Publication: The Nation
Date: 7 July 2012
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Temasek Holdings, Singapore's state-owned investment company, said it spent the most on new holdings in four years as it added more energy and resources producers to its portfolio.

The company said it made 22 billion Singapore dollars (Bt510 billion) of investments in the year to March 31, boosting assets to a record S$198 billion.

It invested S$2 billion in FTS International, a US shale energy production service provider which it has a 40-per-cent stake in, and S$1.3 billion in The Mosaic, a US fertiliser producer.

The deals helped Temasek weather Europe's debt crisis and a lacklustre US economic recovery that roiled markets.

Total shareholder return, which includes changes in asset values and dividends, gained 1.5 per cent in a year when market volatility reached the highest level since the 2008-2009 crisis, while the MSCI World Index lost 1.7 per cent.

"My sense is that Temasek's modus operandi in difficult years is actually to be even more aggressive in terms of its acquisitions," said Eugene Tan, an assistant law professor at Singapore Management University and a nominated member of Parliament who's not affiliated with a political party.

"They have the bandwidth to go into many investments, which many others may be somewhat hesitant. It reflects their confidence of what they feel will work out for them in the medium to long term."

The company said on Thursday that profit declined 16 per cent as contributions from units fell amid the global slowdown.

Net income dropped to S$10.7 billion from S$12.7 billion a year earlier, it said in its annual report. Total shareholder return narrowed from 4.6 per cent in the previous year.

"We see contagion risks from Europe as potentially significant," Chia Song Hwee, Temasek's head of strategy and credit portfolio, and co-head of portfolio management, China and Singapore, said.

"While the environment is going to be very challenging, our financial flexibility and long-term investment stance will allow us to capture and address opportunities."

New investments increased 69 per cent from S$13 billion in the previous year, boosting holdings in North America and Europe to 11 per cent of Temasek's portfolio from 8 per cent last year, and doubling the energy holdings to 6 per cent of its assets.

"We believe that energy and resources will continue to be a growth segment, and has got great long-term potential," said Chia. "We continue to look at opportunities, the values, in this space and invest in them accordingly."

Divestments totalled S$15 billion, the most in three years, including shares of Avago Technologies, PT Chandra Asri Petrochemical, Hutchison Port Holdings Trust, ICICI Bank

and Kaisa Group Holdings, it said. In the previous year, the company sold S$9 billion of its holdings, it said.
Temasek's total shareholder return averaged 17 per cent since its inception in 1974. The company had a negative shareholder return of 30 per cent in the year ended March 2009 after losses tied to the sale of its stake in Bank of America and Barclays.

\ It then posted a 42-per-cent increase the following year. The average return was 15 per cent over a three- year period, and 10 per cent over 10 years, it said.

"Given the market conditions in the last fiscal year were very choppy, the fact that they increased their assets by a few billion is decent," said Vasu Menon, vice president for wealth management at Oversea-Chinese Banking in Singapore.

Assets in Singapore slid to 30 per cent from 32 per cent of holdings. The benchmark Straits Times Index declined 3.1 per cent in the year ended March. The firm is the biggest shareholder in half of the 10 biggest companies by market value in the city- state, including DBS Group Holdings and Singapore Telecommunications.

The phone operator, Southeast Asia's biggest, was the only one among the five that gained in the past fiscal year.

Holdings in Asia excluding Singapore fell to 42 per cent of its portfolio from 45 per cent a year earlier, the company said in the report. Investments in Australia and New Zealand made up 14 per cent of Temasek's assets from 12 per cent a year earlier.

Banks remained the biggest part of the company's holdings even as they made up a smaller portion of the portfolio. Financial services accounted for 31 per cent of holdings, down from 36 per cent a year ago, it said. Transport and industrial companies were 21 per cent of assets, and those in technology and telecommunications made up 24 per cent.

Temasek's returns compare with the mixed performance among the world's biggest companies with investments in various industries. Shares of General Electric gained 0.1 per cent in the year ended March, while Warren Buffett's Berkshire Hathaway fell 2.7 per cent.
In Asia, Hong Kong billionaire Li Ka- shing's Hutchison Whampoa, with investments in ports to real estate, slumped 16 per cent.
The state investor has faced changes at the top since the middle of 2009, when it parted ways with former BHP Billiton head Charles "Chip" Goodyear, who was going to replace Ho Ching as chief executive officer, over differences in strategy.

Simon Israel, a former Temasek executive director and president, retired from his executive and board roles in July 2011, while former president Hsieh Fu Hua stepped down in October.

The company named Lee Theng Kiat, head of its Singapore Technologies Telemedia unit, as president and general counsel on April 1. Boon Sim, former global head of mergers and acquisitions at Credit Suisse Group, joined as president for North America on June 1. In January, it hired John Cryan, the former chief financial officer of UBS, as president for Europe. Gregory Curl, once a candidate for CEO of Bank of America, is its fourth president.
Temasek is ranked ninth among sovereign investors by the SWF Institute, trailing behind funds including those in the United Arab Emirates, Norway and China.

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