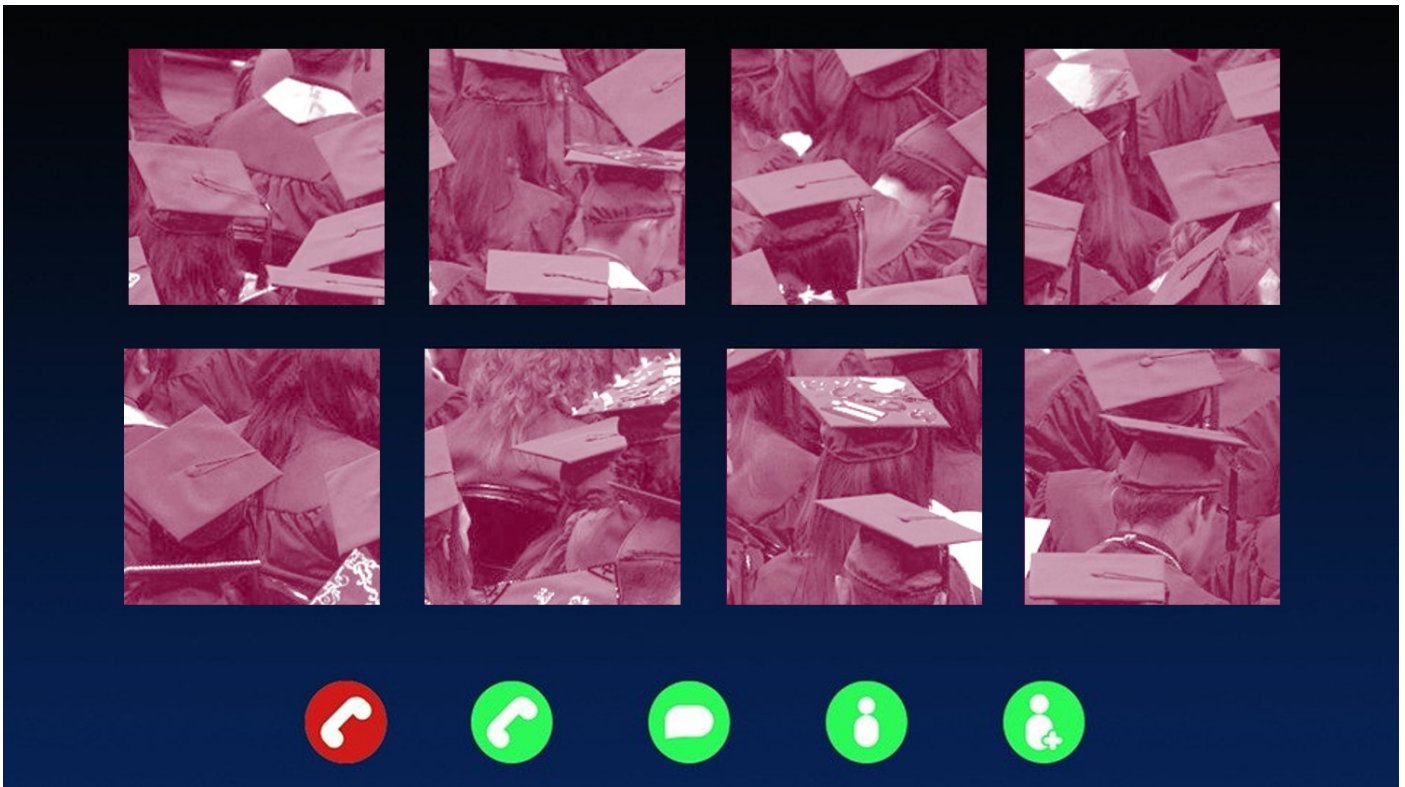


June 2020

My Address to the Graduating Class of 2020

by TriLake Partners' [resident mortarboard designer](#)



Greetings to all and my gratitude to the University for this honour to address the graduates of 2020.

This is not quite the commencement address I had always dreamt of delivering. Here we are in a Zoom meeting, isolated in our respective little onscreen rectangles, cap and gown optional, trousers too, presumably. Let not this unusual circumstance take anything from your achievement although it may take the fun out of reminiscing your last semester when you reconvene for your tenth-year alumni homecoming.

The world has changed. Yet again. It changed two decades ago when many of your graduating class were toddlers taking tentative steps. There are people of my generation who don rose-coloured glasses and harken back to the time as a halcyon period of peace and prosperity. Pax Americana reigned. The European Union took another step further away from its war-torn history

with a new unified currency. China would soon join the World Trade Organization. But also, the DotCom bubble had just burst. And terrorists attacked the world's financial capital in the most horrific fashion.

The days that followed 9/11 were tragic and eerie. Two days after the attacks, Clyde Haberman wrote in the New York Times: "It is quite possible that America will have to decide how much license it wants to give law enforcement agencies to stop ordinary people at airports and border crossings to question them at perhaps irritating lengths about where they have been, where they are heading and what they intend to do once they get where they're going. It would probably surprise no one if ethnic profiling enters the equation to some degree."

"The toll went far beyond the thousands of lost lives," wrote Bob Herbert in the same issue. "Our sense of security and much of our innocence was lost as well."

You can hear echoes of those sentiments today as cities around the world come out of self-imposed weeks-long economic hibernation and take tentative steps toward some “New Normal” whatever that may be. But in this age of accelerated technological and geopolitical change, can the term “new normal” mean anything? What one subjectively considered the old normal a few months ago was itself the new normal which superseded some other new normal. I’ve always thought that a functioning society strives for a Better Normal constantly. We invest in deserving companies that contribute to that Better Normal. We pay taxes to governments that (tries to) safeguard and regulate the equitable flow of capital, labour, goods and services of our market economy. We educate and train our current and future labour force. We celebrate that education as we gather online today.

Consider the Standard & Poors 500 Index around the time you were born. These corporate behemoths dominated the landscape in 2000. The DotCom Bubble had just burst, knocking Microsoft off the top spot it had occupied in 1999. (I was hoping the Y2K bug would cause my VCR to start recording episodes of The Sopranos in period 1900 costume.)

Three technology companies—Microsoft, Cisco Systems and Intel—are on the list with industrial, financial, pharmaceutical and retail giants. Apple had \$4 billion of



cash and had just appointed Steve Jobs as permanent CEO. Amazon had yet to turn a profit; that would come a year later with a reported 1-cent earnings per share from \$1 billion of revenue.

Fast-forward to today when Amazon is one of at least three companies in the S&P 500 worth over a trillion dollars. Amazon’s EPS this year is expected to **contract** by almost 20% to \$18.71 from sales of \$346 billion. Apple sits on over \$140 billion of quick assets.

Contrast today’s ten largest companies in the index to the previous list. These ten companies alone account for 27% of the total value of all 500 companies. Five of them make up 20%! That would be Microsoft, Apple, Google, Amazon and Facebook, or as a friend calls it: FacMAGA.

The technology sector produces 30% of all revenue. Look at us now: We’re in a Zoom meeting, made possible by a company that is currently valued more than the seven largest airline groups in the world. The forward earnings multiple is now more than 21 times the earnings expected for the next 12 months. This is a level last visited—you guessed it—twenty years ago.

Oh and I forgot to mention that somewhere along the last 20 years, the Global Financial Crisis brought our financial system to its knees. We even called it The Great Recession, a term we may have to reconsider after 2020.



There are also disturbing trends in society that now manifest in polarised populations, populist presidents, the poisoned social discourse, the alternative “truths.” Some trends in the investment world I live in are also evident. The winners before the pandemic are even bigger winners after it as smaller competitors are more stressed to raise capital or even just stay in business. That family-run coffee shop that you like to frequent has closed but, hey, the Starbucks is still open. There are half as many listed companies in New York now than 20 years ago. As stewards of our clients’ wealth, it’s a constant need to pray for the serenity to accept the things I cannot change, the courage to change the things I can, the wisdom to know the difference and the tequila for everything else.

My point—and I do have one—is that despite the carnage that’s been wrought this year by the pandemic (plus the oil glut, the wildfires, the floods, the volcanoes, the death of Kobe Bryant, I could go on), the world keeps creating wealth and income over time. Many of you are entering the workforce at a time of record unemployment and may struggle to find a job, let alone a fulfilling one. But young generations now face more choices out of corporate employment. Capital moves

more freely across borders in search of deserving enterprise. Make it yours.

Take heart and take stock of your first 20 years and see how the world has changed. Yet again. It is true that many have fallen by the wayside but millions more have been lifted out of poverty by the much-maligned global world order. While many predict globalisation’s demise as the bipolar US-China hegemony takes shape, the street demonstrations around the world over the last three weeks must be a spark of hope for positive change. We should always work for and invest in a Better Normal.



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