



ThinkSpace

# Invested in the Long Term

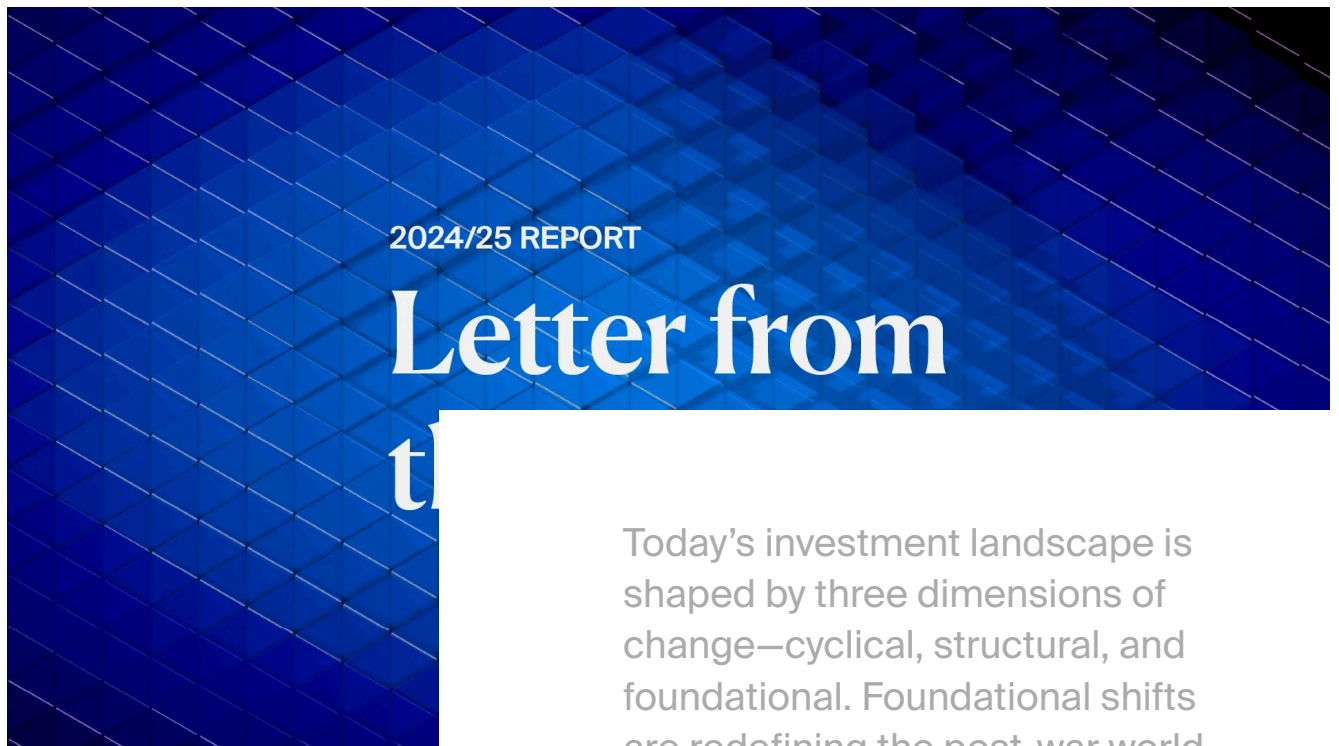
By Lim Chow Kiat, CEO, GIC

[Macro Outlook](#)

[Sustainability](#)

[Technology](#)

25 Jul, 2025 · 4 Mins Read



Today's investment landscape is shaped by three dimensions of change—cyclical, structural, and foundational. Foundational shifts are redefining the post-war world order, challenging long-held assumptions and requiring a fundamental rethinking of investment management.

Share to



In response to this challenging environment, GIC remains focused on long-term value, price discipline, and diversification across multiple dimensions to build a resilient and flexible portfolio.

Granularity enables GIC to identify opportunities within broader themes like AI and climate, allowing for targeted investments in areas such as AI adoption or climate adaptation. Agility is essential for capitalising on market dislocations and emerging trends early.

GIC is also accelerating the development of AI capabilities to enhance its investment processes, including a virtual investment committee member prototype.

*This article is republished from the chapter “Letter from the CEO” in the GIC Report FY2024/25. You may read the full report [here](#).*

Dear Stakeholders,

The forces shaping today's investment environment go beyond any market cycle or structural trend. They strike at the foundations of the global order. They are rewriting the rules of global investing.

In 2025, as Singapore marks 60 years of independence, we are reminded of GIC's founding mandate: to invest the reserves entrusted to us for the benefit of current and future generations of Singaporeans. Today, that responsibility is more vital than ever.

A recurring theme in my past letters has been the unprecedented uncertainty and far-reaching changes confronting investors. Last year, I shared a framework of three dimensions of change—cyclical, structural, and foundational—to help navigate this landscape. Today, these forces have only intensified and are much harder to prepare for.

Our response relies on two pillars: **top-down portfolio construction and bottom-up asset selection**. We diversify with intent, deploy with granularity, act with agility, and invest in partnerships, always taking the long view, protecting against permanent impairment, and preparing rather than predicting.

## Investment Performance

For the 20-year period from 1 April 2005 to 31 March 2025, the annualised US\$ nominal return of our portfolio was 5.7%. Adjusting for global inflation, the annualised 20-year real return was 3.8%. Our long-term returns remained stable, though in recent years a confluence of factors have affected this performance, which we detail in the Investment Report.

## A World in Flux

**Cyclical shifts** in growth, inflation, and interest rates continue to influence markets. However, these cycles now produce a wider cone of outcomes and interact with deeper, longer-term forces playing out over years rather than quarters.

We group these forces into two categories: structural and foundational. Both unfold over the long term but differ in their systemic impact. Structural shifts evolve within the existing system; they can often be analysed and prepared for. Foundational shifts, by contrast, fundamentally transform the system itself, challenging long-held assumptions and requiring a basic rethinking of portfolio construction and investment management.

**Structural shifts**, include rising public debt, demographic changes, growing global imbalances between savings and spending, and widening gaps in technology adoption. These are already altering capital flows across borders, weighing on productivity in some regions, and influencing long-term returns.

**Foundational shifts** go even deeper, redefining the post-

war world order once based on free trade, capital mobility, and institutional trust. Long-standing assumptions about safe havens, liquidity, and asset correlation are being challenged. Politics and geopolitics now influence economies and financial markets directly and immediately.

In an increasingly more volatile and ***fragmented trade system***, policy decisions can quickly reverse advantages, reminding us that today's winners may not remain so tomorrow. Similar ***fragmentation*** is unfolding in ***capital markets***. Financial systems are dividing along geopolitical fault lines, complicating cross-border investing.

Finally, artificial intelligence (AI) and the climate transition are also unfolding in ways that signal not only long-term transformation but foundational change, reshaping how economies function, how capital is deployed, and how future value will be created.

## Investment Approach

Faced with these profound changes, it is tempting to chase the short-term hype or retreat in the face of the unknown. At GLC, we do neither. We focus on **long-term value**, with an emphasis on **avoiding permanent loss**. We apply 'inversion'—studying the typical causes of permanent impairment in order to steer clear of them. Historically, such losses have stemmed from poor fundamentals, disposals due to an inability to service debts, exogenous shocks, or even fraud. Our investment process is designed to guard against such pitfalls.

Less obvious but equally damaging is overpaying. Situations like the Nikkei bubble in the late 1980s, the Nasdaq collapse

in the early 2000s, and the periodic bursting of meme stock bubbles all illustrate the dangers of valuation overshoot. Long horizons offer little help in such situations. Even if asset prices eventually recover, the time lost will have been too great. This is why we remain disciplined on price.

From the top down, we focus on harvesting long-term risk premia in a diversified manner—building a resilient and flexible portfolio that can withstand market stresses, adapt across cycles and long-term shifts, and compound value over time. While concentrated markets can make **diversification** feel costly in the short term, it remains essential to long-term portfolio resilience. GIC diversifies across asset classes, geographies, sectors, and time. For example, in private markets, we spread investments across multiple years—known as time or vintage year diversification—to avoid overexposure to any single time period.

Amid unprecedented shifts, diversification alone is no longer enough; we also need granularity and agility. **Granularity** allows us to be precise. Within broad themes like AI or climate, opportunities vary widely across value chains. We need to break these down into investible segments. For instance, in AI, we distinguish between enablers like chipmakers or data centre providers, monetisers like cloud platforms and software companies, and adopters integrating AI into their operations. This enables our investments to be more targeted.

Similarly, in climate, we recognise long-term opportunities in electrification, energy efficiency, and climate adaptation. However, investments vary in risk profile, policy support, and relevance across markets. In the global energy landscape, exponential demand growth and persistent supply

disruptions have renewed focus on energy security and

affordability. This has resulted in more fragmented investment trends, with each country charting its own path to secure, cost-competitive energy sources. This requires, again, a targeted approach.

**Agility**, meanwhile, requires us to act decisively as these trends evolve. In volatile markets, dislocations arise when market participants are forced to buy or sell, creating mispriced assets. By preserving liquidity and flexibility, we can respond when others can't—whether in private credit during bank lending crunches, or secondaries where liquidity-seeking investors sell at discounts. Additionally, we see agility as the ability to spot underappreciated themes early. Climate adaptation, a vital but historically overlooked part of the climate response, is gaining urgency as physical risks rise. It is becoming both an inevitable need and a complementary investment theme alongside decarbonisation. GIC research <sup>1</sup> estimates that the investment value for a select set of adaptation solutions will grow from US\$2 trillion today to US\$9 trillion by 2050, with US\$3 trillion attributed to incremental growth driven by global warming. This opens up opportunities across both established solutions, such as weather-resilient building materials, and emerging technologies, such as weather intelligence.

## Partnerships

GIC thrives on **partnerships**. We believe that navigating uncertainty requires deep, robust collaboration. While many view investing as a zero-sum game, we prioritise value co-creation, embracing a mindset that is fair, friendly, and firm with all our partners. This is why we invest in relationships just as we do in assets: for the long term. Our global presence across more than 40 markets reinforces this commitment, providing on-the-ground insights and the continuity needed to build trusted, lasting partnerships.

## AI Capabilities

Our organisational strength underpins our investment capabilities. One area demanding concerted effort and commitment across all levels of the organisation is technology integration. Like many, GIC is actively building its AI capabilities. This includes in internal audit, where we leverage AI to detect anomalies in both structured and unstructured data, automating the analysis of large and diverse data sets to identify risk trends and focus areas.

We are also integrating AI more deeply into our investment process. Drawing from over 40 years of investment data, we are developing prototypes like a virtual investment committee member, which taps into GIC's institutional knowledge to generate probing questions, challenge assumptions, and surface contrarian insights in real time.

## People



GIC's resilience is rooted in the contributions of leaders past and present. I extend my heartfelt gratitude to Dr Jeffrey Jaensubhakij for over 27 years of dedicated service, including almost a decade as our Group Chief Investment Officer (Group CIO). Under his stewardship, GIC navigated complex markets and embraced innovation that strengthened our portfolio. We welcome Mr Bryan Yeo as our new Group CIO. With over two decades at GIC, Bryan brings extensive experience in public equities and fixed income, and will continue leading our cross-asset Integrated Strategies Group. We look forward to benefitting from his fresh perspective and deep expertise.

I also would like to express my deep appreciation to our former senior managing directors, Mr Lim Kee Chong and Mr Tay Lim Hock, who for 38 and 30 years respectively, contributed to GIC in various senior roles and as mentors to younger leaders. Their legacies are deeply valued.

Finally, I would like to acknowledge Mr Ang Eng Seng for his long and distinguished service, including eight years as our CIO for Infrastructure. He is succeeded by Mr Boon Chin Hau, who I am confident will take our infrastructure portfolio to new heights.

## **Looking Ahead**

2025 may be a turning point in markets – and in history. “There are decades where nothing happens, and weeks where decades happen.” We are living in one of those moments.

As the investment world grows more complex, our responsibility to steward Singapore’s reserves– with integrity and foresight–remains our guiding purpose.

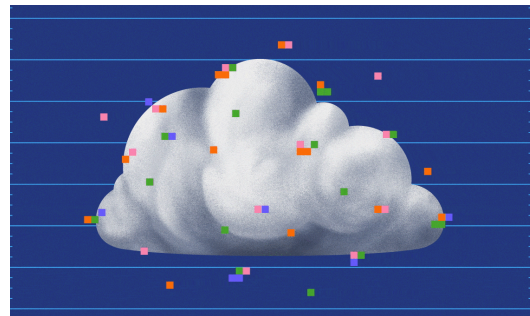
## More from ThinkSpace



Macro Outlook

### Kevin Warsh on Inflation, Central Banks, and the Resilience of the US Economy

Kevin Warsh, former member of the US Federal Reserve Board of Governors, reflects on the evolving role of central banks amid economic uncertainties, the long-term drivers of inflation, and the US dollar’s future as the global reserve currency.



Sustainability

### Sizing the Inevitable Investment

#### Opportunity: Climate Adaptation

This GIC research assesses the climate adaptation opportunity by sizing the total addressable market for select solutions, quantifying their investment value, and highlighting potential areas for investment across both established and emerging solutions.



Sustain

### Form E

#### Iron

Form E  
discus  
batteri  
firms l  
capital  
career  
proble

07 Apr, :