

Ins & Outs at Temasek

A quick visual guide to Temasek's sources of funds and how they may benefit you, businesses or the community at large.

Divestments

We buy, sell or hold shares and assets. We divested S\$85 billion over the last five years, or an average of about S\$17 billion a year.



Dividends from Portfolio

We receive dividends from our portfolio companies. Our annual dividends averaged S\$8 billion in the last five years.



Distribution from Funds

A small part of our portfolio is invested in funds. Their returns are distributed to us in the form of cash.



Temasek's sources of funds come mainly from our business as an investor and shareholder.

We do not manage:

- Singapore CPF savings
- Singapore Government reserves
- Singapore foreign reserves



Temasek Bonds

Bonds are essentially a way to borrow directly from bond investors for a specified period of time at a specified interest rate. Investors may buy and sell their bonds in the market. As at 31 March 2016, we had 14 Temasek Bonds outstanding under our US\$1.5 billion Guaranteed Global Medium Term Note (MTN) Programme. They totalled S\$11.6 billion with weighted average maturity of over 13 years.



Temasek Euro-commercial Paper (ECP)

ECP is a way to borrow short term money in any currency, with a fixed maturity typically not more than a year. As at 31 March 2016, we had ECP outstanding of S\$1.3 billion with a weighted average maturity of over one month.



New Capital from Shareholder

From time to time, our shareholder, the Minister for Finance¹, may inject fresh capital into Temasek as part of the Singapore Government's own overall asset allocation of its total reserves. For example, Temasek's stakes in our joint ventures with Malaysia's Khazanah Nasional Berhad were funded by a capital injection from the Singapore Government.



Bank Borrowings

We may also borrow from banks from time to time, especially for short term funding or bridging needs.



Investments and Associated Costs²

We invest in companies with outstanding management, good employees and sound governance, along with competitive products and services. By investing in such companies, Temasek supports them to grow and sometimes expand into new markets, develop new products, provide services that help make lives better or fulfil the needs of customers.

Dividends to Shareholder

We pay dividends to our shareholder as part of our financial discipline. Up till last year, 50% of these dividends, also known as NII³, could be used by the Singapore Government for spending, including long term commitments like the Pioneer Generation Package of 2014.

NII/NIR Contributions to Singapore Government Budget

From 2009 to 2015, apart from Temasek's NII Contributions, other Singapore entities such as GIC also contributed to the budget through the NIR⁴ spending rule based on their expected long term real returns.

Together, such NII/NIR Contributions totalled about S\$7 billion to over S\$9 billion each year from 2009 to 2015. They supplemented other sources of operating revenue (e.g. taxes and other charges) and enabled the Government to prepare for long term needs, including enhanced support for the silver generation.

From 2016 onwards, Temasek has been included in the NIR framework. This has increased the spending capacity of the Government, with NII/NIR Contributions projected to be the largest component of Government revenue at about 18% for the 2016 Government Budget.

Temasek will continue to pay dividends as part of our financial discipline, based on our dividend policy. The NIR framework does not require Temasek to pay more dividends, or sell any assets.



Taxes

Temasek pays taxes⁵ on the profits it earns in the various countries. Such taxes contribute to the revenues of governments around the world. Taxes paid to the Singapore Government help to fund spending for public services ranging from defence and education, to healthcare and social services in Singapore.



Supporting Communities

Whenever Temasek achieves a return above its risk-adjusted target, we set aside a portion of the excess returns to share with the community.

These are gifted into endowments, each with specific mandates for research and social initiatives, and for community and capacity building programmes, mostly in Singapore and across Asia.

To date, our various non-profit initiatives have touched the lives of over 300,000 people, in Singapore and Asia.



Staff-initiated Programmes

Our staff-driven volunteer *T-Touch* initiative empowers our staff to make a difference in the community in their own way.

They volunteer ideas, time and money regularly to support their chosen charities, benefiting the elderly, children with special needs, the disadvantaged and the needy.

Our staff also choose causes which they personally support and pursue, including supporting the integration of the blind and raising funds for the less fortunate through running.

¹ Under the Singapore Minister for Finance (Incorporation) Act (Chapter 183), the Minister for Finance is a body corporate.

² Other associated costs include operating and financing expenses; transaction costs such as due diligence, legal, audit, advisory and other fees; fund management fees for funds; and other business costs.

³ NII is Net Investment Income comprising actual dividends and interest income.

⁴ NIR is Net Investment Returns based on expected long term real rates of returns from investments.

⁵ Temasek pays taxes, unlike other sovereign owned companies which may claim sovereign exemption from taxes.