



THE INVENTION OF TOMORROW

CRAFTING OUR NEW COLLECTIVE NARRATIVE

DAY 1 SESSION SUMMARIES

SPECIAL ADDRESS

'The Global Human Self' by Tamim Ansary

Global human-self - who is the 'we' that we like to use in our narrative.

It is a collection of 'self-interest'.

Depending on trajectory of human history and interconnectedness of human kind, and like any plot to a story, this collection of 'self-interest' involves complications in different point of views.

Persistence of 'otherness' complicates narrative.

We tend to close ranks against each other and distinguish ourselves from others deemed different to our ingroups. Thus, meaningful metaphors are needed to unite the collective self and to bridge these differences.

A global "we" narrative that captures imagination is needed.

The current pandemic crisis exposed different underlying issues, e.g., climate change and inequality. We need to turn self-interest into a positive force with a "we" and "where" that is more clearly defined.

A collective-self is a collection of culture and personal behaviour.

Social beings include emotions, self-interest and differ from biological beings.

Biological beings are a physicalized collection of cells, but social organisms have the ability to pursue a collective goal while preserving self-interest.

Language is a main way through which the collective self is formed.

Through language, shared identities can be built by circulating stories about who we are, who were our forebearers, and our sense of a common quest.

Culture is another way to form the collective self,

as culture is to society the way personality is to an individual. Furthermore, the strength of a society's culture allows the distinction of the "other" and the identification of individual groups that are not part of the same collective self.



As technology becomes more intertwined in human lives, it is important to reflect on how we are utilizing technology and how it is shaping our society.

Algorithms are funnelling all of us into conversations with ourselves.

AI has made our preference tailored from music selection to social media. Personalisation has unintended consequence of narrowing people's point of view.

Social context gives meaning to data.

Humans have empathy and ability to imagine other people's point of view, unlike machines. We need social context to give meaning to the data narrative.

Be mindful of the use of tech and its evolution.

While tech can solve a lot of problems and make humans dispensable, we need to be mindful that it does foster distrust. Technology as tool can be used to construct our collective narrative.

How do we keep lives interwoven & not separate from our own self-story.

Technological innovations and template solutions may not work everywhere. To increase global human-self narrative, people need to have actual social relationships to reduce the divide. The idea of a shared global solar grid could be a powerful metaphor to bridge individual narratives.

CORE SESSION 1: MACRO AND MARKETS

Covid, Convergence, Correlations

by Andrew Ang, Nadia Jalil, Joyce Chang

Global economy is seeing a multispeed recovery, led by the developed nations and China.

Headwinds to growth remain elevated.

These include the emergence of new Covid variants, delays in vaccine deployments, rebalancing of China's economy and normalisation of interest rates. Nonetheless, recovery would be supported by the release of pent-up demand and a new capex cycle.

A shorter and more volatile cycle.

The swift rebound was observed across markets, including equity and property. Concerns on asset bubbles persist driven by low yields and strong earnings.

Domestically in Malaysia, growth trajectory is conditional on the framing of the new narrative.

Relative to the Global Financial Crisis (10% of GDP), less stimulus is deployed in the current crisis (6% of GDP), amid a narrow fiscal pace. Restructuring of fiscal expenditure and revenue (e.g., broaden tax base) is vital.

Tactical asset allocation from the perspective of different horizons.

Barbell investment strategy implemented in the medium-term.

Value stocks benefit from positive vaccine developments and physical proximity, while growth stocks benefit from concerns on Delta variant, social distancing measures and the rise of virtual world. This strategy works well as the path to reopening is not straight.

Remain vigilant by focusing on quality stocks.

These include firms with solid underlying fundamentals, high profitability, manageable debt and consistent earnings. Quality stocks are trading at the cheapest level in two decades, registering as amongst the best performing factors this year.

Shift towards a hybrid asset allocation model.

60/40 asset allocation formula is forecasted to generate 3.5% return, lower than the 10% return in the past four decades. Given the prolonged low yield environment, a hybrid asset allocation model is recommended, encompassing of fixed income with equity-like returns.

Investors need to be opportunistic and diversify risk against policy headwinds in China.

Chinese government's fixed income offers good risk-adjusted returns.

Given the yield differential with developed markets, stable currency and low allocations by global investors, Chinese government bond is an attractive asset class for diversification. Bullish on China in the long term, as the nation continues to develop its capital market and as its economy expands further.

Investing in China is not optional, need to diversify and manage regulatory risks as the economy still provides big potential.

Common prosperity is a long-term development goal, that focuses on the new economy. More regulations are expected in the areas of housing, transportation and education that impact middle-income class. There is still opportunity in a disciplined allocation to China and we need to identify factors that drive alpha.

Alternative data is an integral input for investment decisions in China.

China has an abundance of high-conviction and valuable alternative data (e.g., credit cards, job posting, social networks), with strong predictive power and granularity, as opposed to what is available in the US.

SPECIAL ADDRESS

'The Great Reset: Shaping a Sustainable Energy Future'

by **Tengku Muhammad Taufik**

The challenges in the energy industry represent a great reset.

Covid-19 caused disruption to the energy industry.

The energy industry has long been exposed to boom-and-bust cycles. 2020 was the worst year for the oil and gas (O&G) industry as global demand collapsed by 30%, following movement restrictions.

Oil & Gas (O&G) sector is not poised for a fairy-tale comeback.

Although oil prices have improved close to USD80/bbl on cyclical economic rebound, underlying data indicates recovery to the O&G sector remains fragile. There are growing headwinds in the macro-environment and prices are still subject to active supply management by OPEC+ players.

Energy transition to a cleaner and sustainable source sponsored by major economies.

Energy transition is driven by major governments renewing their commitments to net zero carbon emissions. Moreover, staggering momentum of technological advancements in renewable space has helped the sector reduce the cost of decarbonisation.

Fossil fuel will continue to play critical roles in the energy mix.

Reality of peak oil demand.

Renewable energy is not yet a perfect solution that can securely and reliably address increasing energy demand. O&G will retain a significant share in the global energy mix, and investments are necessary to fuel future demand growth.

There is no single prescribed pathway to a low-carbon future.

Natural Gas and Liquefied Natural Gas (LNG) present a viable and already available industry response to the challenges posed by energy transition, but there remain many pathways for lower carbon future.

Asia is anticipated to be the centre of energy demand growth up to 2040.

While Asia is embracing energy transition, each sovereign nation contends with its own unique energy aspirations. Asia's transition pathways deserve their own realistic and practical solutions, which must be responsibly orchestrated to ensure equitable outcomes.

Petronas: Maximizing the value of the nation's hydrocarbon resources and provide long-term economic value creation.

Petronas recognizes its duty to provide long-term economic value creation and to support the low carbon ambitions of Malaysia.

This is for the shared prosperity and energy security of Malaysians. While integrating renewable and lower-carbon solutions into its portfolio, O&G will still be the core of Petronas' business.

3-pronged strategy to respond to the energy transition.

Petronas strives to deliver hydrocarbon safely, cleanly and cost efficiently. The company has a 3-pronged growth strategy aimed at responding to the energy transition by 1) maximising cash generators, 2) expanding the core business, and 3) stepping out.

Sustainability is NOT optional.

Petronas aims to achieve net-zero by 2050. Stronger collaboration is pivotal to successfully navigate this energy transition. This includes forward-looking energy policies and intervention, greater access to capital, and aggressive pursuit of technology to deliver cleaner energy.

FIRESIDE CHAT with Manny Maceda

A number of secular trends have shaped the rise of digital transformation over the last five years.

Digital transformation is not simply changing technologies.

It involves changing the business models and the way a corporation works. It needs to be sponsored by key people, it requires risk-taking, freedom to innovate and incremental moves rather than Big Bang ones.

Digital adoption happens at different speeds.

The shift to a more advanced digital adoption does not affect all industries at the same time. Some industries (e.g., banking, media) were disrupted at a faster pace than others.

Businesses should have willingness to perform digital transformation.

Managers need to understand the underlying business model and willingness to perform digital transformation so that the right enablers can orchestrate the transformation.

Covid-19 has amplified the speed of digital adoption globally.

A major limitation in quicker adoption of technology is changing people.

Covid-19 showed how quickly people can adapt to dramatic changes in the way we do work.

Change is easier with a sponsor and led by example.

In adopting digitalization across any corporation, sponsors are typically the key to success. Coupled with grassroots movements, this boosts coordination and horizontal adoption which are a winning pattern.

Digital technology can help to boost sustainability outcomes in the era of ESG.

Path to net zero carbon is still unknown, but technology will play a key role.

Many companies have pledged their commitment towards becoming net zero carbon by 2030, but most do not know how to get there. Technological progress in energy storage and carbon traceability is key to enable us to achieve this target.

Technological change needs to balance labour disruption and reskilling.

A key challenge in committing to ESG agenda is the tension of digital transformation where it is a double-edged sword that affects productivity supplement and labour displacement.

FIRESIDE CHAT with Robert F. Smith

Vista Equity's success is attributed to their focus and vast knowledge in the Enterprise Software space.

The firm is focused on Enterprise Software.

Having resources and employees focused on enhancing the productivity of a businesses, through the power of computing, allows the company to build strong expertise in the Enterprise Software space.

Accumulated knowledge and network.

Vista has built an extensive engagement and network of entrepreneurs. It has assessed over 8,000 deals and executed over 550 transactions. Working with entrepreneurs allows them to identify critical success factors.

Focus on accelerating learning from executives to the C-suite members.

The company invests in teaching executive and management teams relevant tools and best practices.

Great entrepreneurs have focus and are able to listen well, and great leaders enable employees to become their best self.

Entrepreneurs need a mindset for growth.

Company must foster mindset of continuous improvement within the company. Access to other entrepreneurs in Vista Equity's portfolio has been crucial for the company's success.

Focus on nurturing the company and its people to be their absolute best self.

Do not compare with other people, focus on equipping yourself with the knowledge and expertise needed to become the best self.

The 2% solution to empower minority communities.

Large corporations should use 2% of their annual net income for the next decade to empower minority communities. Robert has been personally involved in setting up 'The 2% Solution' and is a signatory of The Giving Pledge to help improve the community. Besides that, Vista Equity is working with BCG and Paypal to modernize banking for the marginalized communities in the US that will substantially close the racial wealth gap.



Human capital will be Malaysia's greatest asset and weapon to drive redistribution of wealth and pivot from a resource- and land-based economy.

The main challenge will be people's access to opportunities around them.

Vista's main goal in enterprise software was to provide computing power to more people to enable more opportunities.

Government will play a key role to provide access to platforms of opportunities.

In the US, one key platform is access to broadband as most historically black colleges do not have access to broadbands. Vista is currently working on this project with other private players and encouraging government to participate in this area.

Racism and segregation are challenges to access and exacerbate inequalities.

There has been a renewed sense of urgency in adopting Diversity, Equity and Inclusion (DEI) policies in the corporate world. Vista Equity implements conscious inclusion (of marginalized communities) as a formal policy, for the company and their investee companies.

FIRESIDE CHAT with Dr Fred Hu

Common Prosperity is a Chinese targeted policy which has been laid out since a few decades ago.

Common Prosperity can be interpreted as “prosperity for all”.

It is not intended to cause long-term damage to private sectors, but instead to redistribute wealth among all citizens to achieve ‘growth with equity’.

Chinese-characterised approach to tackle rising wealth inequality.

It is a Chinese-characterised approach to tackle rising wealth inequality. This policy is the same strand of Deng Xiaoping’s common prosperity, that is in order to achieve common prosperity, some people need to get rich first to unleash entrepreneurial spirit. China has successfully lifted more than 700 million citizens out of poverty.

Promote innovation and drive middle-class consumption.

It is to promote innovation and drive middle-class consumption in long-term. Investors should be agile and embrace the changes as China transitions through the structure changes to reduce wide income equality gap.

Chinese tech companies are not alone in facing the regulatory crackdown, as global authorities step up the measures to regulate the internet space.

Global authorities share similar concerns on big tech with respect to data privacy and anti-trust.

The stringent regulations will rectify these structural issues, whilst allowing the tech players to regain public trust and promote sustainable growth within the industry.

Poor policy communication remains one of the key weaknesses of the Chinese government.

Moving forward, Chinese government should create a more consistent, transparent, and predicable political environment.

Ample Opportunities within tech sector.

Current crackdown is targeting specifically on the consumer tech space, and market may have over-reacted with this policy mishap. There are still ample opportunities to be found within tech sub-sector such as semiconductors, medical tech, and artificial intelligence.

Southeast Asia countries as one of the beneficiaries against the backdrop of heightening geopolitical tension between China and US.

As Asian cohorts, we share similar culture and values.

Our similar culture and values make business integration between Southeast Asia and China more achievable in times of uncertainty.

Southeast Asia will benefit from increasing regional flows.

Southeast Asia will benefit from increasing regional flows moving forward. More capital flow and foreign direct investments (FDI) from China will be expected to pour into the region as China starts to nearshore its supply chains to reduce concentration risk.

Fostering trade and exchange of ideas is essential for global coordination and cooperation.

The emergence and increasing popularity of super-app is a result of synergy created by tech transfer globally.