

By ALVIN FOO

TEMASEK Holdings rode the rally in Asian and global share markets last year to lift the value of its portfolio to a record-breaking \$215 billion.

The turnaround allowed the Singapore investment firm to lift its portfolio value by 8.6 per cent in the 12 months to March 31.

It also notched up one-year shareholder returns of 8.86 per cent, well up on the paltry 1.5 per cent eked out a year earlier. Its investment returns support its dividends which go to its shareholder, the Finance Ministry.

There was a note of caution amid the bumper numbers yesterday, with chairman S. Dhanabalan noting: "Last year marked a turning point in the global economy. The severe disruptive risks from the global financial crisis subsided, but structural risks have not been completely

Temasek's portfolio hits record \$215b

resolved."

The portfolio's 8.86 per cent returns were beaten by MSCI Singapore, which tracks the local stock market and rose 12 per cent over the 12 months, while the MSCI World index gained 11 per cent. However, the one-year return for just its listed investments came to 13 per cent.

While Temasek benefited from the robust stock markets, the reverse also happens when markets sag, as chief executive Ho

Value up by 8.6% as firm soars on the back of global stock market rally

Ching noted: "We are almost entirely invested in equities. This means a lot more year-to-year volatility, as we have seen over the last 10 years."

But Temasek is prepared to weather the volatility. Ms Ho added: "A portfolio of mostly equities also means we expect higher returns over the long term."

CIMB regional economist Song Seng Wun said Temasek's performance was "within expectations, given the fairly strong performance of global and regional stock markets especially in the second half of last year".

Professor Melvyn Teo, director of the BNP Paribas Hedge

Fund Centre at the Singapore Management University, said: "It's a good result, but the worry is going forward. The investment boom in China may be ending as credit is tightening there."

Asian stock markets have fallen in recent months due to concerns over monetary tightening and rising interest rates.

Temasek's investments remain focused on Asia with 71 per cent of its portfolio invested in the region as at March 31, with Singapore accounting for 30 per cent. Developed markets such as Europe and the US comprise 25 per cent of the portfolio and emerging markets, 4 per cent.

Temasek is looking further afield for opportunities in developed markets and plans to open offices in London and New York. It invested \$20 billion and divested \$13 billion during the year.

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