



ASIA-PACIFIC OVERTURES: INVESTMENT RETURNS THROUGH DIVERSIFICATION

Laura Deal Lacey 00:01

Good afternoon and welcome. If there's one consistent theme that we hear from investors after 29 years of putting this event together, it's that capital prefers stability, predictability, and clarity. Those are the conditions that allow long-term capital to be deployed with confidence. And yet these conditions are becoming increasingly rare. We're operating in a world shaped by geopolitical fragmentation, shifting trade relationships, and rapid tech disruptions. Today's panel, we're talking about Asia-Pacific returns through diversification. Asia-Pacific is the home of around 60 percent of the world's populations, around 40 percent of the global GDP. It contributes close to 60 percent of global growth. It is one of the fastest-growing regions in the world right now. And what's different in terms of the last 20 years is that now it's home to a growing pool of institutional capital, sovereign wealth funds, pension funds, family offices, and they're now dictating price. They're dictating how money is being deployed. So let me start talking about the geopolitical stage and see how the world is working through a policy lens. I'm going to start with Assistant Secretary DeSombre. You bring private sector background. You've been advising companies on cross-borders investments. You also have policy experience. You're the former US ambassador to Thailand, and now in your current role, you're assistant secretary for East Asian Pacific affairs. You're shaping US engagement across one of the most strategically important regions of the world. And you've also worked in Asia for 25 years, you speak several Asian languages, so you have a lot of experiences there. You're breaking in these new roles. Let's talk about the Trump administration and the Indo-Pacific regions. Give us the policy priorities.

Michael DeSombre 02:11

Sure—No, thank you, Laura. I really appreciate being here. It's really very interesting serving in this role at this moment. I would like to encourage you to take a probably unconventional view of the current administration's economic policies in Asia. For the first time in history, you have an administration where trade policy, commercial diplomacy, foreign assistance, foreign policy are all aligned in accomplishing the same thing, basically trying to open up markets, advance American companies, and really improve investment returns around the world. If you look at trade policy, for example, Trump administration has entered into over 20 agreements representing half of global GDP. And in order to enter into those

agreements, they received input from us at the State Department as to all of the problematic issues that have not been able to be solved for decades. Through GATT and through WTO, for those of us who have been following international trade, many countries have maintained nontariff barriers and high tariff rates on American and Western manufacturing and agricultural products that have just persisted. So it's through the Trump administration, where we've been able to remove those nontariff barriers, whether it's in auto manufacturing, or auto sales, or agriculture, or other areas that have opened up substantial areas. You see in some of the trade agreements we've entered into, removing tariffs on 99 percent of goods that had previously been there. And the benefit of this doesn't just adhere to American corporations. It adheres to the global investing world, because it makes these countries more investable. It makes their economies more dynamic and less protectionist. And you really see that in Japan and Korea, in many of the countries in Southeast Asia as well. And so it's really providing great opportunities.

Michael DeSombre 03:54

At the same time, we have the whole government focused on commercial diplomacy, where we are trying to help further American companies' investments around the world, really trying to promote them. We have what referred to as a commercial diplomacy engine, where we track throughout the entire world all the different opportunities for investments or new business or other activities from American companies and really help make sure American companies have access to those opportunities. And then if you look at foreign assistance, it's a really interesting area. A lot of people think the US has gotten out of the foreign assistance world, but in reality, it's just moved to be within the State Department, to be within the regional bureaus. So the recent appropriations bill for the State Department has an earmark for \$2 billion for foreign assistance in the Indo-Pacific, and that money is controlled within the State Department, within our regional bureaus. And so we're using foreign assistance to really further American foreign policy, and a lot of that is American economic foreign policy. So really, again, promoting the infrastructure that's needed in countries to be able to develop, getting airports, getting ports, improving their digital infrastructure. We just recently got Starlink approved in Papua New Guinea, for example. We got Google Maps finally approved in Korea. I don't know how many of you have been frustrated traveling to Korea. You couldn't use Google Maps. For me, in the last 25 years of traveling across the world, the two most life-benefiting inventions were Uber and Google Maps, and for many years, you couldn't have either one of them in Korea. Now you can finally have both of them. But these are examples of us really pursuing that commercial diplomacy and really opening up markets. We can talk more about areas of critical minerals, AI tech stack. These are all areas really working hard to really further the expanse of American companies. But maybe I'll pause there.

Laura Deal Lacey 05:43

Nope. Perfect. Thank you so much. Now, David, let me bring you in. As the CEO of Hostplus, you lead one of Australia's largest and most sophisticated superannuation funds. You have 1.9 million members. 2 million, sorry, I should say. Over 330,000 contributing employers, and you manage 134 US dollars in AUM. Can you talk about, from your vantage point, how should long-term investors be thinking about deployment in this highly complex world?

David Elia 06:15

Yeah. Well, firstly, I've never been to Korea. That's because I couldn't find it on Google Maps, I just worked out why. So, thanks for that. I'll get there. So, Laura, maybe just a bit of a context for those of you that

probably don't know about the Australian pension system, but well over AUD4 trillion in terms of pension assets. In the next five years, it will effectively become the second-largest pension system in the world. So outstripping the UK, outstripping Japan, all the Middle Eastern countries. So, a phenomenal pool of assets. So we're effectively forced to globalize our investment portfolios. Australia represents 2 percent of the world's GDP. We're incredibly well-diversified in the Australian context. We're diversified across all the asset classes. We're huge infrastructure investors, huge private equity investors, venture capital, property, all the asset classes as you would know them. We generally try and see through the noise. We're running diversified portfolios, which ostensibly means we're building portfolio risks through a lot of the diversification strategies, diversification across asset classes, diversification in the subclasses. We're diversified across industries, sectors, across countries, across the board. So, that's how we ostensibly manage risk. We're less inclined to be motivated tactically by the headlines. If that was the case, if we were to react or respond to any single major event, I've got my investment team here, then I suspect we'd never really be doing our job properly. So we're genuine long-term investors. We look at the underlying fundamentals of all the asset allocation investment decisions that we make. We're investing globally with trusted partners, people who are on the ground, local expertise. They understand the country, they understand the sectors, they understand the companies that we're actually investing and aligned to. So we don't panic. There's a lot to be worried about in the world. I don't dispute that, but I think genuine long-term, contrarian-style investors will generally see through the noise.

Laura Deal Lacey 08:46

And how do you talk to your members about your approach in terms of making sure that they don't panic?

David Elia 08:52

Yeah. Well, it's about engagement, and to some extent, it's about disengagement. Unfortunately, we do have high elements of disengagement within our pension system. If you think about it, we're asking our members to put away, and this is where the employers come in. So, in Australia, the employer contributes 12 percent of an individual's salary into a complying pension fund like Hostplus. Now, they're not going to touch this for 40, 50 years. So they're less inclined to be engaged at that time, which personally I think is a good thing. When they do get engaged, it's crypto, it's I don't know, they're doing crazy things with their money. But it is about education, it is about communicating, it is about reaffirming the long-term nature of the way we go about investing, and ultimately it's about performance. So our ability to continue to generate strong, long-term, risk-adjusted returns, in our case, that have really outperformed our peers, certainly sustains that membership for the longer term.

Laura Deal Lacey 09:56

Okay, so let's hone in on that a little bit more. So how do you talk about private assets—unlisted assets? If you can talk a little bit about private markets, and then also about global growth companies that you're investing in, like [Canva].

David Elia 10:09

Yes. So you've got to say, "Hey, we're an investor in Canva." You go, "Oh, wow. Oh, really?" "Yeah, your money is invested in Canva. Hey, do you know you own Melbourne Airport? Do you know you own Sydney Airport?" So, in some instances, that is our job, that is our mission, to effectively tell our members that we've democratized a lot of these assets that historically were probably the domain of big investment

firms or, dare I say, government. These are real assets, creating real wealth that they are a part-owner of. So it is about, as I said, it's about communication, it's about bringing some reality rather than using, I suppose, investment terms, private equity, unlisted. They wouldn't have a clue what that means. So, being able to—and we do spend a lot of time engaging with our members, despite the fact that they're not engaged, just to really articulate to them the nature of the underlying investments that we're doing. We're keeping it real.

Laura Deal Lacey 11:11

Okay. It's about building trust.

David Elia 11:12

It is.

Laura Deal Lacey 11:13

And talking about trust, I would like to bring Pandu into the conversation, another investor who has been entrusted with managing—being the CIO of Indonesia's new sovereign wealth fund called the Danantara. You have 900 billion in assets. You're consolidating Indonesia's state-owned enterprises into a single investment vehicle. It's designed not only to generate commercial returns, but also to support nation-building by aligning capital, policy, and execution. So as CIO, how are you thinking about deploying capital at that scale? Where do you see the most compelling opportunities today in Indonesia, but also abroad?

Pandu Sjahrir 11:53

Yeah. We're a brand-new sovereign fund. We're about a year and three months old, so still very much baby. So I actually have to learn a lot from my panelists here, my friend here on my right as well, how do we do this? And, before we learn how to run, we're now crawling, learning to walk, and from walk, we're going to learn to run over time. So one of the first thing we did is, number one, we recruit people. Same time last year, I was in Milken, there were probably only 30 of us. Today, in Danantara, we have close to 400 people, and close to 10 percent are non-Indonesians. And then number two, what we're doing in terms of deploying is through partnership, and that's why we're also here meeting some of our global partners. And when we talk about partnership, we would love to deploy capital with some of the best fund managers, and in return, what we would like is to have a transfer of knowledge or a transfer of technology of some sort that can be reinvested back into our country. With absolute humility and investment, we understand that we have to learn from all of you. We have to learn on how do we own these businesses? How do we run these businesses? How do we create returns? And in partnership, we are here to also share those profits as well, right? So, we have to know what our rights to it as well. If it's in Indonesia, if it's things related to mining, obviously I think we know that quite well, but if it's things related to AI, digital infra, we're here to learn and invest together with all of you. So this is how we conduct our business, right? So we're already in the fourth—*fifth* month of deployment today. We're deploying both domestically as well as outside the country. And in each of this deployment, including here in the US, what we want, can it have some element of transfer of knowledge? So, this is how we're conducting our first five months of business.

Laura Deal Lacey 13:59

It's a big challenge. Pandu, can you dive deeper on Indonesia? I mean, it's one of the fastest-growing economies in Southeast Asia at 5.3 [percent] growth this year. What are the sectorial priorities for you and for the country?

Pandu Sjahrir 14:13

Yeah, being in Milken Conference too, it's always a great place to be able to sell a bit about Indonesia. It's probably still one of the least-known country. We're not very good at selling ourselves. We're 300 million people, 5.5 percent economic growth, 2 percent inflation, member of the G20, 15[th] largest economy in the world, 1.7 trillion of economy, 26 years old on average, so very young population. If you look at Jakarta, Jakarta's 45 million people. It's the largest city in the world. It's almost the same size of all of [the] Middle East combined. You talk about Saudi, Oman, Qatar, UAE, combine all that population, that's Jakarta by population. So this is also something that's not known fact, and what's so glad about Danantara, some of the fund managers, some of our partners have come to Indonesia for the very first time, not Bali, but Jakarta. And they didn't realize how large it was, how big is this city? And they didn't know that the city is about 20,000 GDP per capita. It's about 800 billion economy already. So they didn't understand also that it's about six times the size of Singapore, or eight times the size of Singapore. So this is actually one of the least known facts about Indonesia and that's why I'm so glad coming here to be able to share stories about Indonesia. But things that we're doing today, one of the big things is has to do with renewable energy. Indonesia's committed to energy transition by 2050. We're doing the largest waste-to-energy project in the world globally today, about \$5 billion worth. We're also doing a big renewable energy project, about \$30 billion worth related to export of energy to Singapore, right? So this is going to be one of the largest global projects. We're also doing quite a bit of projects related to digital infrastructure. Indonesia today has about a gigawatt of data center, very small. The potential for Indonesia is at least 10 to 12 gigawatts in the next few years. I don't know if you know, we're one of the very few countries where we're a top two market for both TikTok and Instagram. This is also important. We're one of the very few countries where both Chinese and Americans have made a lot of money. Maybe I'll repeat this. In energy, the largest gold mine is actually owned by Americans through Freeport. Largest nickel is owned by Chinese through Tsingshan. It's so unique that Americans, and also China, can make very good money, not just return off your capital, but also return on your capital. So again, this is why I think, in terms of data center too, where obviously these two countries are investing heavily, Indonesia will become the big beneficiary of this.

Laura Deal Lacey 17:03

So going back to the geopolitics, how has the war in Iran affected you guys in terms of the energy crisis?

Pandu Sjahrir 17:10

So Indonesia has been a net exporter of energy. We are the largest coal producer and also exporter in the world. I mean, about half of coal globally comes from Indonesia. Nickel, especially for those that are doing EV globally, you need nickel resources. We're the largest nickel exporter. But we also import oil, and we subsidize oil for a lot of our people, so we have this fuel subsidy program that does affect negatively. But what's so interesting is because we're net exporter, in a way, in the short term, we're able to obviously avoid some of the key crisis that may happen out of this. But again, a war is never good. And what happened in Iran, too, we're watching very closely because it does impact not just geopolitically, but economically, structurally, across the different parts, including Indonesia. So we're watching it very closely.

It will have impact with respect to currencies. It will also have impact to our fiscal balances if this continues until end of year.

Laura Deal Lacey 18:16

Thank you. So now talking about nation-building, I want to bring Jacqueline Poh into the conversation. She's formerly with the Singapore Economic Development Board, and now the CEO of JTC Corporation, which is Singapore's largest industrial landlord. Jacqui, how do you define your role from being a landlord to now being an ecosystem builder? Can you explain the role of JTC?

Jacqueline Poh 18:41

Well, thanks a lot because not many people know JTC Corporation. We've been doing this for almost 60 years now. So a lot of what you hear about how Singapore has grown has been very quietly done by JTC for many decades now. We're the main instrument of industrial policy in Singapore. So Singapore maintains still a very high level of manufacturing, like 20 percent. That includes a lot of biomedical manufacturing, semiconductors, where we make 10 percent of the world's chips and about 20 percent of equipment, and aerospace, as well as energy and chemicals. So a lot of the work that's done is actually to ensure that permitting is done, infrastructure utilities are always ready and prepared, so that investments can plug and play. Over the years, the role of the JTC has changed to be building whatever is the industry that is next. We build for the industries of the future. And that, for the time being, could be anything in the area of biotech. We're building a quantum corridor. We're building a place for AI developers. We have a very large startup ecosystem that we own in Singapore, with over 700 startups in it, where we're putting something called Kampong AI for the development of AI companies. And, more recently, similar to what Pak Pandu was saying, we are working on AI data centers for inferencing within the zone that we have of about 3,000 hectares for energy and chemicals. It will be the most energy-rich area to be able to put high-density data centers, maybe anywhere in the world. So we're just always trying to make sure we're a little bit ahead of the curve. So we have mixed-use districts, digital districts, and so on. I thought the point that you made about the impact of the Iran war was quite interesting, Laura, because I actually think that a lot of the effects of the closure of the Straits of Hormuz and what happened to energy supplies to Southeast Asia was a great catalyst for change. I think it gave Southeast Asia the opportunity to do a few things. One is to really think about energy security seriously. That includes diversification. Not necessarily all. It used to be the case that LNG was going to be—like everyone used LNG, and that was diesel. That was a good idea, and now it's sort of we really need to think about other energy sources and other places where we can get our supplies. Singapore, for example, has been shipping things over from the US Gulf Coast. And then more recently, I think you will hear that Brunei has been doing very well, providing extra exports to its neighbors, Libya as well, and that means diversification of supplies.

Jacqueline Poh 21:52

Then the next was diversification of types of energy sources. To be very honest, in many ways, in the last one, two years, Southeast Asia may have been becoming, in some sense, less green or less committed to the renewable transition. But now it's become an imperative of energy resilience more than anything else. So I think the ability to put solar panels, solar panels that are sourced fairly cheaply from China at that, is a big plus. I know many countries are looking at SMRs, and we would love to work closer with the United States government in that regard, and to be able to invest in that together with your supply chain. And there's hydropower and wind power, I think that have not been so attractive in terms of bankability, that

are suddenly—and hydrogen as well, because green hydrogen was very expensive, and now it doesn't look as costly anymore. So there's so many other alternatives that have been released as a result of this. And finally, I think it's been a great reason to actually tout how Southeast Asian countries are working together. So Indonesia and Singapore on renewable energy and the growth of something we call the ASEAN Power Grid. We're really looking to see how we can get a renewable power grid throughout the whole of Southeast Asia with many countries, but really primarily with very resource-rich and capable countries like Indonesia. And so these are just great opportunities for us that can emerge only when there is an impetus.

Laura Deal Lacey 23:36

No, I love that too. So you're looking at prices and looking at opportunities coming out of it. So, talking about working with your neighbors, I would love for you to talk about the special economic zone with Johor, and how it's one of the busiest, what, land mass crossings in the world?

Jacqueline Poh 23:53

Yes.

Laura Deal Lacey 23:53

And talk about that, and can you apply that model with other ASEAN countries?

Jacqueline Poh 23:58

Yeah. It is the world's busiest land crossing between Singapore and Malaysia, which is our northern neighbor. A few years ago, I think we did make a commitment to see how we can actually have an enlarged economic concept that would be a win-win for both countries. And we created, together with Malaysia, the concept of the Johor-Singapore Special Economic Zone, where we're working towards much smoother connectivity between two countries so that a lot more companies can think about twinning their operations in Singapore as well as Johor. As you well know, Singapore is small. So there are a lot of advantages that a country like Malaysia can give in terms of land resources, human resources, and these are also opportunities to create jobs and to create— bring in investment. So it's been a great testimony to good neighborly relations, especially during these times where that's not always taken for granted, that we're pressing ahead with the Special Economic Zone. A lot more announcements are going to be made this year, including a new rapid transit system, which is our mass rapid transit to Johor, which will be finished by the end of the year. And every hour, it'll be 10,000 people there and 10,000 people back every hour, and it will take 10 minutes.

David Elia 25:32

Wow.

Laura Deal Lacey 25:34

Now I would like to bring Lu into the conversation. Lu, you're the president of Asia at the Solana Foundation, which is a high-performance blockchain designed to support scalable applications. You're building a digital infrastructure across a fragmented and fast-moving world. Can you tell us more about Solana's work?

Lu Yin 25:53

Yeah, absolutely. So pretty interesting transition from real estate to digital transformation. And what we do is a lot of times work with regulators, financial institutions, and also corporations to help them upgrade their technology stack. Obviously, given the current administration's stance in terms of their attitude towards digital assets and crypto, the United States is absolutely on the frontier. And with that, within the Asian countries, what we see across Korea, Japan, Singapore, Hong Kong, is that they're a fast follow. Given the regulatory framework and the maturity that's happening within the United States, we're seeing the regulations also going through that maturation stage across the different jurisdictions in Asia. And once that happens, the two things that really follow is the adoption of digital money, so stablecoins, tokenized deposits, and potentially CBDCs, and then the other side of that is tokenized assets, and also the transformation upgrades of financial market infrastructure across the different jurisdictions as well. Recently, in the US, NASDAQ and New York Stock Exchange have announced their plans to upgrade into the blockchain ecosystem, and we believe that very shortly, the different countries within Asia will also follow as well, right? And taking a step back, what we really see from an investment diversification point of view is this, I would say, bifurcation or a barbell strategy. Right? There's a flight to traditional assets, I would say, some of the things mentioned on this stage, which is commodities, manufacturing, defense. You look at Korea, some of the Korea defense stocks are probably one of the best high-performing ETFs last year, and I think so far Q1 as well. And then on the other side, what we said is frontier technology. Right? How do different countries manage this transition in a world where there are multiple different, I would say, long-term trends compounding on top of each other? I think creating a very—maybe difficult, but also opportunistic opportunities for investments. Right? So it is really on one side, traditional industries trying to rewir[e] how they work, and then different jurisdictions within the Asia Pacific trying to figure out how do they catch up in a world, for example, with AI. At this point, the different technologies are really dominated by two countries, right? In a country like Japan, how do you maintain or compete in that future state of digital assets, market infrastructure, with AI? Are you going to be able to stay credibly neutral to adopt the technology from both sides? What are the trade-offs that you have to make at the hardware level, the infrastructure level, the software level, and the UI/UX level? How do you localize that, but also be able to have international interoperability as well? So those are some of the things that we see.

Laura Deal Lacey 28:58

So let's continue the conversation about AI since you mentioned it. I would love to have a panel-wide conversation on AI, but Lu, let's continue with you. Most of us think of AI, we think about LLMs. I would love to hear what you guys are doing in terms of AI agents for payments.

Lu Yin 29:13

Yep, absolutely. So, AI agents have kind of been all the rage in the last couple of months, and we definitely see that also as a long-term trend. But very naturally, as you extend the use case, how will the AI agents actually make payments? How will they derive value as well? So using stablecoins on blockchain is a very natural fit. One of the main reasons is the fact that it is 24/7 settlement versus traditional corresponding banking rails today. The second opportunity for AI agents is the fact that you can actually fractionalize. What that means is instead of the lowest denomination of, let's say, one US cent, you can do nanopayments, so even fraction and fractions of that. So the ability for AI agents to make smaller and smaller payments is a very, very useful option for them.

Laura Deal Lacey 30:00

And what are the risks, though?

Lu Yin 30:02

Huh?

Laura Deal Lacey 30:03

What are the risks?

Lu Yin 30:03

Absolutely. I think the biggest risk right now is what we call KYA, which is Know Your Agent. There's a lot of banks, there's a lot of G-SIBs here—

Laura Deal Lacey 30:11

New acronym.

Lu Yin 30:13

—that would love to actually roll out AI agent payments today. We work with Visa and Mastercard on multiple different projects soon to be announced. But one of the main things for banks to be able to lean into this AI agent payment future is the fact that how do I get through compliance? How do I get through IT security, right? Again, this is on the frontier of technology, and this is something that we obviously take very seriously, and we work with regulators, AML/KYT providers, governments, and also the banks as well.

Laura Deal Lacey 30:45

Thank you. Now I would like to bring David and Pandu into the conversation about AI. AI is evolving faster than traditional investment cycles. How do you make those decisions in a world that is changing every three months?

David Elia 30:58

Yeah. Well, I think there are various different ways that most investors are playing it. So we're all scampering to try and get as much of Anthropic and OpenAI and exposures to all the major listed, obviously, tech stocks on the NASDAQ. So we're getting an enormous amount of exposure in the context of the actual development of AI, and AI tools. I think the real challenge is going to be in the context of the companies that we invest in. The overall disruptive impact that AI is going to have on the ongoing viability, sustainability—a lot of these companies. And we're seeing some stuff play out in credit markets at the moment. Well-publicized issues around a lot of the SaaS-based companies, whether or not they're going to be able to survive the impact of AI. So there's enormous amount of implications, I think, for all of us as long-term patient investors to effectively identify, ultimately, who are going to be the winners and, unfortunately, who are going to be the losers. Now, I don't think the impact is going to be as swift as some people are making out. I think it will take a little bit of time, only because I think a lot of companies, and my company is no different, we're trying to get our mind around, right, I can use it for personal reasons. I can

use Anthropic, but how am I genuinely going to deploy it in my company? How am I going to realize the efficiencies, in whatever form they may come? Cost reductions, enhanced services, better outcomes, servicing outcomes, investment outcomes. So I think there's a huge gap at the moment between this notion of AI capability and what I'm terming as AI impact. I think a lot of money is going to be wasted by corporations building AI capability. And that's because they're going to give it to their tech people. Don't give it to your technology people. It's going to be a disaster. Right. The leaders of the real AI revolution will really be the CEOs. It'll be people that understand the concept of business transformation, because that is ostensibly what AI is going to allow you to do. And as I said, we're very much at the embryonic stage, but I am certainly learning. I'm gathering as much information and talking to as many people as possible to understand how AI is going to be deployed, not just in my own organizations, but organizations across the board.

Laura Deal Lacey 33:51

Well, have you changed the profile of your investment professionals for people who actually understand this and can actually foresee what's coming next?

David Elia 33:59

Well, I'm actually looking, in fact, my CIO is just here. I'm looking to actually replace my CIO with an AI agent. So, I think that is going to be the Holy Grail, once I get to that. But no, absolutely. The team are obviously obsessed with understanding the AI impact, both in the context of our own investment thesis, but also, as I said, the impact that it has internally in terms of how we organize ourselves, how we're going to utilize these types of tools to get an information advantage amongst our peers, amongst our competitors. But it is early days.

Laura Deal Lacey 34:37

Okay. And Pandu, you guys are a new company so you can also shape your workforce to kind of reflect the new world.

Pandu Sjahrir 34:43

No, no. What David says, I think reflects really well, resonates really well with us because this AI transformation is happening really in front of our eyes, and the only one that can drive it is really the CEOs. So if I don't use it, nobody else will. Right? And I think this is important. To be honest, I personally struggle. How do we go about this? We use Anthropic, we use Gemini, we also use OpenAI. I probably pay \$200 a month for each one, right? And then try to force it into Teams. Sometimes I even try to use Lark. I don't know, most of you probably don't know what Lark is, but that's the other alternative to Teams. And, I even try to push, does it make sense even to have an investment committee member who's an AI agent? And you just have to kind of try, because the upside is much greater than not doing it at all, right? This is similar to the internet back probably in the 2000[s]. You will adopt. The question is, if you don't adopt now, somebody else will. And you cannot outsource this problem. It's so scary not doing it. We have to do it. It's almost we force some of our team members, even in the investment committee, are we able to create investment committee memo using AI, and how can we channel check that? So, this is, to be honest, AI-first has to come from the top, and we just have to force ourselves to do it. That's why it's so scary. We cannot outsource it to our CTO, to our tech team. We just have to own it and struggle with it. So this is a big struggle, to be frank with you. It's a very scary time to be, because whatever you've learned

or in terms of doing, you have to unlearn it, and now you've got to start fresh. We've got the fundamentals of investment, right? We get it. We have to be long-term. What AI is doing is also changing the way we cook as becoming a chef. So we have to try to own it, even though it's really scary, because that step—we don't know what's happening the next few months in terms of AI, but we just have to dive right in. That's why this is scary, because there's really no precedent. So whatever David says resonates really well. I spoke to somebody last night, too, who's in our position. It's a really scary journey to be in, but we just got to do it.

Laura Deal Lacey 37:07

And Jacqui, you call AI a force multiplier. Can you talk about how you're future-proofing your infrastructure to include this fast growth in AI?

Jacqueline Poh 37:17

Well, maybe I'll tell you a little bit about how Singapore is thinking about its national AI strategy, because I think it's as scary as he mentions. It's a very difficult thing to get around. And the way we're looking at it is from three angles. Talent, in terms of capabilities, use cases and demand, and the last one is really governance and how it affects society. And no matter what you choose to invest in in terms of the companies, they will fall in one of these buckets. So first of all, do we have enough talent? So this has been quite an important—a big push for us, because if we want to actually make it a force multiplier, you need the right people. We graduate about 100 AI PhDs a year at the moment. We're getting in quite a lot of talent into some of our startups and also other AI-related companies and big tech, to be able to develop some of these applications. So you need the talent. The second one is where are you positioned in terms of use cases? So we've got about—we're aiming for 100 companies to create centers of excellence in AI in Singapore. And we're almost there. We're quite almost there. So I think the target has been now 200 or 300. It's doubled. And we've noticed that a lot of these companies are providing the demand and the use cases so that there's a decent amount of gains to be had. Whether or not then they need a data center or they need the talent, there are enough gains. And increasingly, what we're looking at, and this is useful for investment, is that there are companies who use AI to improve their top line, and there are companies that use AI to improve their bottom line. So almost everyone starts at the bottom, which is, oh, it's going to make myself more productive. Then it makes my top leadership and workers more productive. And then we're like, let's do business process changes in order to make the whole company cut cost. But actually, the big differences are the companies that have managed to actually create new business as a result of AI. There are much fewer of that in that category. But the winners of this are actually the companies that raise their top line, create new products, or improve their products significantly as a result of AI. The only ones I've seen so far are actually in entertainment and media. They've done this very effectively, which is not about cost cutting, but like, wow, you could never have done that before. But we are looking for that. The last one is really on governance and what happens to the man on the street. What happens to the ordinary worker? Singapore is oddly, maybe in a slightly better position because we are small. We don't have many mouths to feed. We're not having that many babies. So the workforce actually is going to benefit from automation. And whether that automation is in AI or is embodied AI, physical AI robots, we really, really want to use all of that to be able to make our economy and society function better. But this requires a huge amount of transfer of knowledge, education of your people, moving people into the right jobs, equipping them with the right skills, and having them deal with AI as though, "Hey, I'm no longer a worker, but I'm actually a manager of an agent." All of this takes a lot of change. And in a situation where the technology is not changing every three months, it's changing every three weeks—there's a big push to

say, okay, how do we adapt society? Or there will be resentment, there will be a techlash. There will be a lot of sort of anti-AI sentiment, I feel, going forward if this is not addressed.

Laura Deal Lacey 41:23

Well, continuing the conversation about AI, but also tying in with US-China. Assistant Secretary DeSombre, we can talk about how you approach AI from a policy standpoint, and then talk about the big divide between US-China technology.

Michael DeSombre 41:38

Sure. No, we're very focused in the US government ensuring that United States AI remains the dominant player and that other countries don't regulate it out of its profitability, fundamentally. We're very hesitant or very concerned about any countries that are trying to regulate AI. People talk about safe AI or fair AI. These are just ways of limiting the innovation. As Jacqueline said, this is happening every three weeks. The regulators cannot keep up with things that happened two years ago in most circumstances, let alone in three weeks. So we definitely are very concerned about countries regulating it, and we're very focused on helping support the USAI Test Act and encouraging other countries around the world to adopt that. Particularly ensuring that our allies and partners are using the US AI Test Act and not the Chinese AI Test Act, which we help our allies and partners understand the inherent risks that come with that from the control by the Chinese Communist Party and otherwise. And so we really are using all the tools of the US government to help the development of AI because we really believe that it is revolutionary from the standpoint of the United States economy and the economy of the world. So that is a top priority for us and really trying to ensure that other countries do not, out of the best of motives—everybody has the best of motives—but we unfortunately have seen in recent history that regulation to try to promote equity or promote fairness or promote safety usually ends up doing none of those things.

Laura Deal Lacey 43:06

So let's continue with the US—to Assistant Secretary DeSombre's point, I mean, Jacqui, you have called Singapore a bilingual nation, meaning literally and figuratively, where basically you can do WeChat and you can do WhatsApp. Can you talk about how Singapore's navigating both technologies? And can you do both?

Jacqueline Poh 43:30

I think the world is a very complicated place. And we've worked very closely with our partners in America for many years. A lot of American companies, including big tech companies, have established bases in Singapore. And actually, it is from Singapore that they've actually managed to extend their reach into the rest of Asia, and especially Southeast Asia. And a lot of the products that have become ubiquitous have some of their regional headquarter in Singapore. We are very keen to continue with that partnership. We think that there are strengths there that I think cannot be replicated. On the other hand, there is a lot of innovation, I think this cannot be denied, coming out of other parts of the world. And that may include Japan and Korea and also China. One of the countries we work very closely with actually is Taiwan. I think Taiwan is doing some amazing things, particularly for a country that does look at semiconductors, to really improve research in manufacturing and semiconductor design. So I think that it's very helpful to actually know a good deal about what's going on in each one of these areas in order to just really assess and see what is most helpful in that regard. There are areas in, for example, solar panels, that it's going to be hard

to say that it isn't—the competitiveness of the Chinese solar ecosystem is really intense, and I think it's a lot to do with internal competition within the country. But it's also given rise to the potential for a green revolution in Southeast Asia and the potential to be able to power the future. And now it's become even more important. So we would like to ensure that tech— stacks should remain separate. Separate. And I think they should be best used in that manner. But taking really what is learning from that is, I think, something imperative in almost every country in the world.

Laura Deal Lacey 45:45

So do you have to build data centers for Chinese technology and data centers for US technology, or are you responding to both in terms of your infrastructure investments?

Jacqueline Poh 45:54

No. I think we don't build data centers per se, but other people do build them. Mainly for AI data centers, we have a very much a predominance in the US tech stack, and I think you can see that in terms of who are the players. But also Singapore companies, actually a lot of Singapore companies are also very much at the forefront of this build-out.

Laura Deal Lacey 46:21

Lu, could you talk a little bit about China innovation and things that you're excited about in that space.

Lu Yin 46:26

Yeah. I think overall what we see is on the innovation side is, again, it's a two-country race at this point. But I do think one thing that we notice in Hong Kong, especially in Shenzhen, is the robotics side. Right? So I think the Chinese supply chain overall has done a really fantastic job about—at the end of the day, these type of products need fast iteration. Software, obviously, because given the fact that it's digital, the iteration cycle can be very quick. On the hardware side, it's much more difficult to do so unless you have that tight supply chain to be able to replace, test, deploy into the market, take the feedback, build out new versions of it. I think that's what they have done really quite well, is what I've noticed. The interesting thing in Asia, what we observed, is Korea as well is a very unique position. In terms of manufacturing capabilities at the higher end, Korea is probably one of the leading countries in Asia, and obviously they're kind of, I wouldn't say in the middle, but they're having to navigate the complexities between the Korea-US and Korea-China relationships. I think Japan, on the other side, historically speaking, has been quite innovative. But I think they're actually a little bit slightly behind the Koreans and the [Chinese] as well. And then overall, kind of getting back to the AI narrative, from our perspective, I think many of the panelists here have—I completely agree with their views in terms of how to deploy AI and I think the difficulties as well. What we actually focus on is the outcome. I think overall, this is a narrative I think that's relatively commonplace here, which is the doomsday narrative. Which is what happens if AI comes out at large scale and you hit 30 percent, 40 percent unemployment rate. What does that world look like? On the other side, there's always a narrative, the positive narrative, which is once AI gets rolled out, you'll create net new jobs that didn't even exist before. Right? And kind of what we see is on both cases or on the doomsday case, which is there's a potential push for UBI. That's a kind of a topic that's, I think lost some steam, but the universal basic income situation could potentially arise, right? From where we sit and what we focus on in terms of digital transformation and capital formation and digital ownership, we believe that there's also the opportunity what we called universal basic ownership, which is UBO, and the ability to

fractionalize assets and ownership globally. So that to make each citizen feel that they are actually invested in the country that they're from, and to be able to own that part of the future revenue generation and that future cash flow is also very, very important. So we spend a lot of time in terms of on the cutting edge of technology from the AI agent side, but also what the potential outcome and the downside case that could evolve from AI's wide dispersion, and then the different tools that you can at least work with the regulators, government, and corporations to mitigate the downside risk. Yeah.

Laura Deal Lacey 49:30

Yeah. Thank you for that answer. We have a question from the audience for Pandu. What key projects overseas are you looking to invest on?

Pandu Sjahrir 49:41

So a couple of things that we're doing, something related to food security that we need for our countries, or we're hopefully soon—knock on wood—announcing something there, which is a large project. We're also looking investing in upstream energy, especially given what's happening today with the war. We're looking outside because Indonesia, we import about a million barrel of oil per day, so we're looking at upstream producer that we can essentially invest or acquire and build a portfolio of upstream energy asset. Those are probably the two key projects that we're looking at for the rest of this year. But in terms of big picture, these are some of the sectors we're focusing on and partnering in. I think digital infrastructure is one, financial services, real estate, food security I mentioned, upstream energy and energy security, renewable energy, and downstreaming. So these are the eight key sectors that we're focusing for Danantara for the next few years.

Laura Deal Lacey 50:48

So another question from the audience for you and for David. Will you allocate more to North America and Europe?

David Elia 50:56

Yes. [Inaudible] Yeah, absolutely. We're certainly not betting against America, if that's what you're asking me. It's the biggest—can you hear me? Sorry.

Michael DeSombre 51:10

Doesn't seem to be on.

David Elia 51:11

[Inaudible] I'll try and project my voice a bit louder. But...

Off-screen voice 51:20

I'll give you a mic.

David Elia 51:22

Okay. Can you hear me now? Okay, that's perfect. But yes, we will continue to allocate. In fact, we're increasing our allocations to North America. We haven't given up on Europe, but I think you've got to be a little bit selective in terms of which parts of Europe, which countries, which sectors, which industries—

Laura Deal Lacey 51:40

And do you have a sector or a country that you're excited about particularly?

David Elia 51:44

Look, we already invest across all the asset classes. So, whether it's property, we own airports in the UK. We own energy infrastructure in all parts of Europe. We've got large exposures in terms of development companies or listed companies in those particular countries. But the weighting— a vast proportion of the weighting, almost 30 percent of our global weights, are actually in the United States of America, so I can't see that stopping. The other point I just wanted to quickly make, just in relation to obviously the AI revolution, I think it has been touched on. It's created an enormous amount of investment opportunities in terms of that broader ecosystem. So, the whole concept around energy infrastructure, which is an area that we actually play in. In some instances, entire communities are having to be built to effectively support the build-out, the sustainability of these. So it's creating housing opportunities. It's created the opportunity to really build large communities. That should not go unnoticed in the context of the broader investment theme around what is happening in the AI world at the moment.

Pandu Sjahrir 52:59

Yeah, I think similarly, I think for the US, we're quite focused, as part of our developed markets, but we really do also like North Asia. I think what's happening in Japan is very interesting, in Korea as well, and of course, Southeast Asia, that's where our home markets are and what we're doing with Singapore in terms of energy security. We're going to be focusing on that. But obviously, in terms of developed markets, this is the country we're focusing on.

Laura Deal Lacey 53:28

Well, I'd like to have a final question for each panelist. We talked about uncertainty, fragmentation, and complexity. Let's talk about what are the things that you're optimistic about for the next five years?

Michael DeSombre 53:41

Sure. I'm really optimistic about the reindustrialization of America, and you're seeing massive investment growth into the US. We're seeing that President Trump is really attracting that. You're hearing from the investment professionals that they're looking at the US as a place to allocate more capital, and we're really seeing manufacturing growing in the US for the first time since 2022 in the last few months. So you're really seeing the impact of the policies making a difference, and I think we'll see that. You'll see that in shipbuilding. You'll see that in semiconductors. You'll see that in some of the areas that we're attracting investments from Korea, from Taiwan, and others. So I think it's going to be a very exciting time in the manufacturing and reindustrialization of America.

David Elia 54:21

Yeah. Look, I think from my perspective, it's always been the case. Never bet against human ingenuity. It's just an extraordinary marvel. So, we are a long-term investor, so you have to be optimistic at the end of the day that the world won't entirely blow up. If it does, it doesn't matter because everyone else blows up. But certainly very, very optimistic, in the context of some of the demographic changes that are happening globally all over the world, and I think this notion of AI will create greater connectivity in the world.

Laura Deal Lacey 54:54

Thank you, David.

Jacqueline Poh 54:55

I'm optimistic about Asia and about partnerships because I think above-global-trend growth will persist in Asia and the Pacific. And I count the US into that as a Pacific Rim nation. And I have seen, even in the last year, a huge increase in the number of countries willing to partner on different things. We've recently signed a supply chain resilience partnership with New Zealand, first of its kind. We signed one with Australia, where it's a swap of natural gas for diesel, I think, or something like that. And a lot of these things might not have been so salient before, but I think countries are coming together to solve problems and to improve their resilience in ways that we've never seen before.

Pandu Sjahrir 55:45

Yeah. For myself, there's two. One, I agree with David, too. I believe in human beings that with respect to AI, too, I think this is going to be very net positive to the world. So we're always believe that you cannot outsource human ingenuity, decision-making. At the end of the day, that's how we are able to use AI for global benefit. And number two, obviously, I'm very bullish on my home country, Indonesia, given that we are the fifth-largest country in the world. We're transforming today from a nature resource-based economy into human-based economy, and hopefully Danantara is part of that story and transformation. And I think five years from now, come to Milken, here, the story—we're really no longer about mining, it'll be about people.

Lu Yin 56:33

I think for me, I actually want to point out something from Pandu's previous comments, is I think the sincere humility that the world is changing very rapidly, and there's a lot of variables confronting us. And I think what I've really appreciated is the fact that whether it's regulators, corporations, financial institutions, the willingness and openness, especially in Asia, to learn from each other, learn from the US, and I think that what's unique about Asia especially is also different corridors that exist today from Hong Kong to Singapore, Singapore to Japan, Korea to Indonesia. I think the continuous flow and potential acceleration of capital, human capital, physical commodities, etcetera, I think that hopefully under more lenient jurisdictions as well will continue to flourish. So, very excited for the next five years.

Laura Deal Lacey 57:29

Well, I completely agree with you all. There's never been a better time to be alive, even with all the complexities that we see around us. And the Asia-Pacific region matters. It matters economically, it matters because of its capital, and it matters because of its innovation. So thank you so much for your insights. We look forward to continuing the conversation.

Panelists 57:54

Thank you.

Announcer 57:58

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