



GIC Insights 2017: Asia's Evolving Role In An Uncertain World



Opening Remarks: Jeffrey Jaensubkhajj, Group Chief Investment Officer, GIC

Those of you who have visited us before, welcome to GIC's renovated headquarters. You will notice that our meeting rooms are named after qualities GIC aspires to- ambition, courage, dynamism, excellence, humility, integrity, nimbleness and optimism. We have adopted open office plans emphasizing openness, transparency, trust, collaboration, debate. Our belief is that these give rise to better investment decisions, where the ideas of one person are improved by the contributions of others.

We hope that the format of GIC Insights will do the same. We have invited you, our most trusted partners to engage with us. We hope the discussions will be open, transparent, that there will be an atmosphere of trust, where we can seek to collaborate as well as debate and disagree- to get to better investment insights.

The investment environment is deeply challenging and calls for these attributes. The demands on investment returns to help fund retirement pensions, badly needed infrastructure improvements, rising healthcare costs have never been greater. However at the same time, the prospective returns for investments in bonds, equities, and a wide array of alternative and private assets have arguably never been lower, as economic growth and productivity remain weak and valuations remain high. Geopolitical uncertainties mount, and technological change throws up opportunities and threats for the businesses we manage and invest in.

These challenges are common to all of us as investors and businessmen. It is made doubly challenging because we compete with each other. Investment is often characterized as a zero sum game- we compete every day. What I buy is what you sell, so if the price moves, one of us will have done relatively better. However investment and the allocation of capital is an activity that also creates. By competing rationally for assets, we set the right price, signalling what expected returns are available, and directing capital to its best use. Our actions and price signals help to guide managements which of their actions are supported by the market, what governance

is acceptable. When done right, this rational allocation of capital helps to drive better economic outcomes and growth. Investors as a group in public and private markets, can help companies and governments drive capital to projects and activities that have strong economic rationales and returns, and away from those that don't.

Our hope is that with you our partners, we can debate and better understand the investment uncertainties, the risks and opportunities. That by doing so we then each direct our own investments in the right areas, where better value can be created, and help create better economic outcomes and therefore investment returns.

Some of you joined us two years ago for a forum here that we co-hosted with our partners at CPPIB, and at FCLT Global to discuss and debate how investors can help to encourage long-term behaviours in business and investment decision-making. Our belief was that if capital markets focus too much on short term zero-sum investing, we will not drive the optimal outcomes that encourage stronger growth and investment returns in the long-run.

Last year we gathered some of you again for our first GIC Insights to focus on technology and the potentially disruptive trends emerging. With any structural change as potentially disruptive as technology, there are a lot of uncertainties. Capital can just as easily be badly deployed and wasted as it can be utilized to grow productivity enhancing businesses. We only have to remember the Nasdaq bubble to see how much capital could be wasted- not only by capital market investors, but also by companies. Our hope was that together we could help think about and react to some of the technology trends and allocate well.

This year we have chosen as our focuses Asia, and one year on the even more urgent technology trends, many of which now begin in Asia. Asia by common consensus, will be the region that drives the majority of global growth in the coming decade. Because of demographics, the potential for technology catch-up, the pro-business stance of governments, the vibrancy of the entrepreneurial sector, Asia is an exciting investment destination. We hope that the discussions today can help you and us understand better the opportunities and the risks in Asia.

Our opening panel will address Asian's challenges and Prospects in the Next Decade. Vikram Pandit, a noted financial executive and now investor in Financial Technology, with a special focus on Asia, will speak on Succeeding in a digitally disruptive world. The following session will look at how Artificial Intelligence is being deployed to improve and disrupt traditional technologies. Many Asian companies are themselves right at the forefront of some of these trends. Our fourth session will look at how technology companies in Asia are building capabilities into IoT devices that allow almost every aspect of our daily living to be controlled and enhanced by technology. Finally we will have a panel of investors to discuss how they are preparing their organizations to invest for the long-term in such a disruptive and potentially fast changing world.

We hope you will enjoy this day of creating investment insights and opportunities with us.