

Davos at the Delamar

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As master of ceremonies at last week's Greenwich Economic Forum, your correspondent had a ring-side seat at the event's sixth annual gathering at the Delamar Hotel in Greenwich, CT. The list of speakers read like a Who's Who of Nobel-prize winning thought-leaders in business, economics, and investments. It was hard not to be overwhelmed by the depth and breadth of expertise coming at you during the sessions.

In particular, unlike many industry conferences, each panelist was worthy of key-note stature, making conversations on the stage incisive and provocative. Also, the range of topics – the world in “permacrisis,” sports investing, Ukraine, energy transition, and digital assets – provided attendees with a wealth of insights not readily available outside Switzerland.

While impossible to summarize our observations in any one commentary, we settled on three themes that flowed through many of the discussion.

The first was globalization. Not in a pejorative sense, as is it often presented, but as it describes trade and technology moving across national borders. Whether the topic was private credit, or real assets, or the impact of inflation and higher interest rates on economies, or the limits of governmental action amid political polarization, speakers explored the challenges of decision-making amid such a complex landscape of issues.

A good example was energy transition. The notion of reducing one's carbon footprint by relying more on electric vehicles seems accepted wisdom. Yet the production of EV batteries is reliant on sourcing critical minerals such as lithium, cobalt and manganese from China, Australia and the Congo. While the US is taking steps to increase domestic mining, alternative energy sources come with their own environmental costs.

Another recurring theme was artificial intelligence. As with ESG, AI has acquired anxious overtones. But at GEF, speakers detailed how AI in industrial and financial applications is grounded in a long-established pattern of technological improvements. As more companies understand the way digitization drives efficiency, the further gains can be had in both revenues and earnings – as witnessed by how the “Magnificent Seven” lead US equities performance.

Finally, from such core strategies as private credit to such esoterica as cryptocurrency, we heard how manager experience matters. Panelists showcased the way wise investment decisions are made, not only by understanding the implications of market crosscurrents, but by leveraging deep industry knowledge to rise above all the background noise.

For investors, then, the key is manager selection. In a world of super-specialization, differentiation can drive superior performance. Whether in direct lending or digital banking, geopolitical events and economic cycles are a given. The question is always, does your business model recognize that you'll rarely know what's going to hit you. Just that it will, and will you be ready?