



“The New Horizon”

"Thai capital market towards the new horizon"

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Summarized by SET Research Team

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- Emphasizing the need for patience and belief in Thailand's private sectors, regulators, and long-term prospects. They highlight the strong foundation of the Thai economy, including robust macroeconomic indicators and reserves, which have helped the country weather past crises better than many others. Additionally, Many Thailand's infrastructure projects have been invested and will be completed in the near future which lead to overall Thailand's strength economy.
- The potential of ASEAN as a peaceful and neutral region for investment. Many countries are interested in ASEAN due to geopolitical challenges elsewhere. Thailand's economy is seen as a beneficiary of this trend, with increased foreign direct investment (FDI) inflows (away from China), which lead to the structural change in terms of infrastructure, income generation, new supply chain for the whole region. Thus, the key challenge of Thailand is to keep pace with regional changes and capture these opportunities.
- Four Key Policy Areas for Development:
 - Technological Advancement: a focus on technology-related industries and the digital industrial revolution and how to attract international professionals to Thailand, promoting startups, and positioning Thailand as a hub for technology.
 - Work on our Existing Industries: upgrading industries aiming for intermediate S-curve such as car manufacturing, medical tourism, logistics, EVs, to leverage existing strengths to compete globally.

- Infrastructure Development: we need to create the right set of environments for infrastructure, such as the Eastern Economic Corridor (EEC), and suggests establishing a Western gateway (Andaman) for deep-sea ports to access new markets like India and Africa. In addition, require government support for international expansion to capture emerging markets in Southeast Asia.
- Regulatory Improvement: simplified regulations (regulatory guillotine), the modernizing laws and regulations to support economic growth is needed to create a favorable business environment.

Mr. Chate Benchavitvilai, Portfolio Manager, JP Morgan Asset Management

- Acknowledging Challenges and Athlete Analogy: Thailand's challenges, including an aging population, high household debt, and manufacturing competitiveness, are compared to those of an aging athlete facing injuries. Despite challenges, there's potential for effective competition through strategic adaptation with the strong evidence in service and medical tourism sector's emergence. Three things that Investor should do;
 - Opportunities in stock market in Thailand now must be selective, not broad based.
 - Amid the fast-changing opportunities and challenges, looking at historical data and valuation can be dangerous. We need to much more forward thinking.
 - Among dialogues and communications between investors and corporates as well as stakeholders, always focus on economics and duration. duration means the way company make money can sustain and generate consistent returns.
- The importance of corporate governance, fairness, transparency, and accountability are essential principles for ensuring the proper functioning of businesses and promoting investor confidence.
 - Fairness: treating stakeholders fairly and equitably for both domestic and international.
 - Transparency: openly sharing not just financial statements but more on deeper business decisions such as capital allocations of companies, these transparent communications build investor trust, enabling informed decisions and confidence in the company.
 - Accountability: Companies must be accountable to stakeholders, addressing concerns and implementing corrective measures.
- Key Policy Areas for New Government: The new government should prioritize making tourism a sustainable, recurring income source and simplifying outdated regulations for a reliable environment. Emphasis is placed on corporate governance to ensure investor confidence.

Mr. Supachoke Supabundit, Board of Governors, SET/President, Kiatnakin Phatra Securities

- Thailand's investment landscape has shifted towards outbound foreign investments: Outward foreign investments grew from 5% of GDP in 2008 to about 30% in 2020. Approximately 36% of listed

companies have invested abroad and about 32% of revenues from listed companies come from overseas or exports.

- Selective investments in specific sectors have yielded promising returns: Hospitality sector investments delivered an annual return of around 8% over a decade. Healthcare sector was approximately 12% and retail yielded of 18% each year.
- Despite the recent horrific case, the case represents a very small minority of the Thai capital market, and the governance concerns are being addressed through preventive and deterrence measures:
 - Preventive measures focus on enhanced disclosures and warnings to investors and to make sure to not be treating everybody as potential criminals which will cost all market participants while trying to catch a handful of wrongdoers.
 - Proposed actions include disclosing net settlement statistics, sharing transfer data, and supplying more information to authorities for quicker actions.
 - Tightening rules related to NVDRs, backdoor listing, and listing maintenance is being considered.
- The key deterrence components are effectiveness (people who commit crimes should be punished), swift (they have to be punished quickly), and appropriately severe enforcement measures.
 - Effectiveness: potential empowerment of authorities, including formal investigative powers for SEC, to enhance enforcement efficacy.
 - Swift: enforcement processes in Thailand have historically taken longer compared to the US, but recent cases show authorities responding swiftly, freezing assets, initiating anti-money laundering suits, and pursuing criminal proceedings, offering hope for improved efficiency in the future.
 - Appropriately severe enforcement measures: for example, insider trading penalties, Thailand imposes penalties of double the benefits gained and up to two years of imprisonment for insider trading, whereas in the US, penalties can reach up to five million dollars in fines and up to 20 years of imprisonment.
- Facilitating Global Expansion: Thai companies' international growth requires competitive incentives and regulations, aligning with global standards to attract investment and activities.
- Unified Enforcement: Collaborative actions among stakeholders must swiftly target intentional wrongdoers while allowing for later improvements, promoting trust and market integrity.