

VBA Journaal – CFA Society Netherlands Annual Dinner 2024

On 24th of September, CFA Society Netherlands held its Annual Dinner in the stunning Koepelkerk in Amsterdam. It was a full house with 240 guests attending, even the balconies were filled. We had the honour to host the largest Annual Dinner of CFA Society Netherlands ever. The theme of the evening was Geopolitical Uncertainty. The President of CFA Society Netherlands, Inge van den Doel, opened the dinner with a speech stressing the importance of diversity and inclusion. After that, two keynote speakers discussed geopolitical uncertainty from different angles.

The first keynote speaker, Alexandra de Hoop Scheffer President of the German Marshall Fund (GMF) of the United States, showed research that CEO's are currently more worried about geopolitical risk than they are about inflation or high energy prices. This is a sea change from 10 to 15 years ago, when political risk was an afterthought in boardroom discussions. Alexandra sees that we are in an era of more competition and less cooperation. A clear example is the rivalry between US and China, that translates itself into decoupling of their economies. Individual firms chose security of supply chains over costs. The EU finds itself in the middle of US, China, and Russia, coming from a position where the EU is too dependent on the US. Not only is the EU faced with the challenge of striking a fine balance in international relations, also a digital transition and green energy transition needs to happen for the EU to remain relevant. Key to addressing these challenges are the collaboration between the EU institution, national governments, and the private sector.

There is a piling up of crises: "permanent crisis management", in de Hoop Scheffer's words. We are not able to adapt to surprises when it comes to investing. What we can do

is to learn better from previous crises and apply the lessons learned to be better equipped for future crises. Performing scenario analysis on a frequent basis is key. Every investor should look at its portfolio and ask how it is impacted by geopolitics? What could happen in the next two years?

This was food for thought. We enjoyed the first course before listening to the second keynote speaker. This was Louis-Vincent Gave, who is founding partner and CEO of GaveKal research and lives in Hong Kong. Louis-Vincent showed us the Asian perspective. While Western media is mostly focusing on the real estate sector in China, Louis showed that the growth of the industrial sector is under-appreciated. As an example, BYD is now able to produce a cheap and efficient hybrid car that could be globally competitive, were it not for retaliatory tariffs. The advantage may be sustainable: BYD employs 900k people, out of which more than 100k are working in R&D. Compare this with Tesla that has 120k employees in total: how will Tesla maintain its edge in the face of such competition? A corollary is that investors should be careful when investing in countries that impose high tariffs on China, as they will

push their own economy towards stagflation. A second myth that Mr. Gave busted is the reported doom and gloom of Chinese consumers. The persons that are most likely to be interviewed by Western journalist are millennials in top-1/top-2 Chinese cities. Ironically, these are the most dissatisfied with their life; facing high property prices and unemployment. Turning to younger generation Chinese, or those living further away from megacities, consumer confidence is actually positive. Mr. Gave reminded the room that investors should always look behind headline and assess the broad palette of data available, as that can lead to surprising conclusions.

The evening was expertly moderated by Marije Tolsma-Groen. She led an interactive discussion between the keynote speakers and the audience who asked a lot of interesting questions. After the main course, the evening continued with networking during the dessert buffet. Thanks a lot, to all attendees and sponsors for making this Annual Dinner a great success!

Cees Harm van den Berg CFA, Richard Sanders CFA and John Kuijt RBA EPP

