CLSA

10-14 SEPTEMBER 2018 • HONG KONG

25th CLSA INVESTORS' FORUM 2018

Asia's pre-eminent investment conference

Insights. Liquidity. Capital.

CLSA is one of Asia's leading capital market and investment groups; connecting investors to insights, liquidity and capital to drive their investment strategies.

Award-winning research, an extensive Asia footprint, direct links to China and experienced finance professionals differentiate our range of services in corporate finance, capital markets, securities and asset management.

As the international investment platform of CITIC Securities, China's largest investment bank, CLSA is uniquely positioned to facilitate cross-border capital flows and bridge China to the world and the world to China.

Founded in 1986 and headquartered in Hong Kong, CLSA operates from 20 cities across Asia, Australia, the Americas and Europe.

For further information, please visit www.clsa.com

CONTENT • CONVERSATIONS • CONNECTIONS

The annual CLSA Investors' Forum in Hong Kong is one of the most comprehensive events of its kind in Asia, giving you access to senior executives from leading companies that are important to you. The Forum will also deliver the breadth and depth of our award-winning research, host over 170 corporate and specialist presentations and more than 60 world-renowned industry experts on a vast array of subjects.

Scores of world leaders have recognised the power of the CLSA audience and used our Forums to present their nations' political and economic messages directly to investors who will make a difference in their markets.

Past participants include Lord Mervyn King, Bill Clinton, Alan Greenspan, Al Gore, Jean-Claude Trichet, Yanis Varoufakis, Sarah Palin, Desmond Tutu, Paul Volcker, Micheal Phelps, Bob Geldof, Craig Venter, Francis Ford Coppola, Arnold Schwarzenegger, George Clooney, David Beckham, Stanley Fischer, Jared Diamond, Paul Krugman, Frank Luntz, Robert Shiller, Carmen Reinhart and Joseph Stiglitz.

Whether its global finance or economics gurus, political or geopolitical experts, technology, health, environment or social-issue specialists, our prominent speakers will challenge and enlighten you over the five days of the Forum.

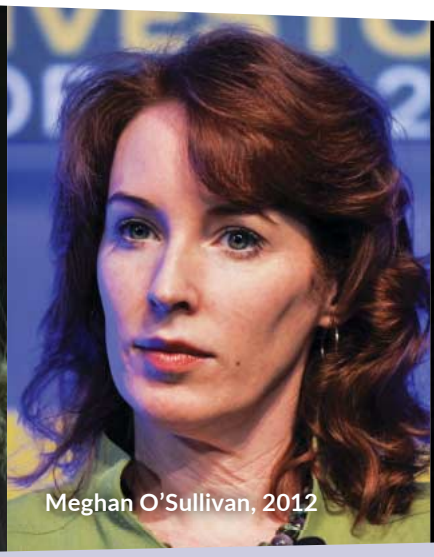
Why attend?

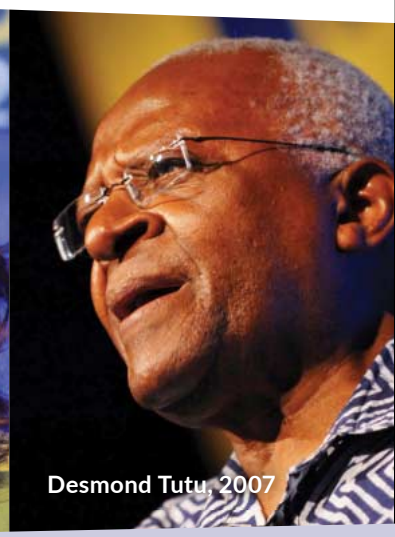
- **Content: Access award-winning research, global insights and investment strategies**
- **Conversations: Experience unrivalled knowledge exchange**
- **Connections: Tap into public and private capital, investment ideas and new markets**

Spoilt for choice

Yanis Varoufakis, 2017

Ellen Jorgensen, 2017


Meghan O'Sullivan, 2012


Desmond Tutu, 2007

William R. Rhodes, 2017

Jonathan Tepperman, 2017

Susan-David, 2017

Al Gore, 2006

Nigel Farage, 2012

Jill Bolte Taylor, 2010

Pedro Domingos, 2017

Jacqueline Novogratz, 2012

UNPARALLELED FORUM PLATFORM

The week's offering will be comprehensive. In addition to seven tracks of presentations, and thousands of hours of multilevel meetings, every day over a working lunch we will showcase a speaker who will challenge you to think outside the box. Collectively, they will make you better understand what the future holds and how what's coming will affect the way you make your investment decisions today.

5 DAYS

7 TRACKS

170+ PRESENTATIONS

21 SECTORS

12 MARKETS

& WORKING LUNCHES

Presenters and attendees

1,810 investors from around the world

Current and former government leaders

&

700 senior executives from nearly 300 of the region's leading companies

Industry specialists and CLSA ranked analysts

FORUM DETAILS

Date

10-14 September 2018

Conference venue

Grand Hyatt Hong Kong

Accommodation

CLSA has special conference rates for the below hotels. Contact your CLSA sales representatives for details.

- **Grand Hyatt, 1 Harbour Road, Wanchai**
- **Island Shangri-La, Pacific Place, 88 Queensway, Admiralty**
- **JW Marriott, Pacific Place, 88 Queensway, Admiralty**
- **Novotel Century, 238 Jaffe Road, Wanchai**
- **The Park Lane Hong Kong, 310 Gloucester Road, Causeway Bay**
- **Renaissance Harbour View, 1 Harbour Road, Wanchai**

Registration

Places are limited so be sure to register early.

- **Contact your CLSA sales representative**

FORUM FACILITIES

IF-Online

All the latest Forum news, commentary and insights will be available on IF-Online, which can be accessed via clsa.com. Non-client delegates can gain access through wales.clsa.com or the CLSA Mobile app.

CLSA evalu@tor

The CLSA evalu@tor database offers access to our award-winning research as well as tools for screening, comparing and charting more than 1,300 Asian equities. This unique 24-hour online service also retrieves data from analysts' models and global data feeds from leading vendors.

Mobile app

Stay connected to everything going on at the Forum and have the latest schedule at your fingertips. The CLSA Mobile app is free and requires iOS version 8.0 or later. Search for "CLSA" in the Apple App store or Google Play store.

Business centre

The business centre offers a full range of secretarial services, travel assistance and courier facilities.

Library

An extensive array of CLSA publications as well as annual reports and brochures from presenting companies will be available in our onsite CLSA library.

Computer kiosk station

A large bank of computers equipped with Bloomberg software will be available for delegate use. Delegates will also be able to:

- View Forum schedules (personal and general)
- Send intranet email to other forum participants online
- Make bookings for Forum presentations and social activities
- View participating speaker and company information

Courier services

A courier representative, conveniently located outside the CLSA business centre, will get your package overseas as fast as the next day!

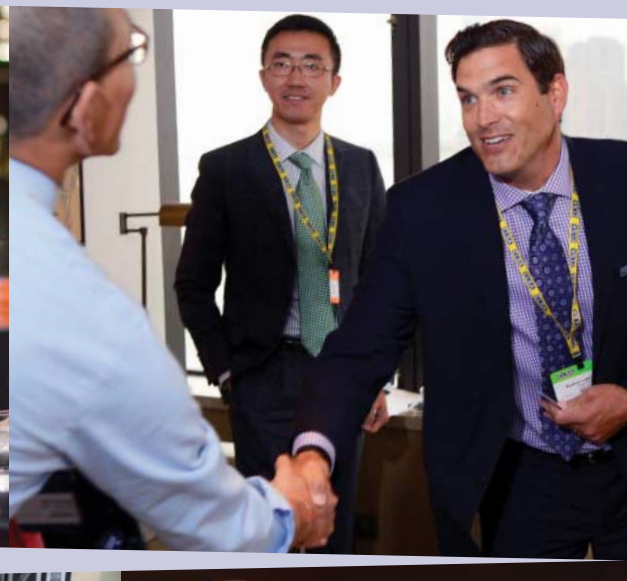
Travel desk

A CLSA travel coordinator will be available to assist you with your travel arrangements and onward flight confirmations.

Hospitality

Need to hold an informal meeting? Book a restaurant or a sightseeing tour? Looking for a special gift? Our CLSA hospitality staff will be happy to help you make reservations and answer your enquiries.

Content and connections



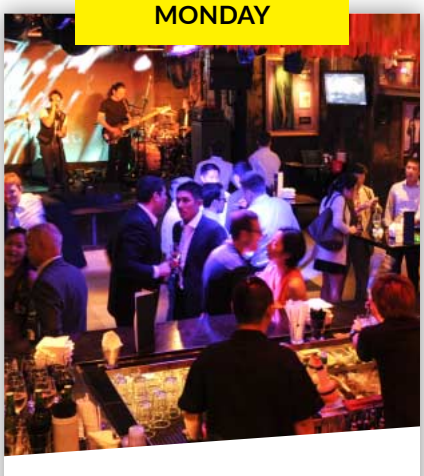
SOCIAL ACTIVITIES

It’s not all work, though!

Throughout the week there will be a host of extra-curricular activities for you to choose from: there’s something for everyone. Invitations will be sent to registered delegates in due course.

Networking events

MONDAY



Wind down after the first day of the forum at CLSA’s welcome cocktails. A relaxing night of great conversation and music.

TUESDAY

Sample some of the best food Hong Kong has to offer at a selection of the city’s most interesting and enticing eateries.

THURSDAY

Party at one of Hong Kong’s latest hotspots. Turn up the heat as we bring everyone together for a spectacular evening.

OUR STORY

When CLSA started life in 1986, telling the story of Asia was pretty simple: most global funds saw Japan as the only serious market; the Korea Fund sold at a 100% premium as the only way in and China was a mere blip on the world's economic radar.

Ronald Reagan was in the White House, the Dow Jones Industrial was climbing towards 1,900, Margaret Thatcher was firmly ensconced at Number 10, and China was one of the world's poorest countries with per-capita income of US$320.

In Hong Kong, still 11 years before the handover back to China, the Hang Seng Index was closing in on 2,000, prime office space was HK$15-17 per square foot and you could see the hills behind Kowloon from Central. Planes skimmed the near horizon to bank sharply and land at Kai Tak, within view of the city.

In 1990, seven years before reunification, in one of our earliest TV snapshots, *The Vanishing Border*, CLSA was one of the first to identify a paradigm shift that would redefine the global economy as Hong Kong became southern China's financial/service centre and, more importantly, the mainland became a manufacturing powerhouse.

The story of China is not one that can be understood in numbers or cold analysis, but one that needs to be soaked up on a visceral level and be told by professionals who think outside the confines of a typical financial advisory firm

China's rise has been an incredible and complex epic of profound growth in global trade

Mr & Mrs Asia sit at the intersection of many of our key investment theses: Billion Boomers; Chinormous; Beautiful China, e-liftoff , Autocalyspe and Theorality.

One sees all the larger themes that have played out during the past 32 years on the hundreds of colourful research covers we have produced, featuring original artwork: China's rise out of isolation to become a major global power; the boom, bust and then recovery of Asean; the emergence of India; Japan's recovery after 15 years of recession; and the explosion of e-commerce.

As we approach a world in which humans and artificial intelligence are bound together in a constant exchange of information and goals, people and software will not be much use without the other. We opine that diverse and unrelated industries are going to be fundamentally reshaped.

The Chinese characters for longevity are derived from the symbols for strength, perseverance and leadership - qualities one needs to survive and prosper. CLSA has displayed such attributes, growing in strength from a single office in Hong Kong into an investment powerhouse with over 1,500 dedicated professionals located in 20 cities across Asia, Australia, Europe and the USA.

We see Xi Jinping's ambitious Belt and Road Initiative redirecting China's domestic overcapacity and capital for regional infrastructure development to improve trade and relations with Asean, Central Asian and European countries. We continue to identify the many ways investors can participate in both A- and H-share markets.

Through our parent company, CITIC Securities, CLSA has unrivalled access to China for corporate finance, capital markets and investment opportunities. We leverage outbound capital flows and assist global investors in navigating China's capital markets. CLSA is now part of the brokerage establishment, committed to a culture of excellence, innovation, integrity, inclusion and celebration.

Today, China is the world's No.2 economy after the USA with GDP of US$11 trillion, a TV-reality star is in the White House and the Dow Jones Industrial is a shade above 23,800. The Hang Seng Index is up around 30,000 and prime Central office space is HK$150 per square foot.

As we prepare to celebrate the Forum's 25th year, our commitment to bringing clients actionable ideas is stronger than ever.

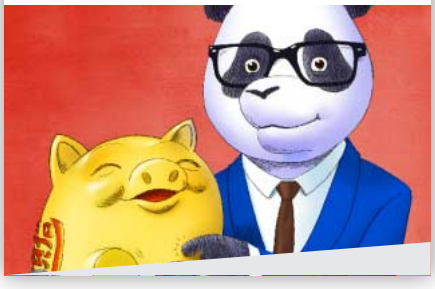
MARKET FOCUS IN 2018

AUSTRALIA

Australia is a variable interest-rate economy; homebuyers and businesses borrow at variable rates. As rates declined, house prices surged, China stimulus and the housing wealth effect drove businesses. Insipid wage growth, modest upward home-loan repricing and the risk of rising global rates are all weighing on the recent housing supercycle. With a federal election looming, a swing towards populism and a close-run race in the polls, housing affordability is a major issue.

CHINA

Beijing has become more authoritative under President Xi Jinping. Having spooked the market initially, this strategy has removed uncertainty, always a positive for stock markets. Nevertheless, the world that China operates in remains uncertain. Notably, the trade skirmish with US President Donald Trump has ensured volatility remains abundant. China's economic reform has momentum and secures it as a top destination for foreign investment.



HONG KONG

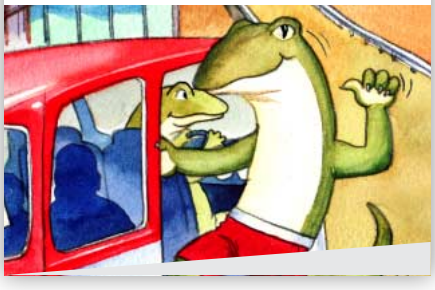
Hong Kong's property prices pose a social challenge to the SAR government. That said, positives are abundant given progress towards Greater Bay Area integration. Fintech companies and property developers are clear beneficiaries of future development in the Pearl River Delta. That said, Macau will be the single biggest winner in the short term, given the direct impact that the opening of the Hong Kong Macau, Zhuhai Bridge in 2019 will have.

INDIA

India's government has put several structural reforms in place including inflation control, GST and ease of doing business which have created a solid foundation for sustainable growth improvement. While political uncertainties could weigh on market sentiment, the economic and corporate earnings cycle has definitely bottomed out. A potential housing market recovery over the next three to five years is likely to be the key investment theme.

INDONESIA

Fundamentals continue to improve. Signs of the capex cycle picking up, with government leading the way, are yet to spill over to consumption in a meaningful way. Moving closer to 2019, market focus will shift to politics as President Jokowi seeks re-election in April 2019. It looks like he is the clear winner, but politics are dynamic and fluid. More importantly, the government needs to ensure that macro stability is intact, the economy is growing, and that disposable income is rising.



JAPAN

Japanese profitability is at all-time highs, powered by secular changes that have plenty more upward potential. Culling zombie companies and non-core business divisions have become painless and highly profit-enhancing. Share prices have not kept pace with the profit surge, and valuations are undemanding. Some 56% of non-financials are net cash, but the penny seems to have dropped on corporate governance and buybacks are well on track to hit record highs.

KOREA

Over the course of its history, Korea has consistently managed to overcome crisies by reinventing itself through wrenching reforms. The new government as well as local institutional investors are pursuing corporate-governance improvements prompted by the corruption scandal and impeachment of the former president. Along with alleviation of geopolitical risk in the Korean peninsula, such CG improvements will help rerate Korea's chronic undervaluation.

MALAYSIA

With election irritations out of the way, infra rollouts and investments should buoy the market. Sectors with multiyear revenue improvements include financial services, airports, gaming, ports and infrastructure. The government aims to deliver above 5% GDP growth and keep fiscal deficits below 3% of GDP despite negotiating populist measures to repair its poor approval rating. With a stable currency, Malaysia has finally become a credible investment destination.

PHILIPPINES

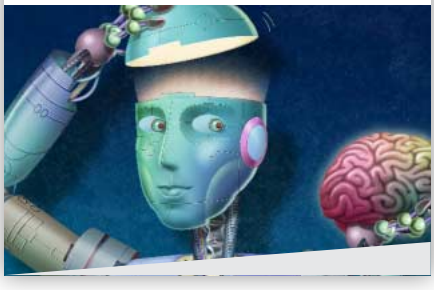
The Philippines' strong macro backdrop, rising income levels, favourable demographics and early credit and investment cycles present myriad investment opportunities. Overseas remittances, gaming and tourism numbers continue to impress. The key challenge is to stay the course of free-market reforms. Inflation has been on an upswing in 2018 but should soften next year. A resurgence of net foreign buying would allow the market to preform.

SINGAPORE

The rising threat of a full blown global trade war, depreciating renminbi and geopolitical risks could weigh on the market, but we see valuations as undemanding and remain Overweight Singapore and recommend accumulating cyclicals sectors. In the near term, investors can look for comfort and safety in the Singapore market with its resilient currency and superior dividend generation ability as highlighted in our dividend portfolio.

TAIWAN

Taiwan remains Asia's high-tech hub and is home to leading global suppliers of semiconductors, optoelectronics, computers and mobile devices. Shortages in several tech-component classes are lifting product prices and helping companies achieve record returns. Taiwan has one of the most impressive cash dividend yields (more than 4%) among major equity markets, with both earnings and FCF on an upward trajectory.



THAILAND

Thailand returns to elections next year after more than four years under military rule. A smooth transition will encourage investment-led growth. The country has ambitious plans to regain manufacturing competitiveness. Its Eastern Economic Corridor, a massive special economic zone with generous incentives for foreign investors, aims to attract high technology, value-added industries, leaving Thailand less exposed to competition from Asia's low-cost manufacturers, eg, Vietnam.

SECTOR FOCUS IN 2018

Autos

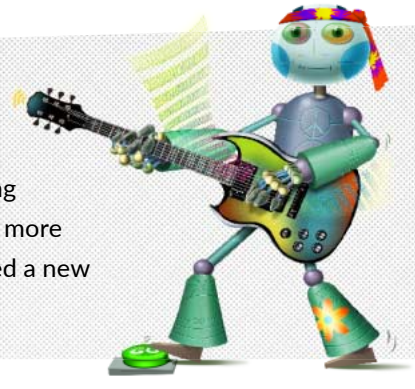
While pundits have painted a grim picture of a disruptive abyss, automakers are focusing on driverless technology, new energy vehicles and connected cars. Some new comers have found producing cars in high volumes harder than sending a rocket to Mars. The brave, new world of high-tech cars is coming, and legacy makers will remain in the driver's seat.

Banks

Contradictory macro factors dominate the investment outlook for bank equities which creates a degree of volatility. For example, the long-awaited perceived positive earnings impact of US reflation versus subdued economic growth elsewhere; the unwind of US quantitative easing versus QE liquidity injections elsewhere; resolution of "Basel 4" capital, liquidity and funding regimes to improve bank resilience versus the wave of populist politics which could see bank regulation wound back; and the consequences of central-bank efforts to normalise interest-rate policy settings.

Capital goods

Industrial robots continue their march into new factories and manufacturing facilities around the world, making the Chinese manufacturing sector even more competitive. Furthermore, China's huge infrastructure projects have created a new appetite for construction machinery and other heavy equipment.



Commodities

China's demand should grow for most commodities this year, but a slowdown is inevitable. Beijing's supply and environmental reforms are ongoing, but have incrementally less impact as its campaign matures. Demand growth elsewhere is providing tailwinds, but tariffs are affecting trade flows.

Conglomerates

A collection of old-economy assets and lower-growth profiles have weighed on conglomerates. However, strong balance sheets and rich free-cashflow generation give them significant optionality to deploy capital via M&A, capex, buybacks or dividends. At IF18, we will explain which strategies conglomerates will utilise to sustain investor returns.

Consumer

Rising Asian consumption remains a key engine of global growth. Which companies are best placed to execute? What channels are gaining and losing share? China remains a focal point for many global and Asian companies, both in terms of cracking into the market and tapping into outbound-traveller opportunities. IF18 will host speakers on these themes and the companies exposed to them.

ESG

Environmental, social & governance (ESG) issues have entered the Asian mainstream for investors, driven by a confluence of tighter regulations, focus by regional pension and sovereign wealth funds and rapidly improving data quality. In 2018, we continue to focus on ESG risks and impacts on supply chains, in particular, sourcing risks for battery materials as well as rare earth metals crucial to smartphones and other tech products.

Gaming

The Macau gaming sector has recovered, with visitation and spending accelerating. China's macro backdrop is stimulating consumer confidence. More importantly, long-term drivers, including infrastructure, increasing hotel-room supply and diversification, provide strong tailwinds for continued growth.

Healthcare

The incidence of heart disease, cancer and diabetes is increasing in Asia, reflecting changes in lifestyle and diet as well as ageing. According to the WHO, the economic cost from these diseases between 2006 and 2015 totalled US$3bn. Hence, companies that treat these diseases within the emerging Asian region should see steady volume increases. Businesses that treat the disabled should also see increasing demand.

Oil & Gas

Opec's extended oil-production cut combined with falling inventory levels, robust global demand growth and increased tensions in the Middle East have pushed oil prices up this year. Meanwhile, abundant natural gas and clean-energy policies bode well for suppliers. Find out where the best opportunities in Asia lie from oil & gas corporates presenting at our Investor's Forum.

Power & Utilities

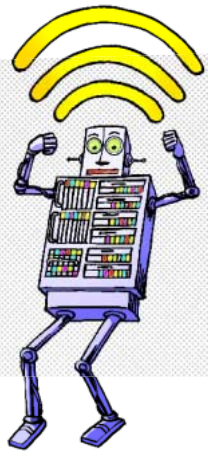
The world's biggest power market is undergoing a radical transformation as part of Xi Jinping's Beautiful China initiative. Renewable energy and cleaner-burning gas are winners at the expense of coal, and we expect the shift to accelerate from late-2018 with a new five-year Air Action Plan. Meanwhile, energy storage is starting to play havoc on Western markets, and Asia is next.

Property

Which property markets in Asia have more defensive asset pricing as interest-rates picks up? Will China's hukou liberalisation lift income growth in tier-two cities and create new demand? How will India's subsidised housing drive its property market? And is Singapore's residential market recovery sustainable? Find out at IF18.

Technology

Despite a lack of big end-demand drivers, some positive trends continue such as memory stability, smartphone consolidation and auto, mining and network upgrades. While 2018-19 will appear tame compared to 2016-17, booming A shares offer an exceptional growth profile.

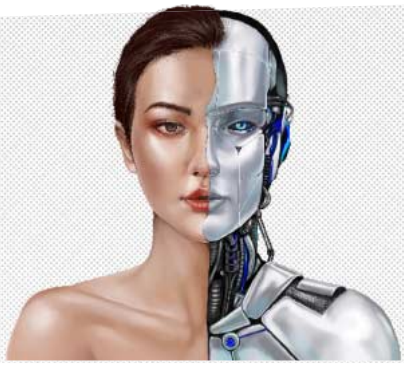


Telecoms & Internet

China internet stocks continue to outperform despite market volatility. Top-line growth remains robust despite more competition and margin pressure. 4G adoption continues to drive mobile-internet usage. New retail is revolutionising China's shopping, manufacturing and logistics markets, accelerating online sales, cloud and technology adoption. Efinance continues to flourish despite regulations, and online entertainment is set to boom.

Thematics

How do you disruption-proof your portfolio in such a fast-changing world? We do not pretend to know all the answers, but our *Theorality* thesis will help you make sense of the fundamental shifts that are affecting traditional business models and your stocks' portfolio performance.



Unparalleled thematic research

- You will see all the larger themes that have played out across Asia and the world over the past 32 years illustrated in our reports.
- Our research is different; at times irreverent; often humorous - sometimes not; but always thought-provoking and value-adding.

HELPING YOU IN YOUR QUEST FOR VALUE

CLSA UNIVERSITY

Access unfiltered primary sources of information in an executive-education-style setting. CLSA U is also recognised as a CFA Institute approved provider for continuing development, granting participants CFA continuing development credits automatically.

MACROECONOMICS AND STRATEGY

GREED & FEAR

EYE ON ASIAN ECONOMIES

Award-winning strategist Christopher Wood and top-rated economist Eric Fishwick kick off the Forum with their views to help set the scene for the hundreds of company, analyst and specialist-speaker presentations throughout the week.

CHINA REALITY RESEARCH

china realityresearch

China Reality Research hosts grassroots investor trips all across China. These trips focus on connecting our clients with real people doing real business across a wide range of sectors. There is no better way to get a flavour of what's really happening on the ground.

MICROSTRATEGY

evalu@tor
The Asia-Pacific Market Database

Despite the rise of smart-beta strategies and ETFs, fundamental stock selection remains important, especially with an overlay of investment styles. We employ rigorous screening criteria and backtesting to come up with first-class stock-selection ideas.

TECHNICALS

Our technical indicators recognise the value of history and crowd behaviour, using breadth, momentum, flow, participation and sentiment to assess direction and identify big turning points. We constantly map out trades and investment strategies.

See you at the Forum

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