

THE BUSINESS TIMES

Wealth

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RON SIM

Setting milestones at home
and abroad

ROUNDTABLE

The hunt for the
'holy grail' of investments

REAL ESTATE

Bright spot in
commercial properties

VIEWPOINT

Bond investors:
caveat emptor

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Editor's note

O SIM International founder Ron Sim began his entrepreneurial journey inauspiciously as a commissioned salesman, armed with just an O-level education.

But a never-say-never attitude coupled with tenacity and a sharp nose for business have taken him to heights that many others can only dream of.

He expanded OSIM from a massage chair business into a healthy lifestyle group, boasting a stable of brands including health food franchise GNC and luxury tea company TWG.

When OSIM was listed in 2000, it raised around S\$30 million and had 100 stores. The exercise to take it private, completed at end-August, cost an estimated S\$300 million. The group today is a far cry from its early days; it counts 1,196 outlets in 222 cities in 30 countries.

In this Spotlight profile, Mr Sim shares insights on doing business, on financial markets and the pressure it exerts, and on what local companies must do if they are to thrive.

He appears to revel in the newfound freedom from the strictures of a listed status. Financial markets, he says, can be very short term and fickle. Businesses, however, cannot afford to be driven by just numbers. "You can't make investments by just financials," he declares.

Singapore companies, he says, need to explore overseas markets, debunking the notion that companies need to be fully ready to venture abroad. Survival is key. "Your house may be in chaos but you still need to go. If not, you won't survive."

As always this edition is chock-full of investment insights. The concern foremost in experts' minds appears to be the impact of a Trump presidency on Asia and the emerging markets. Pictet Wealth Management's Cesar Perez Ruiz writes that emerging markets may well be the biggest losers from a Trump presidency if it results in more protectionism. But there are some promising spots. He likes hard-currency assets, for instance. He thinks India and Indonesia could surprise on the upside, thanks to favourable demographics, reform-minded leaders and a positive growth outlook.

Fixed income assets, long a favourite among private clients, are also in for a re-think. Standard Chartered Private Bank's Manpreet Singh Gill sounds a note of caution. Asian high yield bonds offer a yield of just over 5 per cent compared to 7.7 per cent between 2010 and 2015. Investors, he writes, will have to be selective on the sources of their portfolio yields.



Credit Suisse's Michael

Strobaek weighs in with a multi-asset view. Global economic growth seems moderate, though it is relatively robust, driven by a recovery in consumption, he says. Still, global central banks are set to be less accommodative. The US, for instance, is likely to raise rates slightly though this may be counter balanced by some degree of fiscal stimulus.

In this edition's investment roundtable, which focuses on how to put together portfolios with both capital gain and income, Schroders' Kin Weng Pang proffers some sensible advice. Investors, he says, should not chase yields at any price, and should instead focus on the quality of the income a company generates. For instance, a company which does not generate enough cash flow to sustain itself but relies on rolling over its debt to maintain interest payments, may not be worth the risk even if it pays a high yield.

Meanwhile in real estate, Alice Tan of Knight Frank highlights trends in commercial properties and strata-titled office and retail properties. There are headwinds, she writes. Commercial property prices and rentals have hit new lows with waning space take-up. But some big-ticket office deals this year, such as the sale of Asia Square Tower 1 at S\$3.4 billion, suggests confidence in the sector. There is also consistent interest in freehold strata-titled office properties in the second half of the year.

Elsewhere, Tara Loader Wilkinson profiles the efforts of British entrepreneur-turned-philanthropist Stephanie Shirley who gave £37 million (S\$63.9 million) to support learning among autistic children via interactive robots. The success of the effort at Prior's Court school at Newbury, UK has had a life-changing impact on the children and their families.

And in our Lifestyle section, Rahita Elias highlights the breathtaking auroras, Northern Lights, surely in many travellers' must-see list. While there is always an element of luck in the quest to view the lights, luxe tour firm Lightfoot Travel's preference is for the early January to mid-March period, to avoid the school holiday rush and to possibly benefit from clearer skies. It's not too late to start planning.

We wish you a rewarding investment journey.

By **Genevieve Cua**