State Capital: CPF, Temasek and GIC

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Few financial centres are shaped as strongly by the savings of their own state as Singapore. Every working citizen and permanent resident pays a share of wages into the Central Provident Fund. The government converts those savings and its own budget surpluses into long-term foreign assets, which GIC manages, while Temasek Holdings holds and manages a portfolio of companies that grew out of the state enterprises of the 1960s. The Monetary Authority of Singapore keeps the official foreign reserves that support the currency. The figures that these institutions publish already add up to more than a trillion Singapore dollars.[1] Their real total is a matter of public interest, since the government has chosen not to disclose it.

This chapter examines how this state capital was accumulated and how it is managed. It begins with the Central Provident Fund, the compulsory savings scheme that turned wages into national savings. It then follows the two investment companies, Temasek Holdings and GIC, before turning to the constitutional framework that governs the use of the reserves. A further section considers transparency and the Santiago Principles for sovereign wealth funds. The last sections ask how state capital has served as an anchor of the financial centre and what follows for practitioners who deal with it.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The Geneva volume describes a financial centre built largely on private wealth, much of it foreign, managed by private banks and independent asset managers. It notes that Geneva's larger houses have diversified into institutional mandates for pension funds, sovereign wealth funds and insurers.[2] Singapore is the mirror image. Its state owns two of the world's best-known sovereign investors, whose domestic capital has shaped the asset management industry from its early years. The comparison at the end of this chapter returns to that difference.

Essentials

The Central Provident Fund began operating on 1 July 1955 as a compulsory savings scheme and became, after 1968, the main instrument for financing home ownership and later health care and retirement. CPF savings are invested in non-tradable Special Singapore Government Securities, which pay members guaranteed floor rates of 2.5 and 4 per cent. Temasek Holdings was incorporated in 1974 with a portfolio of S$354 million and reported a net portfolio value of S$518 billion at 31 March 2026. GIC, established in 1981, manages most of the government's financial assets as a fund manager and reported a 20-year annualised real return of 3.4 per cent to March 2026. Since 1991 the elected President has held a constitutional "second key" over past reserves, while the Net Investment Returns framework allows the government to spend up to half of the expected long-term real returns on the reserves.

Notes

1. Sum of figures cited in this chapter: Temasek's net portfolio value of S$518 billion at 31 March 2026 (*TechNode Global*, 8 July 2026) and MAS official reserve assets of US$433.4 billion in September 2026 (MAS, "International Reserves and Foreign Currency Liquidity"), without CPF balances of $689 billion, part of which is reflected in the assets managed by GIC. ↩
2. Ressos, *Genève, place financière internationale*, partie E, chap. II: institutional asset management for "caisses de pension, fonds souverains, assureurs, fondations" as a diversification of the larger Geneva houses. ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com