

# TEMASEK

**Questions & Answers:**  
**T2026-S\$ Temasek Bond Public Offer**  
**Investor Engagement Webinar**  
20 November 2021, 10.30am

The following is a transcript of questions and answers from the Investor Engagement Webinar for the Public Offer of the T2026-S\$ Temasek Bond. It has been edited for readability. Questions are grouped by subject and may not be listed in the order they were answered.

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## Questions on Issuance Rationale

**QUESTION:** What will the bond proceeds be used for?

**PNG CHIN YEE:** We will be using the proceeds for our ordinary course of business which will include, as I've mentioned before, investment opportunities that we see on the horizon.

**QUESTION:** Why is Temasek issuing retail bonds now, following the issuance of two other bonds this year? Is Temasek in need of money?

**PNG CHIN YEE:** At the moment, we're not short of liquidity, but we do see opportunities for us to deploy capital and hence we've been active in the bond market this year. We also wanted to give the public in Singapore an opportunity to invest in the bond. We had a very good response in 2018 when we did our last retail bond issuance, so we wanted to offer the public a new, different investment alternative. And of course, you have to think about whether or not this fits in your portfolio, whether this is an instrument that meets your needs.

**QUESTION:** Why is Temasek issuing retail bonds now when interest rates are likely to rise, causing bond prices to fall?

**KAREN TOH:** The simple answer to that is we wanted to provide retail investors with the opportunity to invest in the Temasek Bond. As Chin Yee mentioned, please take the time to read the offer documents, consult your investment and financial adviser before making any decision to invest in this bond.

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## Questions on Market Environment

**QUESTION:** Do you think interest rates are going up?

**KAREN TOH:** I'm afraid that we're not going to be very helpful with this question. And the reason for that is, as mentioned by Hui Min earlier, we are not allowed to discuss anything that might be misconstrued as financial advice. What I would say, however, is that interest rate risk is certainly one of the risks that you should be considering before making a decision to invest in any bond, including this bond. So, what we would urge you to do is to please familiarise yourselves with the various risks that are disclosed in the offer documents. Should you still have any remaining questions, please do raise them with your financial adviser.

**PNG CHIN YEE:** And I would add similar comments on the inflation risk. So, I think you do need to make an assessment of the risk of inflation which would have an impact on the mark-to-market value of the bond.

**QUESTION:** Given that the bond price will drop if interest rates rise, is this bond more suitable for retail investors who can hold until maturity?

**KAREN TOH:** As we mentioned in both the video and my presentation earlier, in the circumstance where interest rates do rise, the bond price may well fall. I'm not going to comment on the suitability of whether it is more appropriate for retail investors versus institutional or accredited investors, but what I will say is that bond price fluctuations will not impact you if you hold the bond to maturity. And that is because, as explained earlier, the changes in interest rates do not impact the coupon rate, which you will receive along with the final repayment of principal.

**PNG CHIN YEE:** Just to add to Karen's response, for both of these questions around interest rate et cetera, we're not allowed to give anyone advice on whether or not this fits within your portfolio and is suitable for you. So, if you do need advice on those matters, do please consult your financial adviser.

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## Questions on Bond Investment Risks

**QUESTION:** Is this bond guaranteed by the Singapore Government?

**KAREN TOH:** The Singapore Government does not guarantee this bond. They own Temasek but they do not provide any guarantee for the cash flows under this bond.

**QUESTION:** Inflation is expected to rise. Does this make the bond riskier?

**KAREN TOH:** I think we briefly touched on this earlier when talking about interest rate risk as well. Basically, as Chin Yee mentioned, inflation is also one of the risks that you should be considering before taking any investment decision in this bond or otherwise. We have a more comprehensive listing of the risks that are involved in the offer documents. These include inflation risks and interest rate risks which we've talked about, along with market and business risks — both generally and more specific to the organisation — and default risks and liquidity risks which should also be taken into account.

**QUESTION:** If Temasek loses money, will the bond be affected? What about the coupon?

**PNG CHIN YEE:** Clearly, the long term performance of Temasek will impact our credit standing and our credit position, but the short term volatility, which we would expect to see in a portfolio such as ours, is unlikely to have a significant impact on our credit standing. So, you would need to look at the long term performance as you gauge the attractiveness of the bond. The coupon itself is fixed and that will not be based on the annual performance of Temasek.

**QUESTION:** Are you anticipating a change in Temasek's business risk that may impact credit ratings for new bonds?

**PNG CHIN YEE:** I just want to say that we are not able to make any forward looking statements about Temasek because that is not allowed. So, I would say that all investments carry risks and, obviously, our credit position can change over time. But based on where we stand today, we have a very strong credit rating. We've been given triple A ratings by both Moody's as well as S&P. We've got a balance sheet with a very low gearing. Karen mentioned earlier that you can look at our portfolio value or look at our liquid assets — our amount of debt is actually quite low in comparison to both of those benchmarks. And we also have got quite strong interest serving capabilities. So, I think that as you think about the attractiveness of this bond, you should keep in mind these credit ratios that we've highlighted and make an assessment on the attractiveness of the bond on that basis.

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## Questions on Product Details

**QUESTION:** How was the coupon rate derived?

**KAREN TOH:** The coupon rate on the bond is 1.8% per annum. This was the rate that the market told us was an appropriate rate, taking into account the credit quality of the bond and also the current market environment, including relatively low interest rates. We've talked about interest rate risk as part of this Q&A session so far. What I would urge you to do is to familiarise yourselves with this, develop your view on interest rates and consult a financial adviser if you have any remaining questions.

**QUESTION:** What is the process to decide the coupon rate?

**KAREN TOH:** Basically, the aim of the process that we went through was to come up with a fair market rate. To do this, we followed the normal market practice or accepted market convention — we entered into a bookbuilding and price discovery process with accredited and institutional investors, taking into account the demand. Now these are professional investors who are very used to assessing risks and returns of various bonds and other investment options, both in Singapore and internationally. So, the coupon rate of 1.8% was derived using this mechanism and it is the coupon rate under the placement tranche that is available to these institutional and accredited investors and it is the very same coupon rate that we are offering you as retail investors under the public offer.

**QUESTION:** Why is Temasek issuing this bond with a coupon rate lower than the 2.5% interest rate offered by the Central Provident Fund (CPF)?

**KAREN TOH:** Basically, we wanted to provide retail investors in Singapore the opportunity to invest in Temasek Bonds. In relation to interest rates, the coupon rate and the bond itself, the coupon rate of 1.8% is what the market is telling us is a fair market rate. I explained a little earlier about the pricing process which we went through to develop this and the last thing I'd like to say for this is, in terms of interest rate risk, etc, please do familiarise yourself the risks stated in the offer documents and do please consult your financial adviser before taking any decision to invest.

**QUESTION:** Is the coupon for this bond paid once a year?

**CHONG HUI MIN:** In short, coupon is paid twice a year. So, every six months you should expect to receive the coupon payment, and about a month before each coupon payment we would make an announcement on SGX to share with you when the coupon payment date would be.

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**QUESTION:** How was the offer size determined? Why is the amount offered to retail investors so low?

**KAREN TOH:** We decide on the specifics of each of our bond issuances, be it currency, tenor, amount, taking into account our objectives and needs, as well as market conditions at a moment in time. As mentioned in the presentation, we also have other sources of funds to consider including dividends from our portfolio companies, distributions from funds, as well as proceeds from any divestments. The initial offer size for this retail tranche via the public offer is S\$100 million at this stage but depending on the total demand that we see after the offer closes, we may decide to upsize to up to S\$500 million across both the placement and the retail tranches.

**QUESTION:** How does this retail bond compare to the T2023-S\$ Temasek Bond, which has a coupon rate of 2.7%? Is it more attractive to buy the bond with the higher interest rate from the secondary market?

**KAREN TOH:** I think the question that is in focus here is how this retail bond compares to the Temasek retail bond that we issued in 2018, which has a different interest rate given the different market conditions at that time. Now, that bond would be trading at a different price compared to when it was issued at and what I would urge you to do is to weigh the price which you would pay to invest in that bond versus the coupon rate and the return that you would receive in this particular bond itself.

**QUESTION:** Is the interest offered by this bond better than what I receive from Supplementary Retirement Scheme (SRS) or CPF?

**CHONG HUI MIN:** The minimum interest rate for CPF is 2.5% and for SRS, according to their website, is 0.05% if you don't invest the funds. The coupon rate for this bond is 1.8% so you can make your comparison and assessment when deciding whether to invest in this bond.

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## Questions on Application Mechanics

**QUESTION:** I'm on my bank channel. Where do I find the icon to apply for this bond?

**CHONG HUI MIN:** The bond is listed as 'Temasek'. So just look for the name 'Temasek' and that will be this Temasek Bond that you can apply for.

**QUESTION:** We could use CPF funds to invest in the last Temasek bond, why not now?

**CHONG HUI MIN:** We thought that it would not be attractive for CPF members to use CPF savings to invest in this particular bond. As I mentioned, the minimum CPF interest rate is 2.5%. So, in this case, we did not apply for CPF eligibility for the bond because we didn't think it would be attractive for retail investors.

**QUESTION:** Can I use SRS funds to purchase the bond?

**CHONG HUI MIN:** Short answer to that is no, you cannot use SRS funds to purchase these bonds in the primary offer. If you wish to use SRS funds to purchase the bonds in the secondary market, you can check with your banker or financial adviser whether that's possible.

**QUESTION:** How do I apply for the bond? If I don't have a CDP account, how do I apply for one?

**CHONG HUI MIN:** First, you will need a bank account with DBS, POSB, UOB or OCBC. Once you have a bank account, you will also need an individual CDP account. If you do not have an individual CDP account, you may apply for one online at the CDP website which is [sgx.com/cdp](http://sgx.com/cdp). Once you have these two things set up — the CDP account as well as your bank account that's linked to it — you may then apply for the Temasek Bond in one of three ways.

First, you can go to the ATMs of DBS, POSB, OCBC or UOB. You can also visit their respective Internet banking websites to make the application. If you would like to use your mobile banking app on your phone, you can do so via DBS, POSB or UOB. In terms of the minimum application amount, the minimum amount is S\$1,000 and of course you can apply for more in multiples of S\$1,000.

Please take note of the following Dos and Don'ts. So, firstly, please make only one application via the public offer. If you make more than one application, all the applications will be invalid. Secondly, please check that you're using your own individual CDP account number. Some of you may have joint CDP accounts with somebody else. In placing your order, please double check that it is your individual CDP account so that your application will be valid.

In terms of a CDP account, just one point: If you do face any issues, you can contact CDP at their email address, [asksgx@sgx.com](mailto:asksgx@sgx.com). Just bear in mind the retail offer closes on Monday, 22 November, at 12 Noon. So, if you wish to apply for this bond, please place your application prior to that.

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**QUESTION:** If I would like to invest S\$9,000 in this bond, should I indicate 9,000 units on my application since each unit is indicated as S\$1?

**CHONG HUI MIN:** In short, yes, you put in the amount of Singapore dollars that you want to use to apply for the bond. So, if you wanted to apply for S\$1,000, you would key in 1,000. If you wanted to apply for S\$9,000, you would key in 9,000.

**QUESTION:** I'm a Singaporean currently living in Australia. Can I apply for the bond?

**CHONG HUI MIN:** The short answer is no because you have to be based in Singapore in order to apply for this bond. When you make your application, you will be required to declare that you are currently based in Singapore. So, if you're in Singapore all including foreigners, except for US persons, are able to apply for the bond.

*This question was submitted after the Q&A session*

**QUESTION:** Is there a limit on the bond amount that a retail investor can apply for?

**MODERATOR:** The maximum application amount varies across the participating banks. Please note that applications must be made in multiples of S\$1,000.

## Maximum application amount for the public offer

### **DBS or POSB:**

- S\$9,999,000 (ATM) and
- No maximum amount (internet and mobile banking)

**OCBC:** S\$9,999,000 (ATM and internet banking)

**UOB:** S\$999,999,000 (ATM, internet and mobile banking)



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## Questions on Bond Allocation

**QUESTION:** How and when would I know if I have been allocated the bond?

**CHONG HUI MIN:** The offer closes on 22 November, which is this Monday. The allocation results will then be out by the evening of 23 November, which is Tuesday. The allocation results will be made available on the SGX and Temasek websites. The refunds for invalid or partially successful applications will also begin that same evening. The bonds will be credited to your CDP account the following day, which is 24 November, Wednesday. So, you may log into your CDP portal to check your holdings after 5pm on 24 November, which is this coming Wednesday.

**QUESTION:** How should I increase my likelihood of bond allocation? Will it help if I apply earlier or more times?

**CHONG HUI MIN:** On early application or the timing of application, the short answer is there is no difference in the chances if you apply early or if you apply just in time, so the timing does not make a difference. As mentioned earlier, we would look at the total demand when the offer closes on Monday, 22 November, before we decide on the allocation methodology. So, the second part of the question is can I apply more times? It's very important to note that you should only place one application under the public offer. If you put more than one application in, all your applications will be invalid.

**QUESTION:** How will the Temasek Bond be allocated, and what are the chances that I will receive an allocation? Does investing more increase the likelihood of receiving an allocation?

**CHONG HUI MIN:** Directionally, we aim to allocate the bonds to as many retail investors as possible. The thing to note is the offer has not closed yet. The offer will only close on Monday, 22 November, at 12 Noon. After the offer closes, and we know the total demand, we can then decide on the allocation methodology. So, the second part of the question, does it necessarily mean that the more you invest the higher the chances of getting more bonds? Well, that really depends on the allocation methodology as well. After the offer closes and we know the total demand and the number of subscribers, we can then determine the allocation methodology.

**QUESTION:** In what situation will you upsize the offer amount? Will the public offer be upsized?

**KAREN TOH:** As you've noted, depending on total demand after the offer closes, we may make a decision, if we are significantly oversubscribed, to issue up to S\$500 million. Currently what the initial offer size is, is S\$100 million for retail investors under the public offer and S\$250 million for the placement tranche. The up to S\$500 million, just to be clear, is across both the placement as well as the retail and public offer tranches and we will make the decision on the specifics of the allocation depending on what total demand is across both tranches, which we don't yet know until the offer closes.

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**QUESTION:** What is the subscription rate for the bond now? Has the bond been oversubscribed for retail investors?

**CHONG HUI MIN:** The offer hasn't closed so we do not know the total subscription rate at this point of time. We will only know that on Monday, which is 22 November, after the offer closes at 12 Noon.

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## Questions on Trading / Secondary Market Activity

**QUESTION:** If I purchase the bond in the secondary market, am I still entitled to the same coupon payment of 1.8% per annum?

**PNG CHIN YEE:** Yes, you will still receive the coupon payment which is 1.8% of the original 1,000. So, if you bought it in the secondary market at a price which is different from that 1,000, the coupon payment will be made based on 1.8% of the original principal amount.

**QUESTION:** When the bond is issued, is the bond priced at S\$1? Can it then potentially be sold at a loss/profit on the secondary market?

**KAREN TOH:** The answer to that is yes. And yes, it can then be potentially sold at a profit or loss on the secondary market, provided you do so before the bond matures.

**QUESTION:** Since this bond is guaranteed by Temasek, will I receive compensation if I sell it at a loss?

**KAREN TOH:** The short answer to the question is no. If you were to sell this bond at a loss, you will not be entitled to compensation under the Temasek guarantee. And just to explain a little bit further, what Temasek guarantees under this bond is the payment of coupons twice a year for the next five years, and the final repayment of the principal at the end of the five years. It would not be normal for a guarantee to cover any trading profits and losses, and in that I would also note that if you're trading a bond it can lead to profits or losses.

**QUESTION:** What is the process of selling the bond before maturity?

**CHONG HUI MIN:** If you do need to sell the bond before maturity, you can do so in the secondary market via your own brokerage or securities trading firm. You can check with them on the charges and the process on how to sell the bond, but in short you can trade the bond.

**QUESTION:** What are the charges for selling the bonds before maturity?

**CHONG HUI MIN:** If you wish to sell the bonds before they mature you can definitely do so via your brokerage or securities trading account. The different brokerage houses or security funds would have a particular charge for selling and trading the bonds. Each security house or brokerage firm has a different charge so you may wish to check with your own securities trading firm in order to determine the charges before you decide whether to trade.

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## Other Questions

**QUESTION:** How was demand for the placement tranche of this bond?

**KAREN TOH:** The demand for the placement tranche was healthy, and certainly healthy enough for us to be able to come up with a fair market rate in terms of the coupon for the bond.

**QUESTION:** Will Temasek issue an ESG bond?

**PNG CHIN YEE:** I think that's an excellent question. As you would know, Temasek places sustainability at the core of all that we do, and has actually incorporated ESG factors in our investment decisions. For example, we are investing along ESG themes and working with portfolio companies to be more ESG-compliant. So, we will certainly look at ESG bonds as one of the financing options that we have and then look at that as part of the overall suite of financing products that we can accept.

**QUESTION:** How does this bond differ from the Astrea Private Equity (PE) Bonds issued by Azalea?

**PNG CHIN YEE:** These are two quite different bonds. The Temasek Bond is one that is underpinned by the Temasek credit and so we will stand behind the payments of the coupons, as well as the principal to you. The Azalea bond is actually backed by a portfolio of PE funds and the cash flows that comes from the portfolio of PE funds will then go towards the payment of the coupon and principal on those bonds. So, it's two different instruments with different credit features. So, you do need to understand the differences when you make your investment decision.

**QUESTION:** Are there plans for a T2029-S\$ Temasek Bond?

**PNG CHIN YEE:** What I can say is that we will look at our own requirements and what the likely investor demand looks like when we consider issuing bonds and considering the tenor of the bonds that we issue. There are certain restrictions under the MAS exempt bond framework in terms of the tenor we can offer to retail investors – which is a 10-year tenor period. But within those constraints, it really depends on our own needs and where we see investor demand.

**QUESTION:** If we were to pass away before the bond matures, would it be passed on to our relatives?

**PNG CHIN YEE:** All your assets, including the bond, would form part of the estate and depending on what the will says, it will be then dealt with accordingly. Please do consult with your lawyers or your advisers as to how the situation, if it were to happen, would be dealt with.

**CHONG HUI MIN:** Just to add on to what Chin Yee has said, CDP can handle such situations and CDP can assist with the transfer of the bond if the situation occurs. So, please contact CDP which can guide you through the process.