

Good morning, and welcome to Phillip Capital's 7th Trading Asia Symposium. We are delighted to have you here to join us and spend precious time here. Many of you who have been to this before are wondering, "What will Lynette the clown say next?" But I am here not to entertain you, my friend, I am here to stir you. But first I would like your utmost attention and maybe five minutes of trust in me.

To maximize your experience for both the panels we have today and for you, I would like you please to come forward on your seats. And we are also going to play a game. I need two volunteers from each side. Hi. Mr. A and Mr. B, you are tasked to recruit five people who in your opinion are the strongest and the fittest to your team. Pick 5. Ready, go!

Ok- are you ready? We are going to play tug-of-war. I will give you 30 seconds to plan how you are going to do it. And then whoever pulls the red handkerchief across will win. Now, team leaders, I want you to think of a name for your team. And also a cheer.

Ok, let's have a trial run first. Are you ready? Ok - go!

Ok, let's do this again, this time for real!

Ok, let's give a round of applause for the winners!

Now, let's play another version of tug-of-war without ropes. And let's keep the teams A and B. Let's choose something current. I am thinking of the Chicago teachers' strike or the Hong Kong riots...Chicago teachers' strike. For those from outside Chicago, this is happening right now. The teachers have been on strike for nine days straight, with the union on one side and the City of Chicago on the other. Ok, teams, I want you to do your best here to play your roles. One team shout these lines, and the other, shout the other lines. Team A, I want you to represent the teachers' union. Team B, I want you to represent the City of Chicago.

[Team A] "Smaller classes! More teachers! More pay!"

[Team B] "No more budget! We are broke!"

Now I want you to shout together as loud as you can. Are you ready? Let's shout one last time – ready? All stand!

[Teams attempt to shout over each other]

In the rope tug-of-war, it is easy to see who the winner will be. The winners are usually the ones who are the strongest and the fittest, right? It is easy to tell, because the rules are well-defined and the teams are aligned in the objective, and that is to win by seeing who can pull harder.

But in the current conflicts of this world, it is harder to tell who really is the winner. Yes, we do want smaller class sizes for kids. We do want our teachers to be compensated fairly and well. We want a better education of our kids. All noble causes. But it is not prudent to not consider the other side. The City of Chicago is broke. How will it make up that shortfall? What is the true cost of the strike with students out for nine days and parents having to find ways to occupy the kids? What is the cost of the City of being pushed further into debt?

In the current conflicts in this world, it is overly simplistic to make things fit into the framework of tug-of-war. There is really no clear winner when two sides have different objectives, incentives, and desired

outcomes. It is more like we are all playing in different games altogether. Furthermore, there are long-term consequences, and collateral damages to other parties, too.

I can give you several examples of fake tug-of-war today. I call it fake because no one wins. And what tends to happen is thus this feeling of uneasiness, like we are stuck in a game that we don't even want to play.

1) The Big Breakup- Should I stay or should I go?

Brexit. Brexit in London is like the 16-year-old girl who breaks up and then changes her mind back. The latest news is the EU Ambassadors have agreed to delay Brexit until November, but enough already. We just want to move on.

2) The Hong Kong riots that started in June.

What began as peaceful demonstrations by students in opposition to a proposed extradition law have escalated into a much wider and prolonged anti-government movement that has resulted in increasingly violent clashes between protesters and police across the city.

Does violence beget violence? Does the end justify the means? Does fighting 'till the last drop makes sense? The remaining supporters of the young student protestors are now lauded for their bravery rather than for what long-term good they will bring to Hong Kong. China can send in more troops or they can just wait it out. They have all the power. But again, when even the students themselves resort to violence, do they have any more moral authority?

3) The trade war between China and the U.S.

It is funny that some fund managers I've talked to over the past few months seem to treat the trade war like Trump's tweets. They think it will somehow just go away with the next wave of tweets or news. Like it is like some small spat that can be resolved over the quarter, not realizing that this is the new world order between the two most powerful nations of the world. That this tug-of-war will continue as long as two countries each have power over the other and the two worlds exist. Hence this tug-of-war will seem like doing a two-steps-forward-and-one-step-backward dance. Where countries do tit-for-tat.

If you stare at this issue closely, the trade wars are more than tariffs. It is about different worldviews, a different philosophy of life. And whether you personally like the way the government is run is almost irrelevant when they are a force to be reckoned with. And America cannot do without China. Whether China can do without America, I am not sure.

4) The Battle of the Dance Floor

Recently, I attended a women's business conference organized by the Young Presidents' Organization in Austin, Texas. So as part of the experience, the host brought us to a very traditional, true honky-tonk dance hall called Broken Spoke. We paid our cover charge and went into the dance hall. The dance floor consisted of couples of extreme ages - either the octogenarians or the very young teens - doing the two-step. And I imagine we stood out, being this group of middle-aged women. We formed a circle and started prancing, enjoying the music,

when lo and behold we were told to leave the dance floor. Why? Because we were not doing the two-step! If you can be judged for not knowing the two-step, you can be judged for anything!

Therein, in these fake tug-of-wars, lies an untruth in our current popular culture that is perpetuated in universities, which is the untruth of us vs them, that life is a battle between the good guys and the bad. And since I am good, therefore you must be bad. Since you can't do the two-step, you are banished from the dance floor forever. And the real truth is, good and evil exist in all of us.

Beyond the tug-of-wars happening with no end in sight, I think it is also what I call a period of blah, where we don't really know where we are going. If there is anyone who says they can tell you about the future, they are lying!

Traditional indicators we have relied on to tell us about the future are failing us. For example, the inflation rate. The traditional viewpoint of how monetary policies set inflation rate targets does not make sense. In fact, we are facing a phenomenon known to economists as disinflation. When in fact goods are cheaper. The Phillips curve where there is an inverse relationship between the inflation rate and the unemployment rate is not working in reality. The rate of change in technology has far superseded our human comprehension and we are only beginning to understand the implication of living in the information age. We had not predicted that the average American today would spend a total of 5.4 hours on their smart phones per day, and we do not yet understand the long-term implications for our social and mental health, as well as general work productivity. We do not understand yet what the world will look like with driverless cars, with robots replacing our jobs.

Even for me personally, I am losing faith in whether the current common practice of capitalism, where companies exist to make money, is sustainable or desirable. There is too much social and environmental cost to this model; that makes it somewhat outdated, and I believe that better models will follow.

So in this age of uncertainty and blahness, how then shall we live ?

Do the opposite. Yes, do the opposite.

When things are in flux, be the rock.

When nothing is certain, be the lighthouse.

Where there is chaos, create the stillness that is within you.

When people tear down, you build up.

When people hide, you reveal.

The book *Listen, Little Man!* by Wilhelm Reich is a reflection of the inner turmoil in the author, who had observed the "little man" in himself and in others. And in this section, he is telling the little man how to become a great man:

You'll have a good, secure life when being alive means more to you than security, love more than money, your freedom more than public or partisan opinion; when the mood of Beethoven's or Bach's music becomes the mood of your whole life--you have it in you, little

man, somewhere deep down in a corner of your being; when your thinking is in harmony, and no longer in conflict, with your feelings; when you've learned to recognize two things in their season: your gifts and the onset of old age; when you let yourself be guided by the thoughts of great sages and no longer by the crimes of great warriors; when you cease to set more store by a marriage certificate than by love between man and woman; when you learn to recognize your errors promptly and not too late, as you do today; when you pay the men and women who teach your children better than politicians; when truths inspire you and empty formulas repel you....

So this is my wish for you and me. That we recognize the little man in us and become the great man.

“But what about Asia?” you might ask. “What is the forecast amidst all this uncertainty?” There is good news and bad news: the bad news is that headline of the latest IMF Country Focus article is, “Prolonged Uncertainty Weighs on Asia’s Economy.” But the good news is that Asia is expected to remain the fastest growing major region of the world, with growth expected at 5%. So the short story is: yes the growth is slower, but hey, we are still better than the rest of the world!

The interesting fact is still that Asia contributes more than two-thirds to global growth. China accounts for 39%, India 16% and ASEAN 10%. So INVEST IN ASIA!