edu.hk/~hwong/pubfile/teaching/SWK6061_Lecture_10_%20Evaluation.pdf)"

(http://theheartruths.files.wordpress.com/2013/10/photo-5-1.jpg)

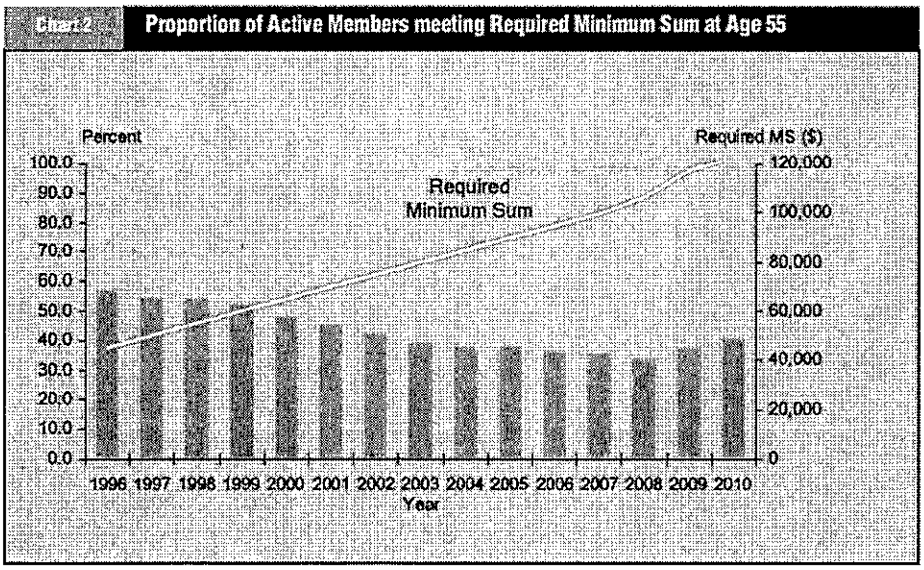
EQUATORIAL GUINEA	100
SUDAN	101
GUATEMALA	102
IRAQ	103
MADAGASCAR	104

Chart 23: Social Security in Global Perspective (http://books.google.com.sg/books?

GUYANA	105
ST VINCENT AND THE GRENADINES	106
CÔTE D'IVOIRE	107
INDIA	108
SRI LANKA	109
JAMAICA	110
DOMINICAN REP.	111
MAURITANIA	112
BURKINA FASO	113
KENYA	114
KAZAKHSTAN	115
PERU	116
SINGAPORE	117
NIGERIA	118
JORDAN	119

id=SAv9zpVSulMC&pg=PA220&lpg=PA220&dq=Singapore+117th+social+security+systems&source=bl&ots=MqXfrXcTQC&sig=lyO3L8zDCln4m-gFrijOJfYHBaM&hl=en&sa=X&ei=2w9uUtKbAsLWrQf5ylHgDQ&ved=0CD4Q6AEwAA#v=onepage&q=Singapore%20117th%20social%20security%20systems&f=false)

Thus it is no wonder that fewer and fewer Singaporeans have been able to meet the minimum sum required to be set aside in the CPF. Barely 40% of Singaporeans are able to meet the minimum sum in 2010. According to the CPF Board, in 2012, 48.7% of Singaporeans were able to meet the minimum sum (http://mycpf.cpf.gov.sg/NR/rdonlyres/7B172485-F47E-4535-A9C8-343D31A2A042/0/Retirement.pdf). This is still lower than the 57% who were able to do so in 1996 (Chart 24).



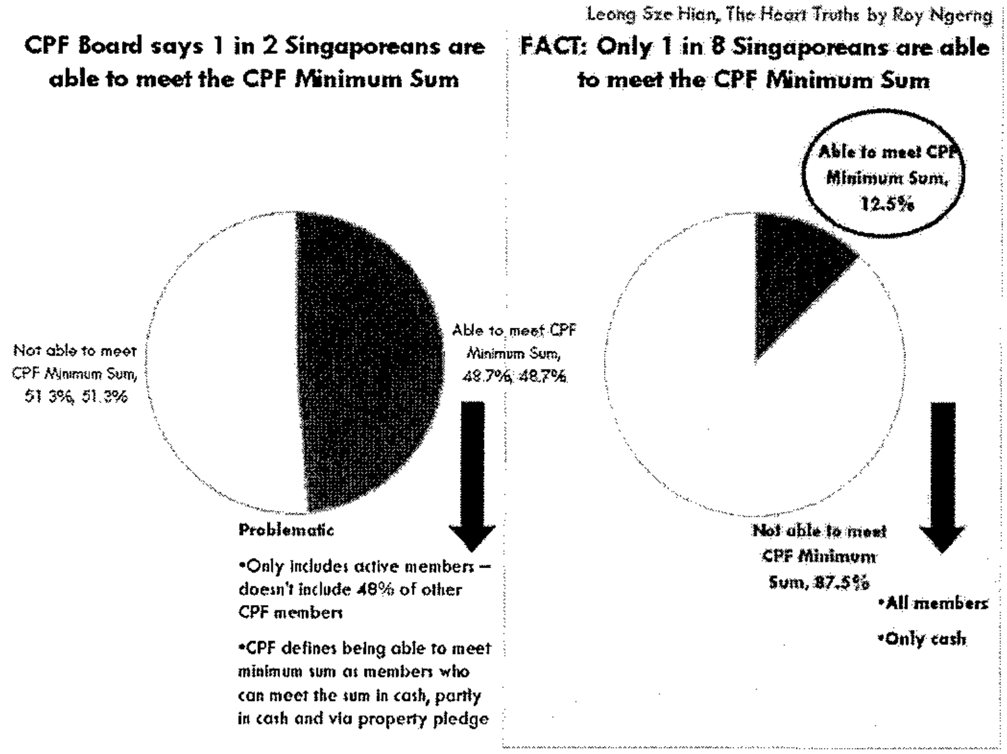
* Figures prior to 2002 refer to all active members. From 2002, figures refer to active members who are Singaporeans or Permanent Residents.

(http://thehearttruths.files.wordpress.com/2013/10/photo-1-5.jpg)

Chart 24: CPF Trends Minimum Sum Scheme (http://mycpf.cpf.gov.sg/NR/rdonlyres/957F7D54-B236-45EA-89FE-29890B6E0AB9/0/CPFTrendsMinimumSum_Feb2011.pdf)

However, if you look deeper into the statistics, the actual proportion of Singaporeans who are really able to meet the CPF minimum sum would be even lower. The 40% of Singaporeans who are able to meet their minimum sum accounts only for active members. The 1,788,768 active members accounts for only 52% of the total 3,418,569 CPF membership (http://mycpf.cpf.gov.sg/NR/rdonlyres/8B88D982-4F7E-4C31-8F5E-1C0EA62AFE83/0/Overview.pdf). However, the qualification of those who can meet the minimum sum include those who can meet the sum "fully in cash, or partly in cash and partly via a property pledge (http://mycpf.cpf.gov.sg/NR/rdonlyres/7B172485-F47E-4535-A9C8-343D31A2A042/0/Retirement.pdf)". Does it make sense to include property pledges in the minimum sum – would you have to sell your home to have cash to retire?

So, what this means is that, if we include the "non-active" members who are able to meet their minimum sum, solely on the basis of cash (and not including property which cannot be monetised with selling it), we estimate that the proportion of Singaporeans who can actually meet the CPF minimum sum would only be about 1 in 8 of Singaporeans (Chart 25).



(http://theheartruths.files.wordpress.com/2013/10/slide208.jpg)

Chart 25: Only 1 in 8 Singaporeans are able to meet the CPF Minimum Sum

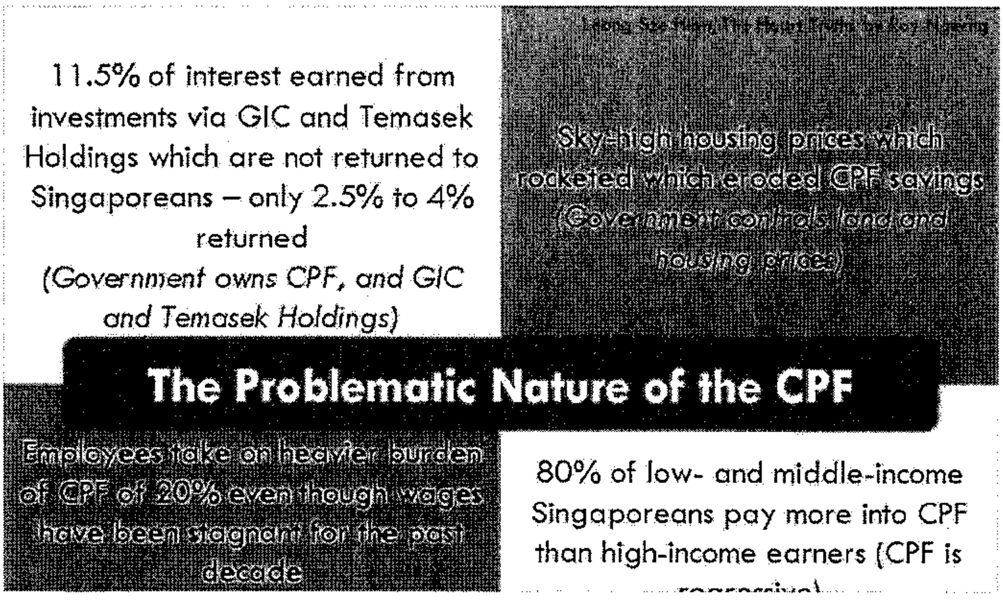
The Asian Development Bank Institute (http://adbi.org/files/2002.05.rp37.old.age.singapore.pdf) had also said that, "Singapore's method of investing the balances meant for retirement financing is contrary to best international practices concerning pension fund management, and have the potential to generate high political risk. Such concentration of savings in the hands of non-transparent, non-accountable agencies (i.e. GIC and Temasek Holdings) also distorts the savings investment process and could lead to inefficiencies in the structure of asset returns. The development of the financial and capital market may also be adversely affected due to such concentration on savings, and due to the use of CPF as a substitute for mortgage financing. **The method, however, is consistent with Singapore's monocentric power structure, and strong tendency towards social engineering and control."**

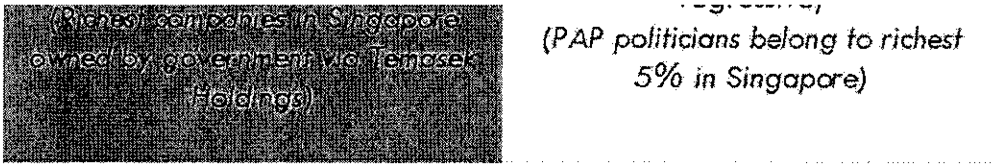
The Asian Development Bank Institute (http://adbi.org/files/2002.05.rp37.old.age.singapore.pdf) had also outlined the major flaws of the CPF, which we have tried to explain in further detail in this article, such as the "inadequate balances at retirement due to extensive pre-retirement withdrawals, particularly for housing and property, and due to low returns credited to members; lack of inflation and longevity protection; lack of survivors' benefits; lack of transparency and accountability, particularly in investment management; inadequate weight given to fiduciary responsibility as compared to socio-economic engineering objectives; inadequate social risk pooling in health care financing (only about a quarter of the total national health budget comes from the Government – the rest is from individual and businesses, while the opposite can be seen in high income countries of the OECD); and the virtual absence of a tax-financed redistributive tier."

The Asian Development Bank Institute (http://www.adbi.org/files/2012.04.26.wp358.dev.asia.pension.systems.pdf) also recommends that Singapore needs to, "reform the governance structure of the CPF focusing on ending the implicit tax on the CPF and making CPF-related data a public good by making disaggregated data freely available. **The CPF board needs to be more independent and accountable to members."**

This is echoed by the National University of Singapore (http://info.worldbank.org/etools/docs/library/156006/pillars/pdfs/bib/asher.pdf) which had recommended that, the "investment policies and performance of the CPF Authority should be completely transparent, and de-linked from the government holding companies. All investments, wherever feasible, should be mark-to-market." Also, "all returns on investment must be made known and go directly to the members' individual accounts".

In sum, you can look at Chart 26 to see why the CPF system is highly problematic.

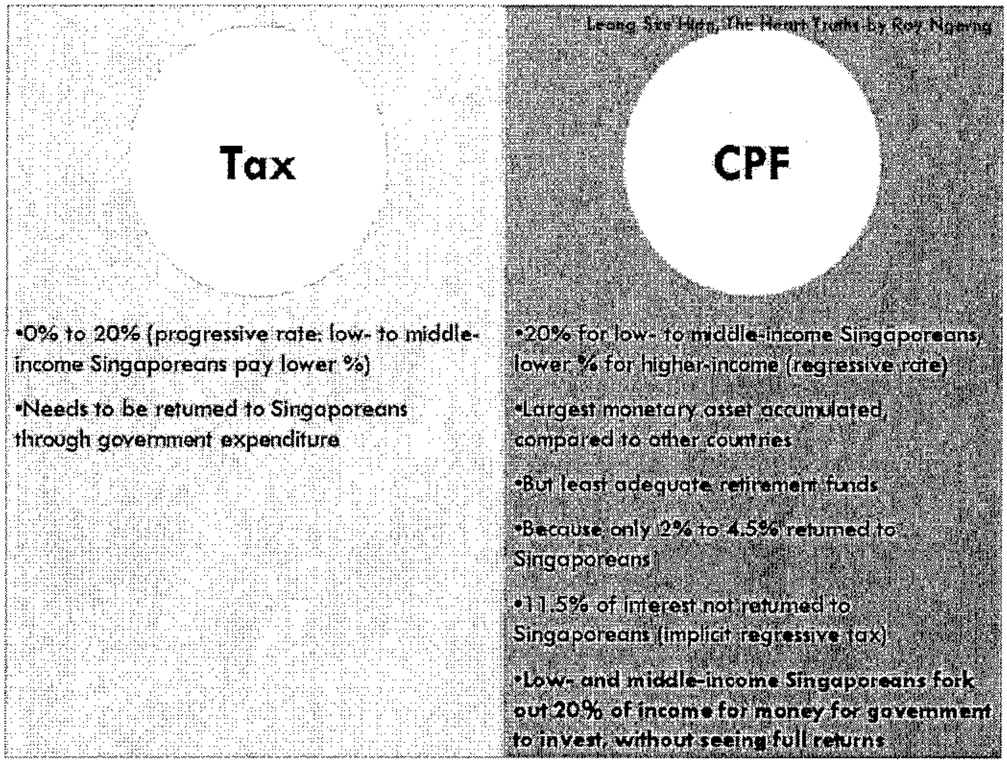




(http://thehearttruths.files.wordpress.com/2013/10/slide173.jpg)

Chart 26

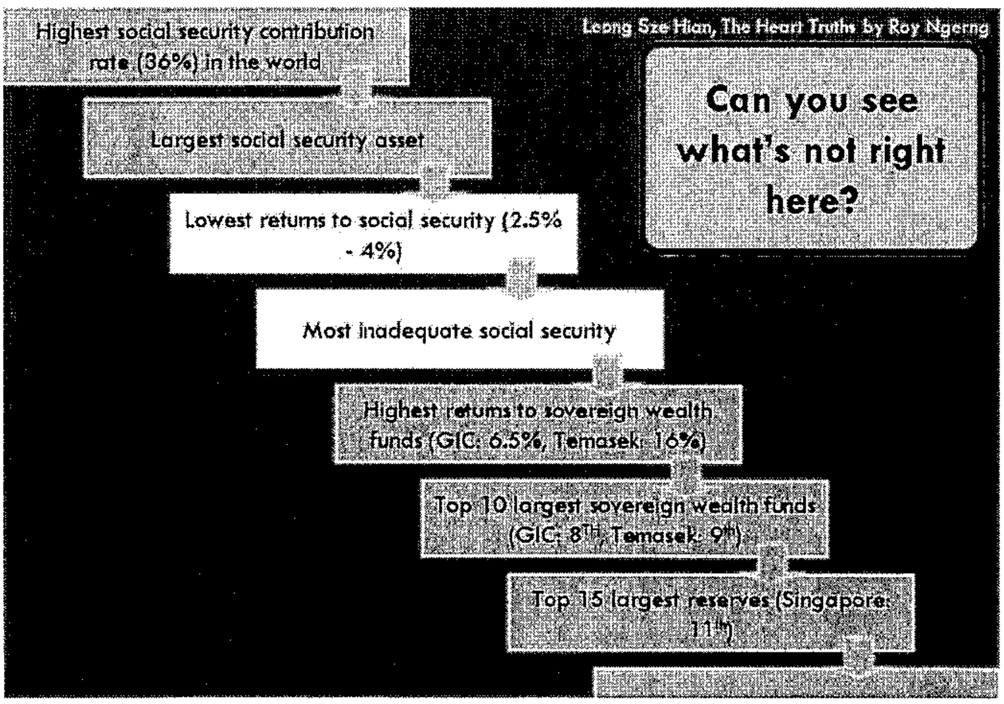
In effect, even though Singapore has an apparent low tax rate of 0% to 20%, this needs to be put in clearer perspective with the high CPF contribution rate 20%, which is the highest in the world. Also, the government has long used the rationale that because of the low tax rate, government spending has to remain low. Indeed, the Singapore government spends the lowest public spending among the developed countries. However, when you understand how we are actually paying a higher proportion of our incomes into CPF, which has created a massive pool of CPF monies – possibly the largest per capita social security fund in the world, but where we are receiving one of the lowest returns, if not the lowest in the world, you will understand that the CPF is effectively a tool created to efficiently take money from the people for the government's own investment, without giving the full returns back. Compare this with tax, where the government is obliged to return the tax deducted from the people back to the people, in ways of expenditure.



(http://thehearttruths.files.wordpress.com/2013/10/slide163.jpg)

Chart 27

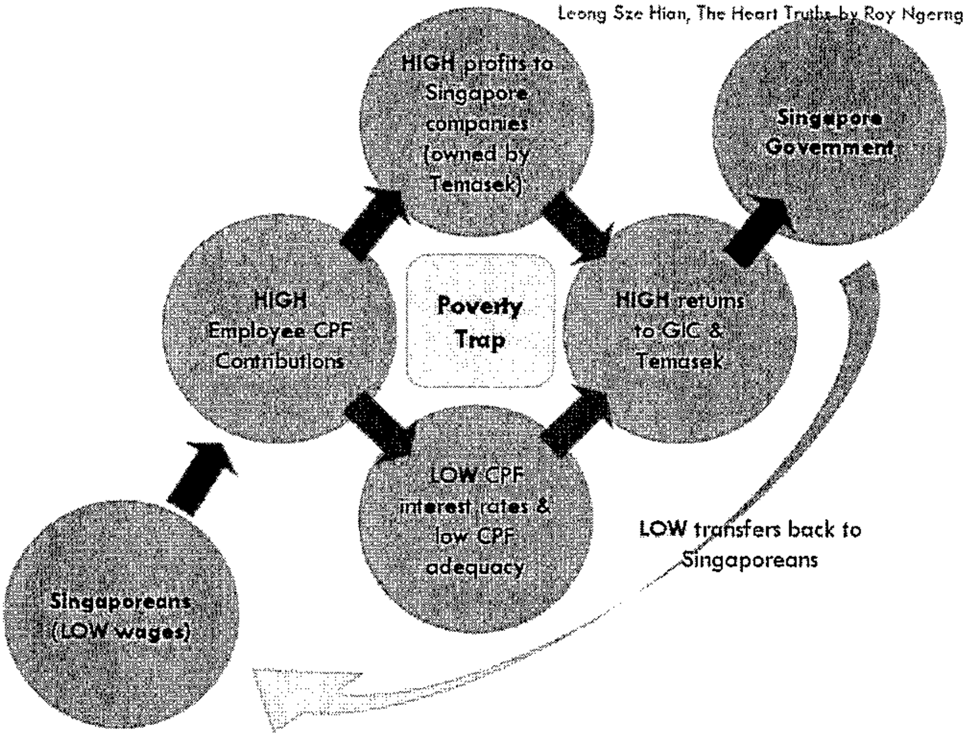
To put things into perspective, look at the chart below. Do you see what is not right?



(http://theheartruths.files.wordpress.com/2013/10/slide224.jpg)

Chart 28

What's really happening is that the CPF has become one of the tools to entrap Singaporeans in a cycle of poverty (Chart 29).



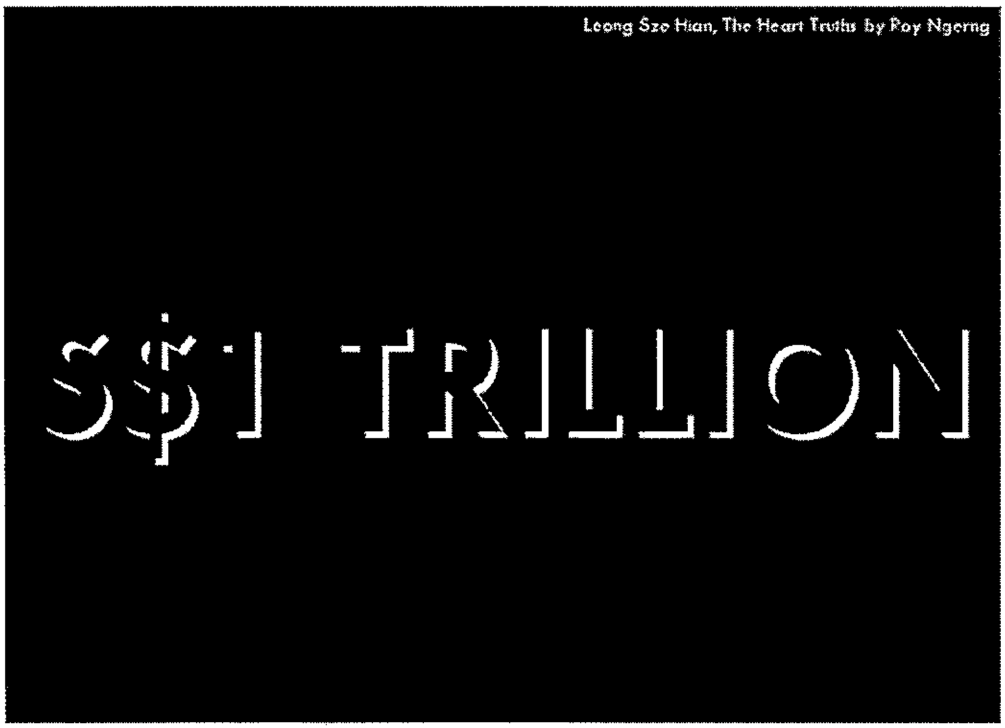
(http://theheartruths.files.wordpress.com/2013/10/slide233.jpg)

Chart 29

Finally, the Asian Development Bank Institute (http://adbi.org/files/2002.05.rp37.old.age.singapore.pdf) sends out a stern warning to the PAP government that, "Singapore policymakers face a stark choice. **Either they can continue to use the CPF for socio-political control and engineering, or they can bring its objectives and governance in line with international best practices, to improve the return accruing to members, and to make a greater proportion of CPF contributions available for retirement needs.** The choice is politically difficult, but it is unavoidable given the objective realities." Most importantly, "it should be stressed that the reforms will also require an increase in the Government's budgetary allocations as well as total national expenditure devoted to social security and health care."

You can read Part 1 of this article here (http://theheartruths.com/2013/11/04/shocking-facts-about-our-cpf-in-singapore-part-1/).

Part 3 of the article can be read here. (http://theheartruths.com/2013/11/07/top-8-shocking-facts-about-the-singapore-cpf/)



(http://theheartruths.files.wordpress.com/2013/11/your-cpf-has-helped-to-earn-s1-trillion-do-you-see-the-money.jpg)

Leong Sze Hian and Roy Ngerng of The Heart Truths

(http://theheartruths.files.wordpress.com/2013/08/slide115.jpg)

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NOVEMBER 5, 2013 - 9:05 PM
Kelvin Ng

CPF Investment Returns: Getting Singaporeans their Rightful Share [image: convexset's picture] Submitted by convexset on Fri, 10/04/2013 – 12:29

(An abridged version of this was published on yoursdp.org .)

Over the past few years, a lot has been said about how CPF funds are managed. By now, most should be aware that the CPF Board does not do any investing of our CPF monies. Rather than take on the role of investment manager, it purchases Special Singapore Government Securities (SSGS) from the Monetary Authority of Singapore (MAS) to offload this task. CPF monies thus flow into the reserves to be managed by GIC and Temasek Holdings.

This mode of operation is fairly interesting. The terms of SSGS are the basis upon which the CPF Board pays Singaporeans interest on their CPF monies. It is clean, and also "essentially risk-free". But therein, too, lies the rub. We know that GIC claims to be making 7% each year from investments (and Temasek 17%, but it has been claimed that Temasek does not manage CPF monies, so we focus on GIC). Presently, savings in Singaporeans' CPF Special and Medisave Accounts (SMA) return the higher of 4% per annum or the 12-month average yield of 10-year Singapore Government Securities plus 1%, and Singaporeans' CPF Ordinary Account (OA) monies return 2.5% per annum. GIC's returns are much higher than the rates that are being paid out. Therefore, the question must be: Are Singaporeans getting a raw deal?

The Strawman Solution The government might say that the above scenario reflects a fair trade of risk and reward. This is true to an extent. I imagine that the government would put forth the following hypothetical with the intent of demolishing it:

"Suppose, for instance, that MAS crafted a mutual fund that Singaporeans could instruct the CPF board to invest in (instead of in SSGS or along with SSGS). This would give the CPF funds of those Singaporeans exposure to the global financial market and to customized (non-mass market) instruments that only sovereign wealth funds and other large investors have access to. That fund might be managed by GIC and/or Temasek via "taking a stake" in GIC/Temasek portfolios. Singaporeans' would then see their CPF monies fluctuate with the global market, surging in booms and plummeting with crashes."

It is not clear that the majority of Singaporeans are ready for that kind of risk. In fact, it is clear to me that many Singaporeans recoil at the possibility of catastrophic loss, and no government wants to oversee a year where 40% of retirement savings evaporate.

This is a bad solution, and I regard it as the "Strawman Solution" — Obvious, and obviously flawed.

THIS IS THE EXHIBIT MARKED *"RNYL-11"*

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

OTC

TEXT OF SPEECH ON CENTRAL PROVIDENT FUND BY MINISTER FOR LABOUR AND COMMUNICATIONS AT THE PASIR PANJANG C.C. FORUM ON 31 OCTOBER 1982

1 WHAT IS THE CPF?

1.1 Before 1955 there were no national savings schemes for workers. Only civil servants and the employees of big business organisations had pension schemes. Most old people depended on their children, on charity or were left to fend for themselves when they became unable to work. The Central Provident Fund (CPF) was established in 1955 to rectify this situation. The Fund is a compulsory savings scheme to provide money for workers in their old age or when they become unable to work.

1.2 Under the CPF scheme, a worker and his employer contribute towards savings for the worker so that by the time the worker retires from work, he would have savings for his old age.

1.3 CPF scheme was only a savings scheme during the first thirteen years. However since 1968, its scope has been greatly extended to help CPF members to own homes, to protect such ownership and to allow the members to invest part of their CPF savings in approved shares or properties.

1.4 As at the end of September 1982, there were 1.71 million CPF members with total savings amounting to $14.68 billion in the Fund.

2 RATE OF CONTRIBUTION

2.1 The CPF contribution rate now is 45% of the employee's wages. 23% is paid by the employee himself, and 22% by his employer. The maximum amounts of monthly contribution are $690 by the employee and $660 by the employer, making a maximum monthly total of $1,350. (Please see Annex A for details of current contribution rate). Of the 45% contributed, 40% is entered into the member's Ordinary Account and 5% into his Special Account in the CPF. Money in the Ordinary Account can be withdrawn for housing and other approved investments. Those in the Special Account can only be used for old age or contingencies.

2.2 The CPF contribution rate was 10% when the CPF scheme first started in 1955. This rate has been increased over the years to the 45% now. (Please see list of past contribution rates at Annex B).

2.3 There will be more and newer uses of CPF savings in future, such as the Medisave scheme. Therefore the CPF contribution rate is likely to increase to 50% in the future. Of this 50%, 40% will be for housing and other uses, 6% for Medisave and the remainder for old age and contingencies.

3 WHY THE HIGH CPF CONTRIBUTION RATE?

3.1 We have found it necessary to increase the CPF contribution rate over the years. The reasons are given below.

3.2 Old Age and Contingency

In 1955, employers could only pay low wages and workers had little money to spend. Therefore the CPF contribution rate could not be higher than the 10% introduced then. Since then, the standard of living of our people has improved and their incomes have also increased many times. The original rate of 10% was insufficient to provide for a worker's old age or contingencies. The CPF rate has therefore been increased as his earnings increase.

3.3 Housing

To date a total of $3.7 billion has been withdrawn for the purchase of residential properties under the various housing schemes. Without the use of CPF savings many workers could not have owned their own homes. Most of them in fact depend solely on their CPF savings to make instalment payments on their homes. Hence, with the rising cost of HDB flats and private residential properties and the general preference for the more expensive and larger flats and properties nowadays, CPF contribution rate has to be increased to ensure that workers can continue to afford homes.

3.4 Other Purposes

A higher CPF contribution rate would also ensure that members have sufficient savings to enjoy the benefits of the various schemes introduced by the

CPF Board. These include the Home Protection Insurance scheme, the SBS shares scheme, and in the near future, the Medisave scheme.

3.5 Other Benefits of a Higher CPF Contribution Rate

The reasons I have outlined above are the main reasons for increasing the CPF rate. However, the increase in CPF contributions has also benefitted the economy of Singapore tremendously.

(i) Curb Against Inflation

During the past two decades, wages have increased as Singapore's economy progressed. The upward adjustments of wages were more significant during the last few years. This was to encourage workers to upgrade skills and higher technology industries to be set up in Singapore. Existing industries would also have to automate and mechanise so as to bring about higher productivity. Higher productivity in turn increases workers' wages. With rising wages, there would have been a problem of too much money chasing too few goods, thus jacking up prices of goods. Increases in the CPF contribution rate have helped to reduce the amount of available money in circulation, thus avoiding uncontrollable inflation and spiralling prices. Otherwise, workers would have to pay much more for the same amount of goods. By siphoning some excess money from the economy, Singaporeans would be able to stretch their dollar further.

(ii) Capital Formation

CPF savings form a large portion of Singapore's savings. These savings are used for capital formation which means the construction of new factories, installation of new plant and equipment, expansion of infrastructure such as roads, ports and telecommunications, the building of houses and so on. These facilities coupled with Singapore's economic and political stability have in turn attracted large amounts of investments each year. These again go into the setting up of more businesses, factories and enterprises. All these mean economic progress, more jobs, higher wages, better housing and recreational amenities and improved quality of life for the Singaporean worker. Without savings and capital formation, the opposite situation would arise. The economy would stagnate and Singaporeans would become poorer and poorer as the population grows and unemployment increases.

(iii) Contribution to Successful Housing

Singapore stands out as one of the few

countries which have successfully broken the back of their housing problem. Our public housing programme would not have been possible on the scale achieved if not for CPF savings. 69% of Singaporeans are decently housed in HDB estates. Further, accumulated CPF savings have allowed large numbers of Singaporeans to own their houses. About 64% of the families living in HDB estates are proud home-owners. However, many of them would not have been able to afford these flats if not for the low cost of HDB flats and the cheap housing loans provided by HDB at 6¼% per annum.

HDB has been able to keep such costs low mainly because it borrows from the Government millions of dollars each year at only 6% per annum. Government, on the other hand, obtains its low cost funds through the issue of Government bonds; and the CPF has been a major purchaser of these bonds. By September 1982, CPF had $14.23 billion invested in Government bonds and deposited as advance deposits with the Monetary Authority of Singapore. Of this amount, $6.81 billion had been invested in the bonds over the 5-year period up to April 1982. On the other hand, total Government loan to HDB amounted to $6.73 billion during the same period.

4 CPF INTEREST RATE

4.1 The interest rate payable to CPF members has been at 6½% per annum since 1974 (please see Annex C for CPF interest rates from 1955 to 1982).

4.2 Has CPF Paid a Fair Interest Rate?

To find out whether members have been paid a fair rate of interest, we can compare it with the inflation rate, the average 12-month deposit rate of commercial banks and the average POSB interest rate. (Please see Annex D for a comparison of these rates).

For 10 out of 23 years, the CPF was paying interest at a rate higher than or equal to the average 12-month bank deposit rate. It was as high as or higher than the POSB's rate in 25 out of 27 years. The CPF interest rate was higher than the Consumer Price Index in 12 out of 16 years.

Although it is true that in the last two years bank interest rates were higher than CPF interest rates, we must not forget that the CPF member enjoys some tax benefits.

Firstly, the employer's share of CPF contribution which is in fact additional income to the member, is not included as part of the member's income for tax purposes.

Secondly, the member's share of the CPF contribution is tax deductible.

Lastly, the interest earned by a member's CPF savings is tax exempt.

If we take these factors into consideration, the rate of return on the CPF savings would be effectively higher. In some cases, depending on which tax bracket a member is in, the effective rate of return is well above 10% per annum. It can therefore be concluded that CPF has been paying a fair interest rate over the years.

4.3 Review of CPF Interest Rate

In the last two years, there has been considerable complaints that interest rate paid on CPF savings lags far behind those paid by banks and even the POSB. Furthermore, with high inflation rates, the CPF interest rate was considered insufficient as a hedge against inflation. The Government was therefore urged to review CPF interest rates to bring it more in line with inflation and interest rates paid by banks.

To some extent, these complaints were justified.

However, from the graph at Annex E

you will see that over the last 20 years CPF interest rates had been competitive with those paid by banks and even the POSB except in the recent two or three years. This is particularly so if we bear in mind that CPF interest is not subject to tax unlike interest paid by banks with the exception of POSB. If we were to deduct tax payable on bank interests, the CPF interest rate would be even more attractive especially for those in the higher income bracket who are paying higher taxes.

The Government is considering floating CPF interest rate with bank interest rates which I shall call market rates. Of course, such a floating CPF interest rate will not be exactly the same as what the banks are paying. It will have to be slightly lower than the market rates to take into account the fact that you don't pay tax on CPF interest.

But pegging CPF interest rate to market rates will mean that in times of high demand for bank loans, market rates and CPF interest rates will rise and correspondingly in times of low demand, market rates and CPF interest rates will fall. And, this could well be lower than what CPF is now paying. At this moment, the market interest rate paid by banks are falling quite significantly. If CPF interest rate is allowed to float with market rates it could well be below the 6½% now paid. The

Government has therefore decided to hold back its decision to float CPF interest rates according to market rates for the time being.

Another point we must bear in mind in floating CPF interest rate with market rates is that a considerable amount of CPF money is borrowed by the HDB through the Government at 6% to finance the construction of HDB and HUDC flats. Furthermore, part of this money is lent out to purchasers of HDB flats at a low interest rate of 6¼% pa to help them purchase the flats. Those who buy HDB flats therefore benefit from lower CPF interest rates in the following manner:

(a) Firstly, the lower cost of CPF money used to finance the construction of HDB flats will result in lower construction cost and hence lower selling prices of flats.

(b) Secondly, a lower CPF interest rate will mean that those who borrowed money from HDB to buy HDB flats need pay a low interest rate on such loans.

If it is decided to float CPF interest rate with the market rates, when the market interest rates rise, CPF interest rate will also rise. The HDB will have to borrow CPF money at a higher interest rate. This will result in construction cost going up and hence the selling price of flats. Furthermore, interest rate on loans given by HDB to buyers will also have to go up to pay for the higher cost of CPF money. In short, raising interest rates on CPF deposits could result in higher selling price of HDB flat and also higher interest rate on loans taken from HDB. On the other hand, if market interest rates were to fall, interest rate on CPF deposits would also be lower. This will result in cheaper money being lent to HDB, cheaper construction cost and lower interest rates on loans given to HDB purchasers.

On the other hand, if the CPF continues to pay a low interest rate to reduce cost of HDB flats, it will be unfair to the higher income earners with large CPF accounts, who also do not qualify for public housing. They are in effect subsidizing the lower income group. However, the Government has remedied this inequity to some extent by allowing all CPF members to invest their CPF money in properties, which is a good hedge against inflation.

You can therefore see that there are quite serious implications in adjusting CPF interest rates. It has many ramifications and the issue needs very careful consideration before decisions are taken. Nevertheless, the Government will constantly keep review of this matter and adjust its policies accordingly.

5 HOW HAVE MEMBERS BENEFITTED?

5.1 Basis for Use of CPF Savings

CPF savings provide money for workers when they reach old age or when they become unable to work. Workers are allowed to withdraw their savings when they reach 55 years of age, become mentally or physically unable to continue working (or when they emigrate to other countries). However, since 1968, CPF members are allowed to put CPF savings to prudent use under various schemes introduced by the Board.

5.2 CPF Schemes

(i) Housing Schemes

Members are allowed to use CPF savings to purchase flats from the HDB (including former JTC and HUDC) and Mindef, and to purchase private properties under the Approved Residential Properties Scheme (ARPS). As at September 1982 $3.52 billion have been withdrawn for the purchase of flats from HDB and Mindef. The number of members involved was 379,500.

The ARPS which was introduced on 1 June 1981 has helped many members who do not qualify for HDB flats to purchase private properties. As at September 1982, $217.14 million were withdrawn by 3,570 members.

(ii) SBS Shares

Members can use up to $5,000 CPF savings to purchase SBS shares. As shareholders, they can enjoy concessionary fares from the company. As at September 1982, 44,790 members had used their CPF savings to buy 45.5 million shares of the Singapore Bus Service (1978) Ltd.

(iii) Home Protection Insurance Scheme (HPIS)

The HPIS was introduced on 1 January 1982 to insure members against outstanding loans on their HDB (including former JTC and HUDC) and Mindef flats. A member participating in the scheme can use part of his CPF savings to pay a once only premium. If the member dies or becomes permanently incapacitated, the Board will pay the outstanding housing loans on the member's flat. The scheme ensures that the member's family will not be left without a roof over their heads.

6 **POSSIBLE NEW USES OF CPF**

6.1 Many CPF members have often thought to themselves how wonderful it would be if they could freely use their CPF savings now instead of when they are 55 years old. They could then afford to change their furniture, take a holiday overseas or even buy a new car. They might even think that they could afford to stop work and enjoy themselves for a few months. They forget that if not for the restrictions imposed, they would not have accumulated such sizeable amounts in their CPF savings in the first place; and most Singaporeans depend on their CPF savings for their old age as they do not have much personal savings of their own.

6.2 However, the Government has always been considering new uses for CPF savings. But whatever uses the savings are put to, the Government has to bear in mind the primary objective of the CPF scheme, which is to ensure that a worker saves for his old age. Obviously, CPF savings can be used only for purposes which provide long term benefits such as buying a home, paying for essential medical treatment and certain investments with good returns. These maintain CPF members' well being or increase the future value of their CPF savings so that they will have more security upon their retirement. CPF savings should not be spent on short term benefits because when such benefits have been enjoyed, the worker will have that much less savings left for his old age. Thus after an enjoyable family holiday, and savings spent, what remains? Perhaps only fond memories and the hard realities of a leaner future.

6.3 Two possible uses of CPF savings by members are now being looked into.

(i) Medisave

Under the National Health Plan a CPF member can use savings in his Special Account to pay for medical treatment for himself and his immediate family. Contributions for this purpose would eventually amount to 6% of the member's wages, 3% will be paid by the member and another 3% by his employer. The contributions would be credited to his Medisave Account with the CPF. With the Medisave scheme, a member can always fall back on his Medisave Account to meet expenditure on medical treatment for [illegible] his family with additional medical treatment not provided by his employer, or medical treatment after he has retired from working.

(ii) Dependants' Protection Insurance

A life insurance scheme for CPF members is under consideration. If introduced, this scheme would be complementary to the Home Protection Insurance scheme which has already been largely accepted by members in view of the benefits it provides. The Dependants' Protection Insurance scheme would allow members to use their CPF savings to buy life insurance from the CPF Board. The scheme would, in particular, benefit young workers who have yet to accumulate a sizeable amount of CPF savings. It would be comforting for them to know that their young families would be provided for in the event of premature death or permanent incapacity.

7 EXPECTATIONS THAT CANNOT BE MET

7.1 Payment of Taxes and Bills

Recently there have been requests to allow the use of CPF savings to pay property tax, income tax and PUB bills. Property tax and income tax are paid by responsible individuals to society as a whole. The society will then be able to afford the building of infrastructure and common facilities such as roads, public buildings and parks, and the provision of essential services such as the armed forces, police, fire brigade, hospitals and so on for the enjoyment and protection of the individuals themselves. Such taxes are already pegged on the individuals' ability to contribute. There is therefore no valid reason for CPF savings to be used to pay such taxes.

Payment of both taxes and PUB bills is consumptive in nature and does not give long term benefits. To allow CPF savings for such payment is inconsistent with the objectives of the CPF scheme. Besides, it would add to inflation as it allows more money to circulate in the economy.

7.2 <u>Partial Withdrawal at 50</u>

There has also been a request to allow partial withdrawal of CPF savings when a member reaches 50 years of age because it was felt that the high rate of CPF contribution would result in the member accumulating a very large amount of CPF savings. However, the high CPF rates came into being only during the last decade. Most members who will be reaching 55 years of age over the next 15 years or so, really do not have very much CPF balances in their accounts (the average balance is about $16,000). These amounts are hardly adequate for members' old age.

Also, since CPF savings are for use after retirement, the more savings there are the better the member will be provided for. Allowing withdrawal before the member reaches 55 years of age would mean he has less savings for his retirement. This again is inconsistent with the objective of the CPF scheme. Besides, with increased life expectancy, Singaporeans will need more money to enjoy a longer retirement.

Moreover, early withdrawal of CPF savings might just enourage some members to cease working after having received their CPF money. Therefore, it would not be appropriate to allow partial withdrawals at 50 years of age.

7.4 Lessons from Other Countries

Major changes to convert the CPF scheme into something like those in some countries in the West are unlikely to come about. This is because the principle that each worker should get what he has himself contributed must remain.

Some other national social security schemes (such as those in UK and USA) may appear more attractive than the CPF scheme as they provide pensions, medical benefits, unemployment benefits, and allowances to members and their families. Such schemes carry an insurance element and tend to encourage unemployment, wastage of resources and inequitable distribution of benefits. As a result, the governments are finding it difficult to maintain these schemes which require heavy government subsidies which in turn have to be very painfully borne by taxpayers.

Other schemes, such as that in Israel, depend on cross subsidies between generations. The system works as long as the number of retirees remains low. However, as the population ages, the proportion of retirees will increase and the system will break down as the young eventually cannot afford to maintain the old.

8 WHERE DO WE GO FROM HERE?

The principle that each worker should get what he has contributed will remain the main guideline in any future changes in the CPF scheme. This principle ensures a built-in mechanism whereby Singaporeans reap what they sow. The harder they work the more they will save and the more they will get. The CPF Board will continue to bring in new schemes and to review existing ones to provide better benefits to its members.

ANNEX A

THE CENTRAL PROVIDENT FUND ACT

CONTRIBUTION RATES FROM 1ST JULY 1982

OTAL AMOUNT OF EMPLOYEE'S AGES FOR THE CALENDAR ONTH (1)	CONTRIBUTION FOR THE CALENDAR MONTH PAYABLE BY THE EMPLOYER (2)	AMOUNT RECOVERABLE BY THE EMPLOYER FROM THE EMPLOYEE'S WAGES FOR THE CALENDAR MONTH (3)
ot exceeding $50	Nil	Nil
xceeding $50 but not ceeding $200	An amount equal to 22 per cent of the total amount of the employee's wages for the month.	Nil
xceeding $200 but not xceeding $363	An amount equal to the sum of - (a) 30 per cent of the total amount of the employee's wages for the month; and (b) One-third of the difference between the total amount of the employee's wages for the month and $200.	An amount equal to the sum of - (a) 8 per cent of the total amount of the employee's wages for the month; and (b) One-third of the difference between the total amount of the employee's wages for the month and $200.
xceeding $363	An amount equal to the sum of - (a) 45 per cent of the employee's ordinary wages for the month, subject to a maximum of $1,350; and (b) 45 per cent of the amount of additional wages payable to the employee in the month.	An amount equal to the sum of - (a) 23 per cent of the employee's ordinary wages for the month, subject to a maximum of $690; and (b) 23 per cent of the amount of additional wages payable to the employee in the month.

/contd....

Notes: For the purpose of this Schedule -

(a) the whole of the contribution shown in column (2) is payable by the employer in the first instance but the employer is entitled, where applicable, to deduct from his employee's wages the amount shown in column (3) as the employee's share of the contribution;

(b) the contribution payable by the employer shall be rounded off to the nearest dollar. Where the fraction of a dollar is 50 cents it shall be regarded as an additional dollar;

(c) in deducting from the employee's wages the amount recoverable by the employer, fraction of a dollar shall be ignored;

(d) "additional wages" means any remuneration other than ordinary wages;

(e) "ordinary wages for the month" means the amount of a remuneration due or granted wholly and exclusively in respect of employment during that month and payable before the due date for the payment of contribution for that month;

(f) "total amount of the employee's wages for the calendar month" means the total amount of the employee's ordinary wages for the month and additional wages payable to him in that month.

CPF CONTRIBUTION RATES

Starting	Contribution Rates		Credited Into		Total
	By Employer	By Employee	Ordinary Account	Special Account	
Jul 1955	5%	5%	-	-	10%
Sep 1968	6½%	6½%	-	-	13%
Jan 1970	8%	8%	-	-	16%
Jan 1971	10%	10%	-	-	20%
Jul 1972	14%	10%	-	-	24%
Jul 1973	15%	11%	-	-	26%
Jul 1974	15%	15%	-	-	30%
Jul 1975	15%	15%	-	-	30%*
Jul 1977	15½%	15½%	30%	1%	31%
Jul 1978	16½%	16½%	30%	3%	33%
Jul 1979	20½%	16½%	30%	7%	37%
Jul 1980	20½%	18%	32%	6½%	38½%
Jul 1981	20½%	22%	38½%	4%	42½%
Jul 1982	22%	23%	40%	5%	45%

Note: Jul 1955 to Aug 1968) Contribution rates
Sep 1968 to Dec 1969) remained unchanged
Jul 1975 to Jun 1977)

*Maximum contribution increased from $450 to $600 per month.

ANNEX C

CPF INTEREST RATE

Year	Interest Rate
1955	Nil
1956	2½%
1963	5%
1964	5¼%
1967	5½%
1970	5¾%
1974	6½%
1977	6½%*
1978	6½%*
1979	6½%*
1980	6½%*
1981	6½%*

*Credited Quarterly

ANNEX D

Table

Comparative interest rates of CPF, POSB and the 12-month bank deposits for years 1955-1981

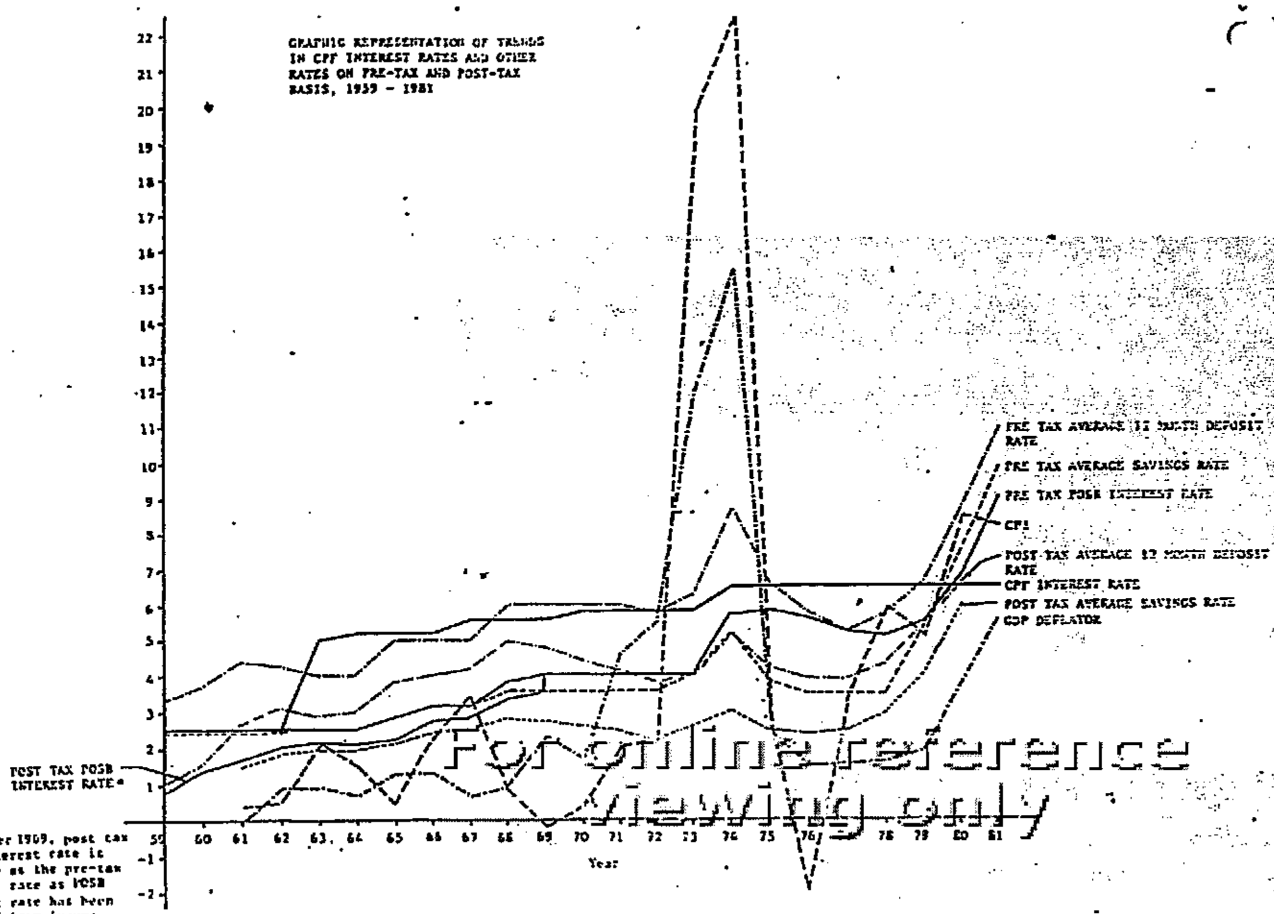
Year	CPF Interest Rate (%)	Inflation Rate(Increase in Consumer Price Index) (%)	Average 12-month deposit Rate of Commercial Banks* (%)	Average POSB Interest Rate** (%)
1955 (CPF Board inception)	2.50	NA	NA	2.50
1956	2.50	NA	NA	2.50
1957	2.50	NA	NA	2.50
1958	2.50	NA	NA	2.50
1959	2.50	NA	3.25	2.50
1960	2.50	NA	4.00	2.50
1961	2.50	0.3	5.00	2.50
1962	2.50	0.5	4.50	2.50
1963	5.00	2.2	4.00	2.50
1964	5.25	1.6	5.00	2.50
1965	5.25	0.3	5.00	2.71
1966	5.25	2.0	5.00	3.00
1967	5.50	3.3	5.17	3.00
1968	5.50	0.8	6.00	4.00
1969	5.50	-0.3	6.00	4.00
1970	5.75	0.4	6.00	4.00
1971	5.75	1.9	6.00	4.00
1972	5.75	2.1	5.75	4.00
1973	5.75	19.6	6.21	4.00
1974	6.50	22.3	7.88	4.75
1975	6.50	2.6	6.39	5.25
1976	6.50	[illegible]	[illegible]	[illegible]
1977	6.50	[illegible]	5.33	5.08
1978	6.50	4.8	5.65	5.08
1979	6.50	4.0	6.76	5.50
1980	6.50	8.5	9.03	6.79
1981	6.50	8.2	10.86	8.9

Notes: * The rate refers to the average of the rates quoted by 10 leading banks for each year.

** For the period (1978-1980) when the POSB offered two tiers of interest rate, the higher of the two rates as at the end of each year is used.

Source: CPF

ANNEX E



*Note: After 1969, post tax POSB interest rate is the same as the pre-tax interest rate as POSB interest rate has been exempted from income tax since 1.1.69.

THIS IS THE EXHIBIT MARKED *"RNYL-12"*

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

JULY 24, 2014

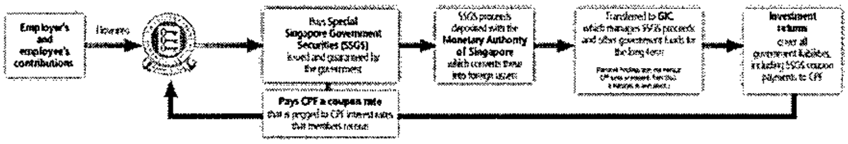
Clarity, Once And For All: Temasek Holdings Did Invest Singaporeans' CPF?

By Leong Sze Hian and Roy Ngerng Yi Ling

So, the golden question – did Temasek Holdings invest Singaporeans' CPF?

In June this year, the government finally admitted for the very first time ever (http://thehearttruths.com/2014/07/08/10-things-singaporeans-have-to-worry-about-how-the-government-uses-our-cpf/) that the GIC does invest Singaporeans' CPF.

CPF: How it works



(http://thehearttruths.files.wordpress.com/2014/06/cpf-how-it-works-cropped.jpg)

But what about Temasek Holdings?

In this article, let's find out once and for all if Temasek Holdings has ever taken our CPF to invest.

On Tuesday, at the IPS Forum on CPF and Retirement Adequacy (http://lkyspp.nus.edu.sg/ips/event/ips-forum-on-cpf-and-retirement-adequacy), Roy Ngerng asked (http://thehearttruths.com/2014/07/23/questions-to-dpm-tharman-how-much-has-gic-earned-from-singaporeans-cpf/) the Deputy Prime Minister and Finance Minister:

> Temasek Holdings has said that they do not invest our CPF, is it possible to know if in the past Temasek Holdings had invested our CPF? Because the GIC was only set up in 1981, so prior to 1981, how was the CPF used and otherwise was it invested in Temasek Holdings?

The Deputy Prime Minister and Finance Minister replied:

> Did Temasek manage the CPF funds in the past? No. It has never managed CPF funds. Temasek started off with a set of assets which were transferred by the Government at time of inception. I don't have the exact figure in my head – but about $400 million dollars worth of assets in the form of a set of companies. It has never received CPF monies to invest.
>
> What was the case in the early days, before we amended the constitution in 1992, is that CPF monies, which were invested in Special Singapore Government Securities (SSGS), could be used by the Government to finance infrastructure – such as road infrastructure, Singapore's economic infrastructure and social infrastructure. Just like (other) Singapore Government Securities (SGS), the Government was allowed to use borrowings in addition to the revenues it got in its budget, to finance infrastructural investments. That was the old system.

Well, exactly what "economic infrastructure and social infrastructure" investments is the government referring to?

And we do seem to have the answer. According to a speech given by the Minister for Labour and Communications in 1982 (http://www.nas.gov.sg/archivesonline/data/pdfdoc/otc19821031s.pdf):

> CPF savings form a large portion of Singapore's savings. These savings are used for capital formation which means the construction of new factories, installation of new plant and equipment, expansion of infrastructure such as roads,' ports and telecommunications, the building of houses and

so on. These facilities coupled with Singapore's economic and political stability have in turn attracted large amounts of investments each year. These again go into the setting up of more businesses, factories and enterprises.

So, there you have it. Our CPF was used to invest in, among others, factories, ports and telecommunications, the building of houses and so on. So, who currently owns this?

Let's explore these in detail.

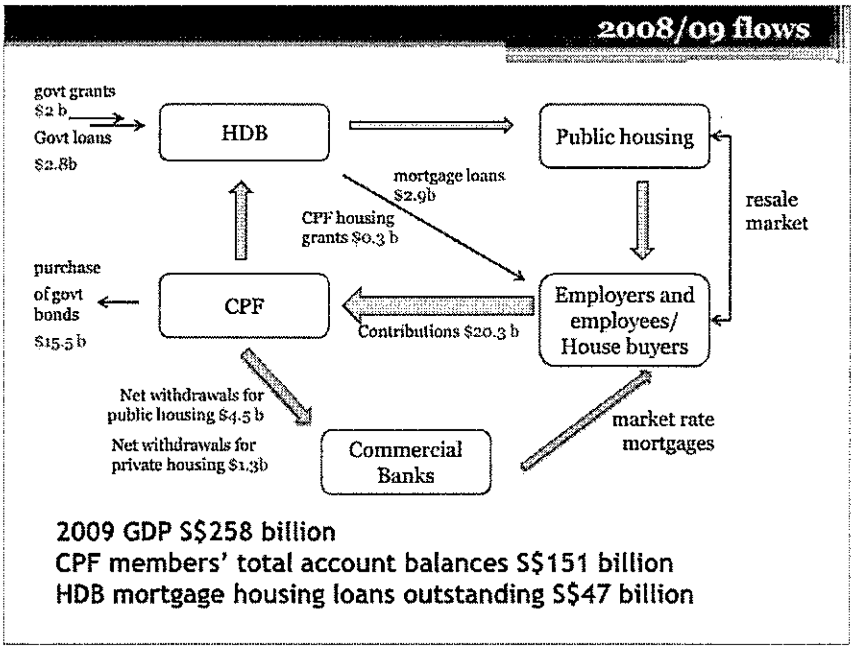
CPF is Invested in the Temasek Holdings, via HDB

According to the book, 'Social Insecurity in the New Millennium' by Linda Low and Aw Tar Choon, "the CPF became a de facto housing financier since the Housing and Development Board (HDB) was a heavy user of development funds". It went on further to explain that, "In the initial years, before the government built up budgetary surpluses, it borrowed funds from the CPF for its development expenditure budget, one important user being the HDB."

Indeed, according to the Innovation Policies in Singapore, and Applicability to New Zealand report (http://xcsc.xoc.uam.mx/apymes/webftp/documentos/biblioteca/Innovation%20Policies%2 it also reaffirmed that, "The single largest item in the 1961-64 State Development Plan, and hence indirect beneficiary of CPF funds, was housing," and that in this "CPF-HDB nexus", "The CPF financed Singapore's public housing program (where) In the 1960s and 1970s, the HDB was the largest borrower from the government's development fund."

Low and Aw also explained that, "The other way the CPF functions as a financing agent is when CPF members use their CPF savings to purchase HDB housing".

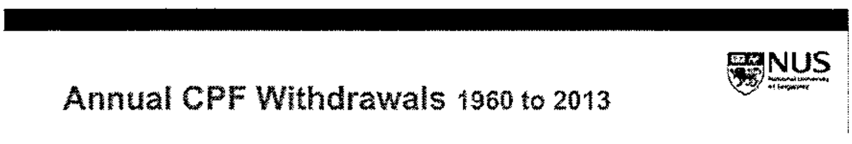
And how does this become problematic? You can see that the net flow in one year in this "CPF-HDB" nexus is that there is still a higher net inflow into HDB, where Singaporeans would lose more of our CPF into the HDB.

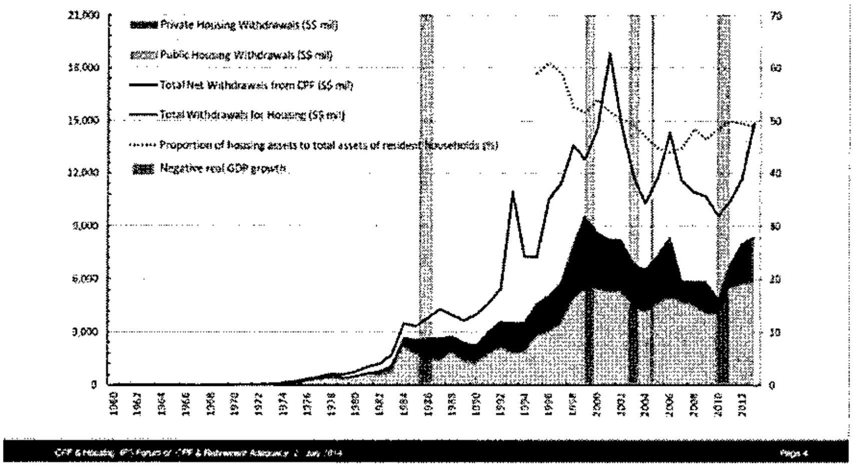


(https://thehearttruths.files.wordpress.com/2014/07/net-cpf-hdb-flows-2008-2009.png)

Chart: Lessons from Singapore's Central Provident Fund (http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/Session5-Sock-YongPhang.pdf)

Take a look at how much has been withdrawn from our CPF for housing:





[(https://thehearttruths.files.wordpress.com/2014/07/annual-cpf-withdrawals-1960-to-2013.png)](https://thehearttruths.files.wordpress.com/2014/07/annual-cpf-withdrawals-1960-to-2013.png)

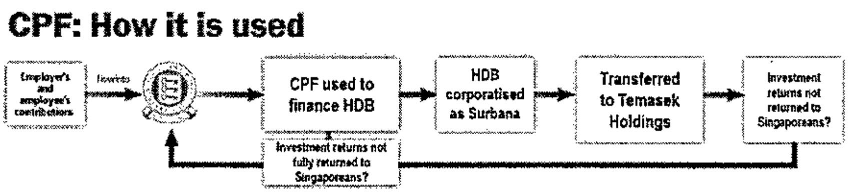
Chart: Housing and the CPF System (http://lkyspp.nus.edu.sg/ips/wp-content/uploads/sites/2/2014/07/CPF-Forum_P1-S3_Lum-Sau-Kim-Presentation_220714.pdf)

Thus in short, it is clear that Singaporeans' CPF is invested in the HDB. Now, why is this important?

According to Surbana (http://www.surbana.com/profile/heritage/), "In July 2003, HDB's Building and Development Division was corporatised as HDB Corporation Pte Ltd (HDBCorp) in a bid to export Singapore's decades of urbanisation expertise and experience to other countries... A year later, the potential of HDB Corp was evident in its acquisition by Temasek Holdings, the Singapore Government's investment vehicle and in 2005, the company was rebranded as Surbana Corporation Pte Ltd." Also, "In April 2011, CapitaLand, one of the largest real estate developers in Singapore, acquired a 40% stake in Surbana, with the rest held by Temasek Holdings. Two years later, Surbana underwent a restructure and its township development arm, Surbana Land was integrated with CapitaLand China, leaving its consultancy as the core business for Surbana."

Today, Surbana calls itself "A Singapore MNC, Temasek-Linked company" and CapitaLand is one of the major investments of Temasek Holdings (http://www.temasek.com.sg/portfolio/portfolio_highlights/majorportfoliocompanies).

By now, it would be clear to any reader that Singaporeans' CPF was indeed invested in the HDB, which corporatised an arm, that was then absorbed into Temasek Holdings. So, is the CPF invested in Temasek Holdings? And when the HDB was corporatised and acquired by Temasek Holdings and CapitaLand, was Singaporeans' CPF returned to Singaporeans, or were the earnings shared with Singaporeans?



(https://thehearttruths.files.wordpress.com/2014/07/cpf-used-to-finance-hdb_edited.jpg)

In fact, this is so troubling that in 2009, it was reported in The Business Times, in the article, 'Shouldn't HDB deal be on commercial basis?', that, "The sale of HDB Corp to Temasek Holdings has already begged several questions in the business community. Why was there no tender and no transparency on the transaction price? And why Temasek?" It added that, "While neither is a publicly listed company – so there is no mandatory requirement to disclose price details – the lack of disclosure runs counter, at least in spirit, to the growing emphasis on corporate governance."

The Business Times reported that "So in effect, it's a left to right hand deal – a reshuffling of assets and holding companies by the government," and Leong Sze Hian had "said in a letter to BT that he is 'puzzled' by HDB's explanation that calling a tender for the sale could have disrupted services to HDB residents subsequently."

Finally, The Business Times emphasised that, "Nor do we know just how good a deal HDB Corp got from Temasek. And it seems reasonable to ask: would not a more equitable price have been achieved if there was a tender?

And more importantly, how were Singaporeans compensated with our CPF?

CPF is Invested in the Temasek Holdings, via POSB

Apparently, this lack of openness in the "left to right hand deal" was not the first time it happened in 2009. According to The Business Times, "In 1998, POSBank was sold to DBS Bank, another Temasek-linked company, making DBS the largest bank in Singapore. Two years on, DBS sold its stake in DBS Land to Pidemco Land, also a government-linked company, to create property giant CapitaLand. Again, no other suitors were reportedly allowed."

Today, DBS is one of the major investments of the Temasek Holdings (http://www.temasek.com.sg/portfolio/portfolio_highlights/majorportfoliocompanies).

Perhaps what would be revealing is from the book, 'Housing a Healthy, Educated and Wealthy Nation through the CPF' by Linda Low and T. C. Aw, the CPF funds were liberalised for investment after 1973/74. And so, "Having liberalized CPF for investment, the government seized on the opportunity to link (and tap) the large pool of CPF balances with the privatization of its government-linked companies (GLCs), beginning with the statutory boards. The privatization exercise was part of public sector reform, where the government began to scale back its activities in the economy after 1985, to make the private sector the engine of growth. Since the 1985 recession, a conscious recycling of CPF funds to avert possible "crowding-out" effects overall has been more distinct. Thus, in 1993, when Singapore Telecom was privatized through public flotation, there was a jump in CPF funds withdrawn."

CPF is Invested in the Temasek Holdings, via Singtel

Thus according to Singtel (http://info.singtel.com/about-us/investor-relations/singtel-share-history):

> In October 1993, SingTel became a public company. Shares were traded for the first time on the Stock Exchange of Singapore (now known as the Singapore Exchange or SGX) on 1 November 1993. The IPO in 1993 represented 11 per cent of SingTel shares, with the rest held by Temasek Holdings... Singapore Citizens were able to purchase Group A shares (via using our CPF) at a discounted price as part of the Singapore Government's effort to share the nation's wealth and to enlarge the base of share-owning Singaporeans.
>
> In 1996, Temasek Holdings offered a second tranche of SingTel shares (ST-2) to Singaporeans at a discounted price, reducing its shareholding in SingTel to about 82 per cent.

The National Library Board further reported (http://eresources.nlb.gov.sg/infopedia/articles/SIP_1610_2011-03-21.html) that:

> In October 1993, SingTel announced its Initial Public Offering (IPO). The government, through state investment company Temasek Holdings, initially offered 1.1 billion shares for sale to Singaporeans, with a series of discounts and loyalty bonuses. This issue was subscribed by 4.1 times, and Temasek added another 587 million shares to help meet demand. After the float, the government still held around 89% of SingTel through Temasek.
>
> On 1 November, SingTel debuted on the Stock Exchange of Singapore, with more than 1.4 million Singaporeans and foreign and local institutions acquiring shares in the company. With a share capital of 15.25 billion shares and a market capitalisation of S$60 billion at the time, SingTel became the largest company on the Exchange. Further tranches of SingTel shares were released for public sale in subsequent years, including 804 million shares in 1996.

According to the CPF Board Annual Report in 2004 (http://mycpf.cpf.gov.sg/NR/rdonlyres/9B294C88-5828-41D0-AB8B-EE6C03537E68/0/AR2004.pdf), "Singaporean CPF members were able to buy discounted SingTel shares in 1993 (ST "A" shares) and 1996 (ST2 shares). SingTel declared a final dividend of 6.4 cents a share for its financial year ended 31 March

2004."

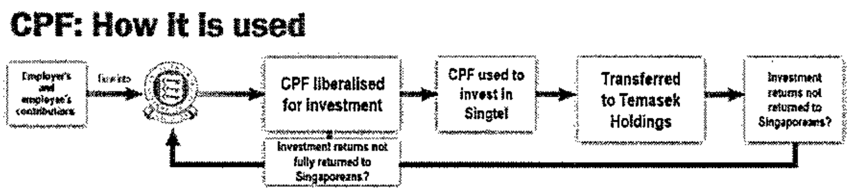
The CPF Board also explained (http://mycpf.cpf.gov.sg/CPF/Templates/SubPage_Template.aspx?NRMODE=Published&NRORIGINALURL=%2fMembers%2fGen-Info%2fFAQ%2fCPFInvestmentSchemes%2ehtm&NRNODEGUID=%7b95E904C7-FC3E-4323-B689-9E01D25C7BB5%7d&NRCACHEHINT=Guest#DiscountedSingtelShares) that, "SingTel had performed capital reduction on 1 September 2004 and 1 September 2006. In the 2004 capital reduction, SingTel had cancelled 1 in every 14 of its shares, with the resultant shareholding rounded-up to the nearest 10 shares, where applicable. SingTel had reimbursed you a cash distribution of S$2.36 for each cancelled share. In the 2006 capital reduction, SingTel had cancelled 1 in every 20 of its shares, with the resultant shareholding rounded-up to the nearest 10 shares, where applicable. SingTel had reimbursed you a cash distribution of $2.74 for each cancelled share. The cash distributions were credited into your CPF Ordinary Account and a letter was also sent to inform you of the capital reduction in September 2004 and September 2006 respectively."

Where Singaporeans had bought Singtel shares with our CPF at $1.90 (http://books.google.com.sg/books?id=dFZ9hToPtKAC&pg=PA11&lpg=PA11&dq=singtel+1993+shares+$3.60+$1.90&sour we were only reimbursed with cash distributions of $2.36 in 2004 and $2.74 in 2006.

(Note: Was the initial public offering price of $3.61 for Singtel, arguably so overpriced that it took about 20 years for the price to to go above $3.61 (after accounting for the capital reduction in 2004 and 2006), after the initial surge in the price in 1993?)

Perhaps the issue cannot be more simply put when Linda Low explained (http://www.hkcer.hku.hk/Letters/v41/rllow.htm) that the CPF investment scheme "assist(ed) with the government privatization program, as, for example, in the case of Singapore Telecom, which was privatized in 1993. A huge sum withdrawn from the CPF was invested into Singapore Telecom."

Is something wrong here? Were the interest earned on our CPF returned to Singaporeans? Today, Singtel is one of the major investments of Temasek Holdings (http://www.temasek.com.sg/portfolio/portfolio_highlights/majorportfoliocompanies).

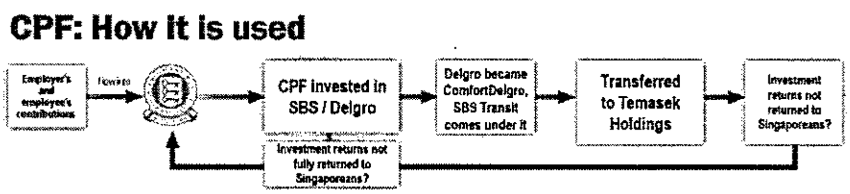


(https://theheartruths.files.wordpress.com/2014/07/cpf-used-to-invest-in-singtel_edited.jpg)

CPF is Invested in the Temasek Holdings, via SBS Transit

And this is not yet all! Low and Aw had also described how "On 26 April 1978, CPF members could start using their CPF savings for investment... (for) shares issued by Singapore Bus Service." Later on, "Singapore Bus Service shares were renamed DelGro shares following the change in name of the bus company to DelGro Corporation."

In 2003, Delgro Corporation and Comfort Group merged to become ComfortDelgro (http://www.sbstransit.com.sg/about/corpprofile.aspx), where SBS Transit became part of the group. At one time, "Temasek owns more than 50% of the shares in ... SBS Transit. (http://www.theonlinecitizen.com/2007/12/comfortdelgros-self-examination-exercise/)"



(https://theheartruths.files.wordpress.com/2014/07/cpf-used-to-invest-in-delgro_edited.jpg)

CPF is Invested in the Temasek Holdings, via Government-Linked Companies

But SBS Transit wasn't the only transport company to be acquired by the Temasek Holdings.

Leong Sze Hian wrote that (http://www.theonlinecitizen.com/2011/06/from-state-to-temasek/), "Changi Airport Group (Singapore) Pte Ltd (CAG) was formed on 16 June 2009 and the corporatisation of Changi Airport followed on 1 July 2009," where the airport was then "transferred to Temasek".

Leong Sze Hian also asked:

> In this connection, to what extent has the 1990's corporatisation and transfer of state entities like SingPower and PSA, and the biggest single-year jncrease in its portfolio value with the listing of SingTel in 1993, contributed to its phenomenal 17 per cent annualised returns from Temasek's inception?
>
> Who benefits from the transaction when a state entity is corporatised? If an entity is sold, what is the price? How do Singaporeans benefit?
>
> It may seem quite odd to debate and approve in Parliament the sale of a strategic state asset, like Chang Airport, when the price was still not known.

Today, SATS and Singapore Airlines are also one of the major investments of Temasek Holdings (http://www.temasek.com.sg/portfolio/portfolio_highlights/majorportfoliocompanies).

At the start of the article, we also found out that the CPF was invested in port infrastructure. Today, PSA and Neptune Orient Lines are also major investments of Temasek Holdings (http://www.temasek.com.sg/portfolio/portfolio_highlights/majorportfoliocompanies).

The CPF was also invested in the construction of factories. Today, Mapletree is also one of the major investments of Temasek Holdings (http://www.temasek.com.sg/portfolio/portfolio_highlights/majorportfoliocompanies).

Again, the question is, were Singaporeans reimbursed for the use of our CPF, and were the earnings on our CPF returned to Singaporeans?

Exposed: The Government Did Take Singaporeans' CPF To Invest In The Temasek Holdings

So, did Temasek Holdings invest our CPF, or only GIC? The issue is very clear now. What we have shown you is only a cross-section of how our CPF is actually invested in Temasek Holdings. But how many more? And most importantly, was our CPF monies returned back to Singaporeans? Or did we, in a sense, lose them to Temasek Holdings?

Today, Temasek Holdings earns 16% in SGD terms since inception (1974). How much of their earnings is attributed to the CPF which has not been returned to Singaporeans?

Are we facing another roundabout explanation from the government again as to how even though the CPF is indeed invested in the GIC, the government would want to claim otherwise, until forced without a choice to submit to admission once again?

We now know that the CPF is indeed invested in the GIC, via a complicated routed process by the government, via government bonds and reserves.

Doesn't it look quite similar to you that the CPF is also invested in Temasek Holdings, via a similarly complicated routed process, via the government-linked companies, and what the Deputy Prime Minister and Finance Minister had described as economic and social infrastructural investments?

CPF: How It is used

(https://theheartruths.files.wordpress.com/2014/07/cpf-used-to-invest-in-glcs_edited.jpg)

Since June, the government has finally admitted to many issues and questions. We finally know our CPF is invested in the GIC. But Temasek Holdings? – the government is still reluctant to explain the full workings and mechanics behind how our CPF is invested in Temasek Holdings. However, by doing our own investigations, we are able to know the information for ourselves. So, will the government admit to this as well? Or will they continue to not be transparent?

3rd Edition Of The #ReturnOurCPF Event: Why Singaporeans Cannot Retire Because Of The HDB

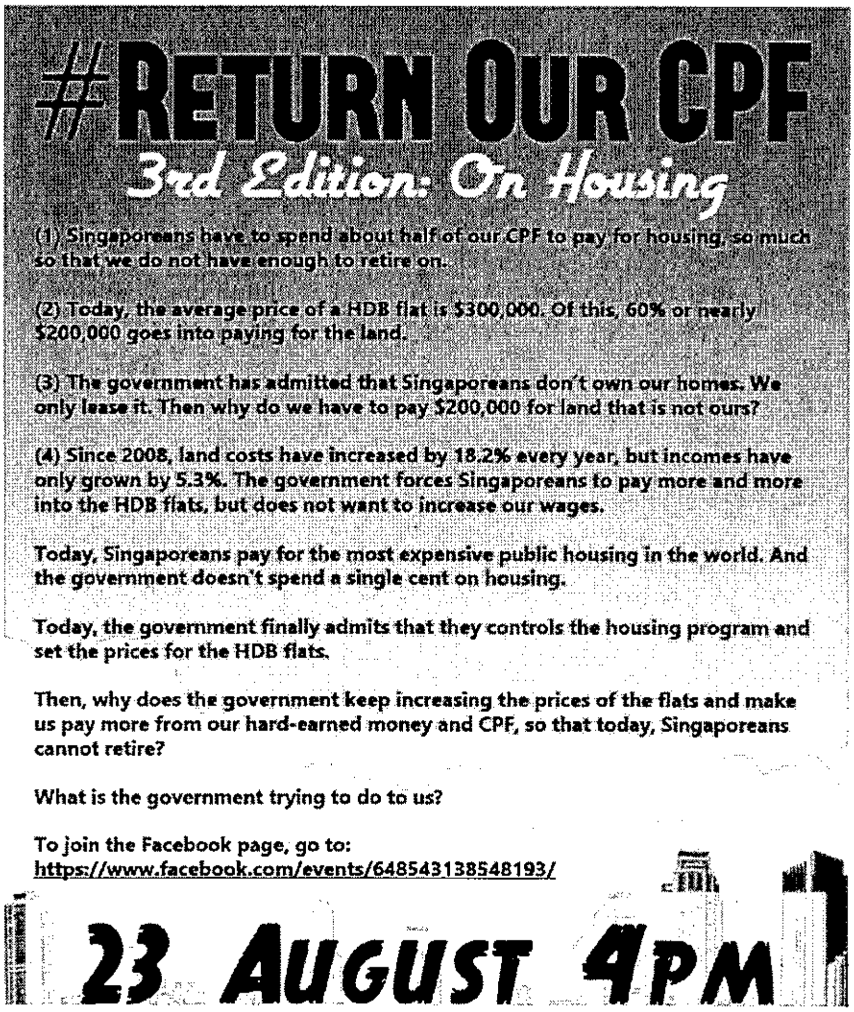
We cannot let up on our fight to demand to the government to be transparent and accountable to Singaporeans on what exactly they are doing with our CPF. The facts need to be known to Singaporeans. If today we cannot retire because we do not have enough in our CPF, we need to know the facts about what the government has been doing with it.

On 23 August, there will be the third edition of the #ReturnOurCPF event. In the first edition on June 7, the speakers revealed to you the facts that the government has finally admitted to how they are using our CPF to invest in the GIC. In the second edition on 12 July, we exposed further information about the estimated number of Singaporeans who were not able to meet the CPF Minimum Sum.

Join us at the third edition as we reveal even more glaring facts about how our CPF is being used by the HDB and for housing, and find out why Singaporeans are not able to retire adequately, because of the HDB.

You can join the Facebook event page here (https://www.facebook.com/events/648543138548193).

(Note: Also, Roy Ngerng's first court case hearing will be held on 18 September 2014, at 10.00am. It will be a full-day hearing.)



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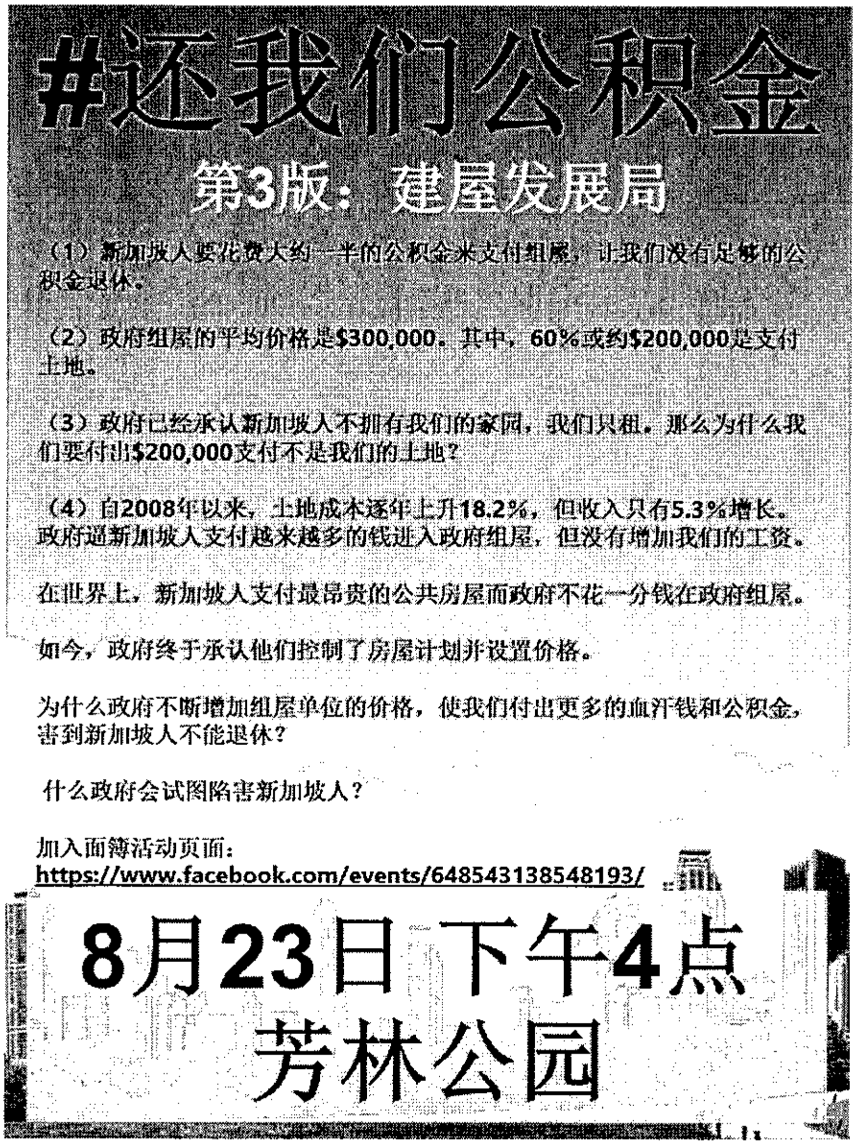

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THIS IS THE EXHIBIT MARKED *"RNYL-13"*

REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

GIC

REPORT ON THE MANAGEMENT OF THE GOVERNMENT'S PORTFOLIO FOR THE YEAR 2013/14

... taking calculated risks while investing for the long term

GOVERNANCE

The Ministry of Finance (MOF), representing the Government, sets the investment objective, risk parameters and investment horizon for the portfolio. It ensures that a competent board of directors is in place.

The GIC Board assumes responsibility for asset allocation policy and the overall performance of the portfolio. GIC's Management is responsible for formulating and executing investment strategies and for individual investments.
The Management also reports to MOF on the risk and performance of the portfolio.

GOVERNANCE

INTRODUCTION

GIC was incorporated in 1981 under the Singapore Companies Act and is wholly owned by the Government of Singapore. It was set up with the sole purpose of managing Singapore's foreign reserves. GIC invests well over US$100 billion internationally in a wide range of asset classes and instruments. As a rule, GIC invests outside Singapore.

SOURCE AND PURPOSE OF FUNDS

GIC is a fund manager for the Government, and does not own the assets that it manages.

The sources of the Government's assets, as stated by the MOF, include proceeds from issuance of Singapore Government Securities (SGS) and Special Singapore Government Securities (SSGS), Government surpluses and proceeds from the Government's land sales. However, GIC invests the assets that the Government places with it without regard to the sources of the Government's funds. The Government does not specify to GIC the sources of assets placed with it, whether they are encumbered or unencumbered, nor their proportions. The Government's mandate to GIC is to manage assets in a single pool, on an unencumbered basis, with the aim of achieving good long-term real returns. (An explanation of the Government's framework for managing its assets and liabilities is available on the MOF's website.)

GIC's investment approach, aimed at achieving good long-term real returns, is explained in the chapter on 'Managing the Portfolio'.

The GIC Portfolio returns are tapped by the Government for its annual Budget. Under Singapore's Constitution, the Government is allowed to spend up to 50% of the long-term expected real return on the net assets managed by GIC and those owned by the Monetary Authority of Singapore, in its annual Budget. The Government's reserves therefore provide a stream of returns that benefits present and future generations of Singaporeans.

THE PRESIDENT OF SINGAPORE

Since 1991, the Constitution of Singapore has provided for the President of Singapore to be elected directly by Singaporeans every six years and to exercise discretionary powers to protect the reserves not accumulated by a government during its current term of office. Singapore's President is independent of the Government and must not be a member of any political party. This system aims to prevent the government of the day from spending more than what it has earned during its term of office, or drawing on past reserves, without the approval of the President.

GIC is accountable in various key areas to the President of Singapore as a Fifth Schedule company. The Constitution empowers him to obtain information to enable him to safeguard the country's reserves. No one may be appointed to or removed from the GIC Board without his concurrence. This additional layer of control ensures that the company appoints only people of integrity who are competent and who can be trusted to safeguard these assets.

THE GOVERNMENT

An Investment Mandate from the Government to GIC sets out the terms of appointment, investment objectives, investment horizon, risk parameters and investment guidelines for managing the portfolio. In particular, this expectation on the amount of risk GIC can bear is characterised by the Reference Portfolio.

The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor influences the company's decisions on individual investments. It holds the GIC Board accountable for the overall portfolio performance.

GIC provides monthly and quarterly reports to the Accountant-General of Singapore. These reports list the financial transactions, as well as the holdings and bank account balances. The reports provide detailed performance and risk analytics as well as the distribution of the portfolio by asset class, country and currency. Once a year, the GIC Management formally meets the Minister for Finance and his officials to report on the risk and performance of the portfolio in the preceding financial year.

THE AUDITOR-GENERAL OF SINGAPORE

The Auditor-General, who is appointed by the President of Singapore, submits an annual report to the President and Parliament on his audit of the Government and other bodies managing public funds.

In addition to being audited by GIC's internal audit, the main companies in the GIC group and the Government's portfolio managed by GIC are independently audited by the Auditor-General of Singapore.

Other companies in the group and the investment holding companies are audited by public accounting firms.

THE GIC BOARD

The GIC Board is responsible for the GIC's Policy Portfolio which determines its long-term asset allocation strategy and for the overall performance of the portfolio. The Board's involvement in GIC's investment strategies pertains to decisions on the Policy Portfolio, rather than the active strategies managed by GIC Management.

The GIC's asset allocation operates within the risk constraints represented by the Reference Portfolio, as determined by the Government in its mandate to GIC. (See chapter on 'Managing the Portfolio'.)

BOARD COMMITTEES

The GIC Board is supported by the Investment Strategies Committee, Investment Board, Risk Committee, Audit Committee and the Human Resource and Organization Committee.

INVESTMENT STRATEGIES COMMITTEE

The investment strategies committee reviews and critically evaluates management's recommendations on asset allocation before these are put to GIC Board for decision. The management reports to this committee on the performance of the portfolio. The committee does not decide on specific deals.

INVESTMENT BOARD

The investment board assists the GIC Board in its oversight of GIC's investment processes and its implementation, with particular attention to large individual investments. It is not involved in the asset allocation decisions, which are the responsibility of the GIC Board.

RISK COMMITTEE

The risk committee advises the GIC Board on risk matters and provides broad supervision on the effectiveness of risk management policies and practices. It reviews GIC's risk profile as well as significant risk issues arising from operations and investments.

AUDIT COMMITTEE

The audit committee reviews and assesses the adequacy and effectiveness of the system of internal controls, including financial, operational and compliance controls, and risk management policies and procedures. It also supervises and evaluates the effectiveness of the internal audit function. The committee reviews the integrity of the financial reporting process and other related disclosures for GIC companies, significant ethics violations, impact of changes in the regulatory and legal environment, and issues of fraud and financial losses.

HUMAN RESOURCE AND ORGANIZATION COMMITTEE

The human resource and organization committee evaluates and approves GIC's compensation policies for the group and senior management, succession planning for key man appointments and oversees organizational development.

INTERNATIONAL ADVISORY BOARD

The international advisory board provides the GIC Board, board committees and management with global and regional perspectives on geopolitical, economic and market developments. It provides advice and perspectives on a range of investment-related matters, in particular, global investment trends, emerging asset classes and new growth opportunities.

BOARDS OF ASSET MANAGEMENT COMPANIES

All three asset management companies – GIC Asset Management, GIC Real Estate and GIC Special Investments – are wholly-owned subsidiaries responsible for investing the portfolio within the guidelines set out in the Investment Mandate to GIC. Their boards oversee investment strategies of the asset classes under management and review operations of the companies within group-wide policies.

GIC MANAGEMENT

The management formulates and executes investment strategies. Once the long-term asset allocation strategy (as set out in its Policy Portfolio) is decided by the GIC Board, the management seeks to add value through an overlay of active, skill-based strategies (i.e. Active Portfolio). The management structure is relatively flat, with clear reporting lines and accountability.

GROUP EXECUTIVE COMMITTEE

The group executive committee, the highest management body in GIC, brings together the group's functional and investment heads. It deliberates on management proposals for investment and risk issues before these are submitted to the relevant board committees and the GIC Board. This committee also reviews and approves major business, governance and policy issues of significance and criticality to GIC which apply to the entire group.

GROUP MANAGEMENT COMMITTEE

The group management committee oversees organizational management initiatives, business planning and personnel matters including succession planning, talent development, compensation and performance management processes. The committee is accountable to the group executive committee.

GROUP INVESTMENT COMMITTEE

The group investment committee is the senior management forum responsible for the performance and risk of the total GIC Portfolio. The committee reviews and discusses investment policy decisions, and proposes appropriate recommendations to the investment strategies committee and GIC Board. The committee is accountable to the group executive committee.

GROUP RISK COMMITTEE

The group risk committee is a platform that provides oversight for the risk management policies and practices for the GIC Group. The committee also acts as a forum for the chief risk officer to solicit views on the strategic risk management issues that would enable him to carry out his duties.

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REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

AUGUST **2014**

BEFORE ME,

COMMISSIONER FOR OATHS
Chiang Wee Sean
C2013/0035
1 Oct 2013 - 30 Sep 2014
SINGAPORE

A COMMISSIONER FOR OATHS

GIC

(http://www.gic.com.sg/)

Empowered and accountable

The government holds the GIC board accountable for portfolio performance, but does not interfere in the company's investment decisions. The board in turn, while taking overall responsibility for performance, leaves specific investment decisions to GIC management.

Our client, the Singapore government, gives GIC an investment mandate that stipulates the terms of appointment, investment objectives, risk parameters, investment horizon and guidelines for managing the Portfolio. The Auditor-General, who is appointed by the President of Singapore, submits an annual report to the President and Parliament on his audit of the government and other bodies managing public funds. The management also reports to the Ministry of Finance on the risk and performance of the portfolio.

For more information on corporate governance, please see the 'Report on the Management of the Government Portfolio (/index.php/about-gic/our-leadership?id=178&Itemid=218)'.

BOARD OF DIRECTORS

The GIC board assumes ultimate responsibility for asset allocation and performance for the total portfolio. Management executes investment strategies and regularly discusses overall portfolio performance with the GIC board.

Board Overview

BOARD COMMITTEES

The GIC board is supported by board committees to oversee critical areas including strategic asset allocation, investment process, risk, audit, and human resource and organizational development. We also bring in external advisors to serve on board committees, to benefit from their perspectives and ideas. These advisors, together with others, form the International Advisory Board which provides the GIC board, board committees and management with global and regional perspectives on geopolitical, economic and market developments.

Investment Strategies Committee

Investment Board

Risk Committee

Audit Committee

Human Resource & Organization Committee

INTERNATIONAL ADVISORY BOARD

The International Advisory Board provides the GIC Board, board committees and management with global and regional perspectives on geopolitical, economic and market developments. It offers advice on a range of investment-related matters, in particular, global investment trends, emerging asset classes and new growth opportunities.

IA Board Overview

BOARD OF ASSET MANAGEMENT COMPANIES

The Boards of GIC Asset Management, GIC Real Estate and GIC Special Investments oversee investment strategies of the asset classes under management and review operations of the companies within group-wide policies.

GAM Board

GIC RE Board

GIC SI Board

Overview (/index.php/about-gic/overview)
Our History (/index.php/about-gic/our-history)
Our Approach (/index.php/about-gic/our-approach)
Our Leadership (/index.php/about-gic/our-leadership)
Organizational Structure (/images/gic/Structure.pdf)
Corporate Governance (/index.php/about-gic/corporate-goverance)
Santiago Principles (/index.php/about-gic/santiago-principles)

GIC

See our latest GIC Report
2013/2014 →

(http://www.gic.com.sg/report/report-2013-2014/)

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Careers (/index.php/career/overview)
Shaping Singapore (/index.php/shaping-singapore)
FAQs (/index.php/faq)
Newsroom (/index.php/newsroom)
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(https:
trk=tya
1-9)

FAQs

CATEGORIES

SEARCH

1. What does GIC see as long-term risks?

2. What is GIC doing to mitigate risk?

3. What is the relationship between GIC and the government?

GIC is a private company wholly owned by the Government of Singapore. We do not own the assets we manage and are paid a fee as the fund manager looking after Singapore's foreign reserves assigned to our care.

The Government, which is represented by the Ministry of Finance in its dealings with GIC, neither directs nor interferes in the company's investment decisions. It holds the board accountable for the overall portfolio performance. Although we are government-owned and manage Singapore's reserves, our relationship with the government is that of a fund manager to a client. We operate, invest and measure our performance in the same way as any global fund management company.

For more information, please read the Ministry of Finance FAQs (http://www.ifaq.gov.sg/MOF/apps/fcd_faqmain.aspx).

4. Does GIC invest money from the Central Provident Fund (CPF)?

5. What is GIC's source of funds?

6. What is GIC's new investment framework?

7. What are the ways to tell if GIC is meeting its responsibility as the Government's fund manager?

8. How much of the portfolio is managed externally by other fund managers?

9. How does GIC decide what to invest in, and where?

10. Does GIC have specific allocations to asset classes and geographies?

11. Can GIC share more on the investments in UBS and Citi?

12. What are the returns of the GIC Portfolio?

13. Why doesn't GIC disclose its returns in Singapore dollars?

14. What is the performance of the various asset classes?

15. Why doesn't GIC provide one-year returns?

16. How is GIC positioning itself for the future?

17. How does GIC measure its performance?

18. Why are returns expressed in real terms?

19. Do the 5- and 10-year results impact the long-term sustainability of GIC?

20. Why does GIC not disclose the size of its assets under management?

21. Is the government involved in the investment decisions of GIC?

22. What sort of information does GIC make publicly available?

23. How are members of the board of directors appointed?

24. Who audits the financial statements of GIC?

25. What is the difference between GIC and the other two entities that invest Singapore's reserves?

26. Do Singaporeans benefit from GIC investments?

27. Attempts have been made online to estimate GIC's size, based on budget surpluses and the issuance of government securities. Are the calculations accurate?

28. What is GIC's staff strength?

29. Given its mandate, what sort of employees is GIC looking for?

30. Can non-Singaporeans work for GIC?

31. How should I apply and when?

32. For scholarships and the GIC Professionals Programme, what's the selection process like? How many rounds of interview are there?

33. Does GIC offer internships?

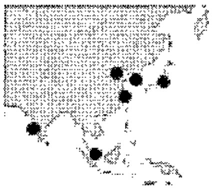
34. How many scholarships are awarded each year? How many positions are there for the GIC Professionals and Internship programmes? Is there a quota?

35. When can I expect to hear back regarding the status of my application?

GIC

See our latest GIC Report 2013/2014 →

(http://www.gic.com.sg/report/report-2013-2014/)



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REFERRED TO IN THE AFFIDAVIT OF

ROY NGERNG YI LING AFFIRMED ON THE 4th DAY OF

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GIC is a professional fund management organisation that manages Government assets. Its objective is to achieve good long-term returns to preserve and enhance the international purchasing power of the reserves.

GIC is a fairly conservative investor, with a globally diversified portfolio spread across various asset classes. Most of its investments are in the public markets, with a smaller component in alternative investments such as private equity and real estate.

Temasek Holdings

Temasek is an investment company managed on commercial principles to create and deliver sustainable long-term value for its stakeholders.

Temasek is an active, value-oriented equity investor that aims to maximise shareholder value over the long term.

Q3. What is the Government's role with regard to the investment decisions made by GIC, MAS and Temasek?

The **Government plays no role in decisions on individual investments that are made by GIC, MAS and Temasek.** At the GIC and MAS, whose boards include Ministers, these investment decisions are entirely the responsibility of their respective management teams. In the case of Temasek, where the Government has no representation on the Board, investment decisions are fully independent of any Government involvement or influence.

The Government's role is instead as follows:

• First, the Government establishes the **overall investment mandates and objectives** of GIC, MAS and Temasek.

• Second, the Government ensures that each of these entities has a **competent board** to oversee the management and seek to ensure that their respective mandates are met.

• **Third, the Government systematically reviews the** overall risks of its whole portfolio of assets **invested by the three entities.** This includes monitoring whether there is appropriate diversification in terms of asset classes, sectors and geographies. The Government also assesses the impact of various adverse global scenarios across medium to long-term timeframes on the whole portfolio, to ensure that the downside risks to the whole portfolio are not excessive.

• Fourth, based on the overall risk profile of the Government's portfolio, it decides **how government capital should be allocated** among the three entities. This takes into account the different investment orientations of MAS, GIC and Temasek, which place them at different parts of the spectrum of investment risk.

Q4. Who audits the financial statements of our investment entities?

MAS' financial statements are audited by the Auditor-General.

The main companies in the GIC group and the Government's portfolio managed by GIC are also audited by the Auditor-General.

To enable him/her to do his work without fear or favour, the Auditor-General is appointed by the President and his/her position is safeguarded under the Constitution and the Audit Act.

Temasek's consolidated financial statements are audited by leading international audit firms. In addition, Temasek's financial performance is scrutinised by bond rating agencies, which have given it a AAA credit rating.

Q5. Why does the Government not disclose the overall size of our reserves?

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(http://www.gic.com.sg/)

17. How does GIC measure its performance?

18. Why are returns expressed in real terms?

19. Do the 5- and 10-year results impact the long-term sustainability of GIC?

20. Why does GIC not disclose the size of its assets under management?

21. Is the government involved in the investment decisions of GIC?

22. What sort of information does GIC make publicly available?

23. How are members of the board of directors appointed?

GIC is a private limited company wholly owned by the government. The Ministry of Finance, representing the government, ensures that a competent board of directors is in place; GIC helps by suggesting qualified candidates.

As a 5th Schedule Company, as defined in the constitution of Singapore, the appointment, removal or renewal of GIC's board members requires the approval of the President of Singapore. Such approval will be preceded by advice from the Council of Presidential Advisers (CPA), following their scrutiny of any proposals, with final approval resting solely with the President.

24. Who audits the financial statements of GIC?

25. What is the difference between GIC and the other two entities that invest Singapore's reserves?

26. Do Singaporeans benefit from GIC investments?

27. Attempts have been made online to estimate GIC's size, based on budget surpluses and the issuance of government securities. Are the calculations accurate?

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33. Does GIC offer internships?

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FAQs

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SEARCH

1. What does GIC see as long-term risks?

2. What is GIC doing to mitigate risk?

3. What is the relationship between GIC and the government?

4. Does GIC invest money from the Central Provident Fund (CPF)?

5. What is GIC's source of funds?

We manage most of the government's financial assets, other than its deposits in Monetary Authority of Singapore (MAS) and stake in Temasek. GIC is a fund manager, not an owner of the assets. It receives funds from the government for long-term management, without regard to the sources, e.g. proceeds from securities issued, government surpluses.

You can find more about Singapore's reserve management framework on the Ministry of Finance FAQs (http://www.ifaq.gov.sg/MOF/apps/fcd_faqmain.aspx).

6. What is GIC's new investment framework?

7. What are the ways to tell if GIC is meeting its responsibility as the Government's fund manager?

8. How much of the portfolio is managed externally by other fund managers?

9. How does GIC decide what to invest in, and where?

10. Does GIC have specific allocations to asset classes and geographies?

11. Can GIC share more on the investments in UBS and Citi?

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A COMMISSIONER FOR OATHS

Our Nation's Reserves

Section III. Is our CPF money safe? Can the Government pay all its debt obligations?

Q19. How are CPF monies invested? What does the Government do with the monies?

CPF monies are invested by the CPF Board (CPFB) in Special Singapore Government Securities (SSGS[11]) that are issued and guaranteed by the Singapore Government. This arrangement assures that the CPF Board will be able to pay its members all their monies when due, and the interest that it commits to pay on CPF accounts.

This is a solid guarantee. The Singapore Government is one of the few remaining triple-A credit-rated governments in the world. .
The proceeds from SSGS issuance are invested by the Government via MAS and GIC, just as it invests the proceeds from the market-based Singapore Government Securities (SGS).

No CPF monies go towards government spending. Government borrowings, whether via SGS or SSGS, cannot be used to fund expenditures. Under the reserves protection framework enacted in 1990 in the Constitution and the Government Securities Act (enacted in 1992), the monies raised from government borrowings cannot be spent.

The proceeds from SSGS issuance are pooled with the rest of the Government's funds, such as proceeds from issuing Singapore Government Securities (SGS) in the markets, government surpluses, as well as the receipts from land sales which under our Constitutional rules are accounted for as Past Reserves. The comingled funds are first deposited with MAS as government deposits. MAS converts these funds into foreign assets through the foreign exchange market. A major portion of these assets are of a long-term nature, such as those that provide backing for long-term Government liabilities like SSGS as well as unencumbered assets such as government surpluses and land sales receipts. These assets are ultimately transferred to GIC to be managed over a long investment horizon.

The Government's assets are therefore mainly managed by GIC. GIC is a fund manager, not an owner of the assets. It merely receives funds from Government for long-term management, without regard to the sources of Government funds, e.g. SGS, SSGS, government surpluses. The Government's mandate to GIC is to manage the assets in a single pool, on an unencumbered basis, with the aim of achieving good long-term returns. The Government does not specify to GIC the sources of the assets that are placed with it. The Government also does not specify whether the assets are encumbered or unencumbered, nor state the proportions. (see Q21 for elaboration)

Prior to the formation of GIC, it was the MAS as central bank that managed these assets. The investment of the assets was in keeping with the traditional approach of central banks, with large allocations to liquid, low-risk instruments. After GIC was formed in 1981, the assets were progressively transferred from MAS to GIC for management. This was to enable the assets to be invested in higher risk instruments that could be expected to earn higher returns over the long term.
The SSGS proceeds have not been passed to Temasek for management. Temasek hence does not manage any CPF monies. Temasek manages its own assets, which have accrued mainly from proceeds from sale of its investments and reinvestments of dividends and other cash distributions it receives from its portfolio companies and other investments. Temasek also has its own borrowings and debt financing sources. The Government's relationship with Temasek is that of its sole equity shareholder.

The information above elaborates on that provided at Q2.

Q20. How are CPF interest rates determined?

CPF interest rates are pegged to risk-free market instruments of comparable duration. However, there is also a minimum interest rate on CPF savings that protects members when market interest rates fall to low levels, such as in recent years. Lower and middle-income members also benefit from extra interest paid on smaller CPF balances.

Currently, monies in members' OA earn a minimum interest rate of 3.5% on the first $20,000. Those with larger balances also enjoy this 3.5% per year on their first $20,000, and 2.5% per year for the rest of their OA savings. More than half of all CPF members earn 3.5% per year on all their Ordinary Account (OA) balances.

Monies in members' Special, Medisave and Retirement Accounts (SMRA) earn a minimum interest rate of 5% on at least the first $40,000[12]. Those with large balances also enjoy this 5% per year on at least their first $40,000, and 4% per year for the rest of their SMRA savings. Around 2/3 of members earn 5% per year interest on all of their SMRA savings.

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TEMASEK

FAQS

View all

Why was Temasek established?

Where did Temasek's original portfolio come from?

Is Temasek a statutory board or a government agency?

Is Temasek required to pay tax?

Does Temasek disclose its financial results? How can I find out more about Temasek?

As an exempt private company, Temasek is not required to disclose financial information.

However, since 2004, Temasek has published its annual Temasek Review, which provides a summary of its group financial results based on audited financial statements, as well as data on Temasek's portfolio, shareholder returns and its governance and investment frameworks.

The Temasek Review forms part of Temasek's annual disclosure exercise, which also include an online version of the Temasek Review, international media engagement, and advertising.

To reach out and engage the public, Temasek also recently launched its Twitter platform @Temasek.

Through these channels, Temasek provides updates on its performance, activities, and topics of interest. We hope to build communities with whom we engage more directly, as we share Temasek's story over time.

Temasek's annual report exceeds the standards of disclosure under the Santiago Principles, a set of best practices adopted by sovereign investors in collaboration with the IMF and various governments, including Australia, Canada, Norway and the USA.

Please refer to www.temasekreview.com.sg for the latest Temasek Review and to www.iwg-swf.org/pubs/gapplist.htm to read more about the Santiago Principles.

Is Temasek credit rated?

Who is Temasek's shareholder?

Does Temasek manage Central Provident Fund (CPF) savings or Singapore's foreign reserves?

Are Temasek and the Government of Singapore Investment Corp (GIC) the same organisation?

Is the President involved in Temasek's business decisions?

How is the President involved in the protection of Temasek's past reserves?

Is an investment loss considered a draw on past reserves?

Is a fall in the share price of Temasek's investments considered a draw on past reserves?

How is the President involved with the Board of Temasek?

What are the companies in Temasek's portfolio? How many are listed and what is the market capitalisation of these companies?