SIAA monthly

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Celebrating 25 years of the S&P/ASX Indices: A milestone in Australian financial markets

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COVER STORY

Stockbrokers and Investment Advisers Association
Serving the interests of investors

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MESSAGE FROM THE CEO

Judith Fox, CEO

We now know the result of the federal election. With Labor having been returned to government, we know that work will continue on the Delivering Better Financial Outcomes legislation. The former Minister for Financial Services, Stephen Jones, who retired at this election, confirmed in February this year that the government is committed to reforming the education standard to make it more flexible and attract more new entrants to the profession.

Education standard for financial advisers

While we do not yet know who the Minister for our sector will be, we do know that the Labor Government recognises that the education standard for the new entrant pathway needs to become far more flexible so that we can rebuild the pipeline. Treasury has already developed the policy for how this can be achieved — based on the proposal that SIAA took to the other advice associations and then the government.

SIAA will be prosecuting the argument that a bill should be introduced as soon as possible — definitely this year — to implement this much-needed reform. All advice associations are behind the reform. Even the financial planning academics recognise that the current system is broken, although they are expected to try to stall reform. With policy work done, this could be a quick win for the new government and we will be pushing for it to go through quickly.

Delivering Better Financial Outcomes

The Labor Government has introduced tranches 1 and 2 of the Delivering Better Financial Outcomes reform, which arose from the Quality of Advice Review undertaken by Michelle Levy. Some minor reduction of red tape took place with tranche 1, but the exposure draft of tranche 2 falls short of enabling more Australians to receive advice as it merely tinkers around the edges of the existing provisions. Our members undertook a comparison exercise between the bill and current requirements and report that there is very little change to their regulatory obligations. This is a disappointing outcome after two years of regulatory review. Moreover, the draft legislation does not include the proposed changes to the best interests duty and the safe harbour steps. These are promised as a separate bill after the election and we will be seeking a release of that third tranche as soon as possible to see if it addresses the need to reduce red tape in financial advice.

CSLR

The former Minister Stephen Jones also publicly stated that the government recognises that the CSLR is not operating as a compensation scheme of last resort and is not intended to guarantee investment returns. Labor has instigated a review which is currently underway. SIAA had a dedicated session with Treasury before the caretaker environment commenced and along with other advice associations will be seeking results of that review as soon as possible, so that changes to the scheme can be implemented to ensure it remains sustainable.

SIAA is of the view that changes to the CSLR can only work if changes are made to the operation of AFCA. SIAA has serious concerns about the way in which the 'but for' method has been used in the AFCA lead case

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for the Dixon Advisory matters. It is inequitable that a methodology used by AFCA in its determinations that results in a calculation of a large loss amount is not subject to independent review when it cannot be disputed by a counter party. An independent expert should review the methodology used by AFCA to determine compensation amounts for the Dixon Advisory complaints.

Also, the payment of compensation to wholesale clients is not the intended objective of the CSLR. It was always intended for retail client who could not afford redress through the courts, not wholesale clients who have that financial capacity. The ability of AFCA to reclassify wholesale clients and accept their complaints has the potential to impact significantly on the sustainability of the CSLR and those financial firms subject to the CSLR levies when AFCA determinations brought by wholesale clients are unpaid and referred to the scheme. We strongly recommend that AFCA's operating rules should be amended to ensure that it is unable to accept complaints from clients that have been classified by the relevant licensee as wholesale.

Advocacy efforts

Be assured that SIAA will continue to act in the best interests of our members on all policy matters affecting them, whether they have formed part of an election campaign or not. We provide a voice for our members to policy makers and regulators and will continue to make sure that voice is heard.

COMMITTEE NEWS – MAY 2025

Upcoming meetings of the Stockbrokers and Investment Advisers Association – Committees, Working Groups and Advisory Panels:

Compliance Committee, Thursday 8 May 2025
Chair: Melissa Nolan MSIAA, Ord Minnett

Audit Committee, Thursday 8 May 2025
Chair: Peter Robinson MeSIAA, AUSIEX

Board Meeting, Thursday 15 May 2025
Chair: Hamish Dee MeSIAA, Morgans Financial

Board Meeting, Thursday 29 May 2025
Chair: Hamish Dee MeSIAA, Morgans Financial

Derivatives Committee, Tuesday 3 June 2025
Chair: Te Okeroa MSIAA, AUSIEX

New Student Affiliate
StuAfSIAA

Jason Feng, University of Western Australia
Mia Fogden, University of Western Australia
Jaxon Goddard, Curtin University
Vivienne Lim, University of New South Wales
Ericsson Yeo, University of Western Australia

New Young Professional Members
YPSIAA

Laura Campbell, Instinet Australia
Jess Langer, Euroz Hartleys

SIAA expresses its disappointment over DBFO 2.1

SIAA has provided feedback to Treasury on the legislation for tranche 2 of the Delivering Better Financial Outcomes package expressing disappointment at the results of what has been a two-year regulatory review process.

As reported in the April edition the government has released exposure draft legislation for the first components of tranche 2 of the DBFO package that:

- replaces the statement of advice with a Client Advice Record,
- provides rules on what advice topics can be collectively charged for via superannuation,
- allows superannuation funds to provide targeted prompts (nudges) to members to drive greater engagement with superannuation at key life stages.

The government continues to develop legislation to modernise the best interests duty and create a new class of adviser and has advised that these remaining pieces will be consulted on, combined with the draft legislation just released and introduced into Parliament as a single package.

For this reason, many in the industry have been referring to the legislative package as DBFO 2.1.

Client Advice Record

While the government describes the Client Advice Record as a more 'fit for purpose' advice document, SIAA's view is that the Bill falls short of the government's aim of enabling more Australians to receive advice as it merely tinkers around the edges of the existing provisions.

The Quality of Advice Review was the most comprehensive review of advice recently undertaken. It found that Statements of Advice were universally criticised for being too complex and adding significantly to the cost and regulatory burden of providing personal advice. More importantly, it reported that consumers found Statements of Advice to be too long and they did not provide advice in a form that consumers were readily able to understand. A key reason for this was that advisers and licensees use the Statement of Advice to demonstrate that they have complied with their Best Interests Duty and the safe harbour steps. In other words, the documents are more focussed on meeting legal and compliance standards due to widespread fear among advisers and licensees of the consequences of even minor omissions of information that ASIC and AFCA expect to be included.

This was why SIAA supported the review's recommendation that rather than require advisers to provide a Statement of Advice with reduced content requirements, advisers should instead maintain complete records of the advice and provide written advice on request in a way that suits the needs and preferences of their clients. Our members wanted a re-think to the way that advice is provided. Adoption of this recommendation would have 'moved the dial' by reducing prescription, red tape and the cost of providing advice, thereby making advice more accessible and affordable to Australians.

This approach would have been particularly beneficial to those providing stockbroking and investment advice which is very different to comprehensive financial planning advice.

In deciding not to adopt the recommendation to do away with Statements of Advice but to proceed with an advice record, it is important that the government achieves the important outcome of a principles-based record that is clear, concise, effective and assists the client to make an informed decision on whether to act on the advice. SIAA supports a principles-based guiding statement in legislation that clarifies that the advice record:

- is for the benefit of the consumer, not the regulator,
- will be based on the professional judgement of the Financial Adviser, and
- will relate to the advice that has been sought.

We have stressed that it should not be used to parrot the client's objectives, financial situation and needs. We have also emphasised that it is important that the advice relates to the client's stated advice needs, not every need they have.

Unfortunately, while there was potential to effect a fundamental change to the advice process, we don't consider that this change is reflected in the Bill. This is unfortunate because it is unclear when another opportunity to change the advice process will occur.

Our members have undertaken a comparison exercise between the Bill and current requirements. They report that there is very little change to their regulatory obligations resulting from the Bill. This is a disappointing outcome from two years of regulatory review.

While the Bill may reduce the length

continued...

of the Client Advice Record for comprehensive financial planning advice, our members do not consider that the Bill will reduce the length of the Client Advice Record in any meaningful way for stockbroking and investment advice.

Bests Interests Duty

The Bill does not include the proposed changes to the Best Interests Duty and the safe harbour steps. This is disappointing as it is difficult to fully respond to the Bill without knowing what the Best Interests Duty will look like, particularly its approach to scoped advice.

Superannuation 'nudges'

SIAA also called for advice providers to be able to use the targeted superannuation prompt provisions to send targeted superannuation prompts to their SMSF clients. As currently drafted, superannuation prompts or 'nudges' cannot be provided to self-managed superfunds.

Transition period

We highlighted the importance of a transition period of 12 months to implement the proposed changes. However, we pointed out that this transition period depends on amendments also being made to the Code of Ethics.

Treasury has called for feedback to be provided by 2 May 2025.

The link to SIAA's submission is here.

ASX delays implementation of Services Release 15

During the system start-up for the Industry Wide Test event held on 12 April 2025, ASX identified a non-functional defect which resulted in some system components requiring a manual start-up. ASX has stated that the defect did not impact the performance or functional elements of the Service Release and it is working closely with its vendor to identify the root cause of the issue and develop a fix.

In the interest of ensuring a safe and stable go-live for all stakeholders ASX has announced a delay to ASX Trade Service Release 15 Industry Wide Test 3 (that was originally planned to take place on 10 May 2025) as well as a delay to go live that was originally planned for Monday 12 May 2025.

SIAA's DTR working group is meeting regularly to discuss any issues with testing and SIAA is engaging closely with ASX in the lead up to SR 15 implementation.

ASIC looks to 'name and shame' licensees on their IDR and breach reporting data

ASIC is seeking feedback on its proposals to publicly present Reportable Situations and IDR data on a firm level basis. SIAA opposes the 'naming and shaming' of firms based on their breach reporting and IDR data and will be providing feedback to the consultation.

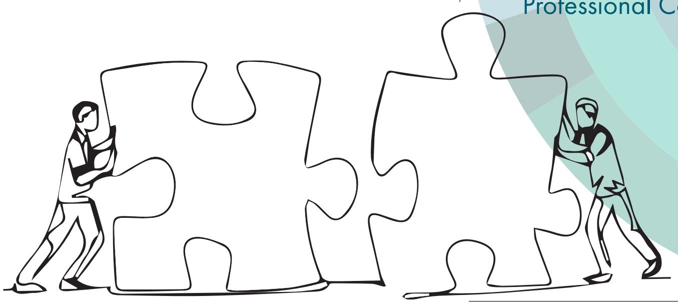
ASIC has asked for feedback to its proposals by 14 May 2025.

The link to ASIC's Consultation Paper is here.

ACTING **FOR YOU**

SIAA exists to represent our members and work in their interests. Below are the key issues we are currently working on:

- ✓ Financial Adviser education standard
- ✓ Delivering Better Financial Outcomes reforms
- ✓ Australia's evolving capital markets
- ✓ ASIC Industry Funding Model
- ✓ ASIC consultation on publication of breach reporting and IDR data
- ✓ Market Integrity Rules
- ✓ ASX CHESS Replacement Project
- ✓ ASX Mfund wind down
- ✓ Considerations for accelerating cash equities settlement in Australia to T+1
- ✓ Cboe's proposed new listings framework
- ✓ ASX Services Release 15
- ✓ Risk of share sale fraud
- ✓ Impact of and inquiry into the Compensation Scheme of Last Resort
- ✓ AFCA rules, operational guidelines and decisions
- ✓ Review of eligibility requirements for registration with the TPB
- ✓ The Tax Agent Code of Professional Conduct.



Cboe progesses plans for Cboe Australia listings

Following on from its consultation last year on the high-level parameters of its proposed listing framework, Cboe is seeking feedback on its proposed listing rules for Cboe Australia listings.

The listing framework seeks to offer a seamless path for companies (domestic and foreign) and closed-ended investments (such as Listed Investment Companies, Listed Investment Trusts, Real Estate Investment Trusts and Infrastructure Funds) to list in Australia and intralist across Cboe's global network of securities exchanges.

Key features of the listing framework include:

- **Intralisting** – Cboe Australia intends to support intralisting between Australia and North America from launch. Confirmation of the availability of intralisting between Australia and Cboe Europe's regulated markets in the UK and/or the Netherlands is subject to final regulatory approvals in those jurisdictions and will be confirmed upon this being received.
- **Debt listing** – Cboe Australia is not including debt listing in the launch. However, it is still intended that this category of listing will be supported as part of the phase two development of the rule book subject to regulatory approval.
- **Auctions** – Cboe Australia commenced offering auctions in its uniquely quoted funds on 17 March 2025. Cboe Australia expects that auctions in its own listed securities will be available from the launch of the listing market (subject to regulatory approval). Cboe Australia will not be providing auctions in ASX listed securities.
- **Multi-day orders** – Multi-day order support has been available for Cboe Australia's uniquely quoted products since 30 September 2024 and the same functionality will be available for listed securities from the launch of the Cboe Australia listing market.
- **Liquidity provision** – Cboe Australia will not be including Cboe Australia symbols in the Cboe Australia Additional Liquidity Provider Scheme.
- **Clearing and settlement** – All trades in Cboe Australia listed securities will clear and settle through CHESS. The securities of intralisted and other foreign companies will be in the form of CHESS Depository Interests where required.

Types of Listings

The listing rules establish Cboe Australia's power to list a product issuer under one of four available categories and quote its securities:

- **Cboe Exempt Intralisting** – A listing under this category is available to a product issuer that has a primary listing on a Cboe overseas exchange[1] and is seeking a secondary listing on Cboe Australia. These entities must meet the eligibility criteria of the Cboe overseas exchange and also comply with a small number of Cboe Australia listing rules. They are exempt from the other rules on the basis that they are already subject to a comparable regulatory framework on another Cboe overseas exchange.
- **International Listings** – This category is available to a product issuer that has a primary listing on an accepted (non-Cboe) overseas exchange this is seeking a secondary listing on Cboe Australia. Entities in this category must be subject to and comply with, the listing rules of the overseas home exchange and are exempt from complying with most of the Cboe Australia listing rules. However, some additional requirements apply in relation to the initial and continuous eligibility criteria, in comparison to the Cboe Exempt Intralisting category. Cboe intends to recognise Borsa Italiana, Deutsche Borse, EuroNext (Amsterdam), EuroNext (Brussels), EuroNext (Lisbon), EuroNext (Paris), Frankfurt Stock Exchange, HKSE, LSE, SIX Swiss Exchange, TASE (Israel), TSE (Tokyo), TSX (Toronto), NASDAQ, NYSE and NZX as acceptable exchanges in this category.
- **Primary Listing** – This is the standard category for companies and closed-ended investments seeking to list on Cboe Australia and enables secondary market trading of their securities and capital raising in Australia.
- **New Zealand Listings** – This category is available to a product issuer that has a primary listing on the main board of the New Zealand Stock Exchange and is seeking a secondary listing on Cboe Australia. Entities in this category must meet the initial and continuous eligibility criteria and comply with a small number of rules. Like Cboe Exempt Intralisting they are exempt from the other rules on the basis that they are already subject to a comparable regulatory framework on NZX.

Cboe Australia has asked SIAA to respond to the listing rule consultation by 30 May 2025.

Following consideration of the feedback, Cboe Australia will finalise its proposed listing rules and submit them to ASIC for regulatory approval. Provided this is granted, it will proceed to operationalising and launching its listing market. It plans to do this in **Q3 2025**.

A link to the consultation paper is here.

[1] A Cboe overseas exchange means the exchanges owned by Cboe Global Markets, Inc, that are licensed to operate a market and currently includes the NEO Exchange, operating as Cboe Canada and the Cboe BZX Exchange operating as Cboe US.

MEMBERS CAN VIEW SUBMISSIONS **HERE**

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SESSION SPOTLIGHT

What does a Trump presidency mean for markets? 19 May @ 9:10am

Markets moved to price the Trump presidency policy of pro-US growth and tariffs and it is becoming clearer who the winners and losers are. Some months in, has the initial market reaction reflecting an expectation that the proposed tax cuts and deregulation will be positive for US economic growth and company earnings held steady? What are the implications for Australia and capital markets of this second Trump administration.

The Hon Arthur Sinodinos AO | Former Australian Ambassador to the US

Global economic outlook 19 May @ 9:40am

With the US playing a pivotal role in the global economy, policy changes from the Trump administration in areas like trade, deregulation, migration, and taxes are expected to bring lasting impacts. Geopolitical tensions amplify risks as do challenges to globalisation. This session explores the economic issues playing out globally which will impact markets, businesses and nation economies.

Luci Ellis | Westpac

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FINANCIAL STANDARD.

Celebrating 25 years of the S&P/ASX Indices: A milestone in Australian financial markets

Contributed by S&P Dow Jones Indices

April 3, 2025, marks a significant milestone in the history of Australian financial markets as it celebrates 25 years since the launch of the S&P/ASX Index Series. This series, which includes the S&P/ASX 200, S&P/ASX 300, and other indices, has played a pivotal role in shaping the investment landscape in Australia. Over the past quarter-century, these indices have not only reflected the dynamic changes in the Australian economy but have also driven the growth of index-based investing, particularly through exchange-traded funds (ETFs).

The evolution of S&P/ASX Indices

The S&P/ASX Index Series was introduced in April 2000, providing a comprehensive framework for benchmarking and performance measurement in the Australian equity market. Initially, the series included the S&P/ASX 200, S&P/ASX 300, and S&P/ASX Small Ordinaries. Over the years, the series has expanded to include a wide array of indices covering various market segments, sectors, and investment strategies. This expansion has enabled investors to adopt both active and passive investment strategies, supported by a transparent and objective index methodology.

Key developments in the series include the introduction of the S&P/ASX 200 VIX and S&P/ASX Dividend Opportunities in 2010, the S&P/ASX Fixed Interest Indices in 2011, and the S&P/ASX All Technology Index in 2020. More recently, the series has embraced sustainability and ESG considerations with the launch of the S&P/ASX 200 ESG Index in 2020 and climate-focused indices in 2024.

Impact on ETF growth

The S&P/ASX Indices have been instrumental in the growth of ETFs in Australia. The first ASX-listed ETFs were launched in 2001, shortly after the introduction of the index series. Since then, the number of ETFs has grown significantly, with over 400 ETFs listed in Australia as of 2024, managing assets exceeding AUD 225 billion. The S&P/ASX Indices serve as the foundation for many of these ETFs, with domestic equity-focused ETFs based on these indices attracting AUD 37 billion in investments by the end of 2024.

The indices have also facilitated the development of a diverse range of investment products, including factor-based and thematic ETFs. These products allow market participants to target specific stock characteristics or market themes, such as value, growth, momentum, and sustainability.

Performance metrics and market trends

The S&P/ASX 200 has demonstrated robust performance over the past 25 years, with a cumulative growth of 630.9% as of February 2025, translating to an annualised total return of 8.3%. The index has consistently delivered positive returns over longer holding periods, with 93% of five-year periods and 100% of ten-year periods achieving positive returns. This performance underscores the index's resilience and its role as a reliable benchmark for Australian equities.

The introduction of factor indices, such as the S&P/ASX 200 Quality Index and the S&P/ASX 200 GARP Index, has enriched the index ecosystem by providing market participants with tools that may help enhance their asset allocation decisions. These indices have shown strong performance, with the Quality Index outperforming the S&P/ASX 200 by 178 basis points annually over a 20-year horizon.

Sustainability and ESG integration

In line with the global trend towards sustainable investing, the S&P/ASX Indices have integrated ESG considerations into their offerings. The S&P/ASX 200 ESG Index, launched in 2020, provides a market-cap-weighted benchmark that incorporates sustainability criteria while maintaining similar industry group weights as the S&P/ASX 200. This index uses S&P Global ESG Scores to select constituents and includes business involvement exclusions to align with sustainability-focused investment strategies.

Additionally, the introduction of climate-focused indices, such as the S&P/ASX 200 Carbon Efficient Index and the S&P/ASX 300 Net Zero 2050 Paris-Aligned ESG Index, reflects the growing demand for investment solutions that address climate change and align with the goals of the Paris Agreement.

Fixed income indices and market trends

The S&P/ASX Fixed Interest Index Series, launched in 2011, complements the equity indices by providing coverage of the Australian domestic fixed income market. Following the merger of S&P Global and IHS Markit, the iBoxx Indices became part of the S&P DJI universe, enhancing the bond index offerings in Australia. The S&P/ASX iBoxx Australian Fixed Interest 0+ Index Series, introduced in 2024, combines the indexing capabilities of iBoxx with the established reputation of S&P/ASX, providing accurate benchmarks for the Australian bond market.

Since 2013, the Australian bond market has expanded by 161%, with government and state government bonds dominating the market. The S&P/ASX iBoxx indices continue to serve as comprehensive benchmarks for assessing the performance of the Australian bond market.

Active vs. passive investment performance

The rise of passive investing in Australia has been driven by the inconsistent performance of active funds. The S&P Indices Versus Active (SPIVA) Australia Scorecard, published semi-annually, evaluates the performance of actively managed funds against relevant benchmarks. The scorecard has consistently shown that most active funds struggle to outperform their benchmarks, particularly over the long term. This has led to a shift towards low-cost, index-based investments, with the S&P/ASX Indices playing a central role in this transition.

For the minority of active funds that do outperform, the Australia Persistence Scorecard indicates that such outperformance is rarely sustained. This may further underscore the appeal of passive investing and the reliability of index-based strategies.

Conclusion

The S&P/ASX Indices have been a cornerstone of the Australian financial markets for the past 25 years, driving the growth of index-based investing and providing investors with a robust framework for benchmarking and performance measurement. As the indices continue to evolve, incorporating sustainability and ESG considerations, they remain at the forefront of innovation in the investment landscape. The S&P/ASX Indices provide comprehensive coverage of the Australian equity and fixed income markets, contributing to the ongoing development of investing in Australia.

Explore the expanding S&P/ASX Index ecosystem and a quarter century of innovation: https://www.spglobal.com/spdji/en/landing/investment-themes/australia/

Explore equity premium income strategies amid market swings

Hamilton Reiner, Chief Investment Officer, US Core, J.P. Morgan Asset Management and Christian Mariani, Investment Specialist, US Equity, J.P. Morgan Asset Management

With markets rocked by volatility amid uncertainty over US President Donald Trump's fast-changing tariff proposals, a total return strategy backed by consistent and high income may allow some investors to stay invested in equities to help achieve their long-term goals.

Staying invested to achieve long-term goals

Throughout history, financial markets have experienced notable volatility spikes, often causing investors to seek defensive assets like cash and high-quality bonds, among others.

Nevertheless, historical evidence indicates that staying invested during market volatility — by managing downside risk through strategic asset selection like income-generating equities and diversification — may be crucial for achieving long-term goals. Since 1988, the S&P 500 has averaged a 14% intra-year drop but ended the year positively 75% of the time[1].

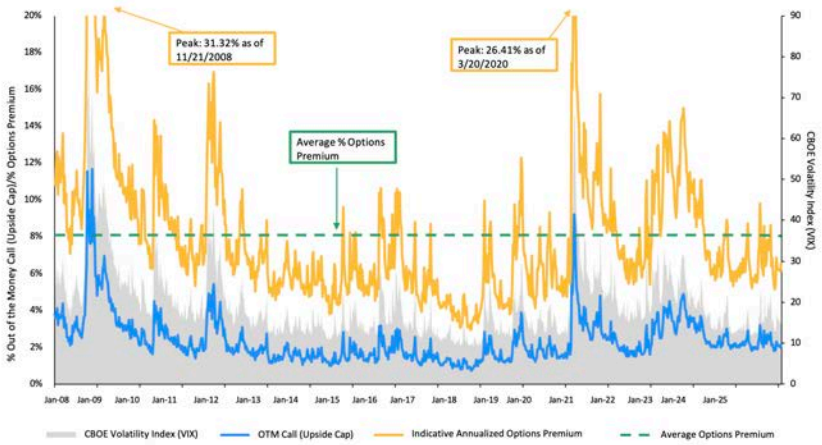
This year, we have seen the S&P500 drop by 12% from 19 February to 15 April, and the MSCI All World Index down 9.1% over the same period[2], with uncertainty likely to persist, where then can investors look to take a more defensive approach yet still maintain consistent income?

Building portfolio resilience via income

One option for investors is to adopt a total return strategy to remain invested in equities, rather than trying to forecast market directions. This approach can help offset losses during downturns and may result in higher lows and lower highs.

This total return approach may be achieved through option overlays. By selling call options at the index level, these strategies can provide additional income opportunities, manage

Options overlay: As volatility increases, the potential for incremental income increases



Past performance is not indicative of future results. For illustrative purposes only. The graph above illustrates the upside opportunity of selling rolling monthly out of the money 30-delta calls. Source: J.P. Morgan Asset Management, Bloomberg, and CBOE. Data as of 01/31/2025.

volatility and risk while maintaining equity exposure.

Such strategies present an alternative to fixed income by providing yield less correlated to interest rates. They help provide consistent income opportunities and reduce portfolio volatility while maintaining equity exposure.

These strategies are designed to be highly liquid and aim to combine equities with options to strike a balance among yield, capital growth, and risk. They would suit investors who are still looking for regular income and wish to remain invested in equity markets, by adopting a more defensive approach to manage volatility.

Why equity premium income strategies may work in the current market environment

Opportunities for these strategies, given the uncertain direction of equity markets, may include:

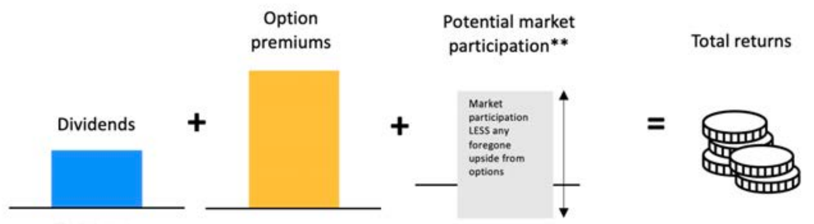
1. Market sell-off: Increased volatility can provide elevated levels of income through option writing. The option premiums collected, combined with the more conservative equity income portfolio, may potentially help in managing downside risk.
2. Choppy, range-bound market: The income obtained in the form of dividends and option premiums may continue to contribute to total return.
3. Market broadens beyond the few sectors and markets: The portfolio may be well-positioned to capture a wider opportunity set as it is diversified.

The two building blocks underpinning the strategy:

- An active equity portfolio driven by a bottom-up fundamental research process.
- Sale of out-of-the-money-index-level calls on the long-only portfolio and seek to earn extra income from the premiums.

Annual income (see below) for income target with relatively lower volatility is derived from a combination of dividends and options premium generated. In return for the options premium, the strategy may forgo a portion of the market's upside.

A total return approach



For illustrative purposes only. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met. There is no guarantee that companies that can issue dividends will declare, continue to pay, or increase dividends. Yield is not guaranteed and may change over time. Positive yield does not imply positive returns. **Potential market participation is any capital appreciation/depreciation less any forgone upside.

All monthly income from dividends and options premium are treated as coupons rather than gains so that capital is not returned to shareholders.

The J.P. Morgan Asset Management equity premium income suite comprises:

- **JPMorgan Equity Premium Income Active ETF (JEPI)**: A higher quality, lower-volatility defensive underlying active equity portfolio benchmarked to the S&P 500. Targets a 7-9% annual income paid out monthly[3].
- **JPMorgan US 100Q Equity Premium Income Active ETF (JPEQ)**: A lower tracking error, Nasdaq 100 benchmarked portfolio that seeks opportunities for income and market upside. Targets a 9-11% annual income paid out monthly[3].
- **JPMorgan Global Equity Premium Income Complex ETF (JEGA)**: A lower tracking error, MSCI World Index benchmarked portfolio that seeks opportunities for income and market upside with less volatile earnings and share prices. Targets a 7-9% annual income paid out monthly[3].

All three strategies have been rated highly recommended, and hedged share classes are available.

Conclusion

With volatility expected to persist, an income-focused, high-yield strategy can enhance portfolio resilience and help investors maintain their equity exposure.

[1] Standard & Poor's, J.P.Morgan Asset Management. Data as of 31.03.2025
[2] Standard & Poor's, MSCI. Data as of 31.03.2025
[3] The targets are gross of fees and subject to change. They are the investment manager's internal guidelines only to achieve the fund's investment objectives and policies as stated in the prospectus. The manager seeks to achieve the stated objectives. There can be no guarantee the objectives will be met.

The ratings published on 03/2025 for JPMorgan Equity Premium Income Active ETF, JPMorgan US 100Q Equity Premium Income Active ETF and JPMorgan Global Equity Premium Income Complex ETF are issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec Research). Ratings are general advice only and have been prepared without taking account of investors' objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec Research assumes no obligation to update. Lonsec Research uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2025 Lonsec. All rights reserved.

Information Sources: Fund information, including performance calculations and other data, is provided by J.P. Morgan Asset Management (the marketing name for the asset management businesses of JPMorgan Chase & Co and its affiliates worldwide). All data is as at the document date unless indicated otherwise. Due to rounding, values may not total 100%. Top holdings, sector and country or region excludes cash. Holdings may be subject to change from time to time.

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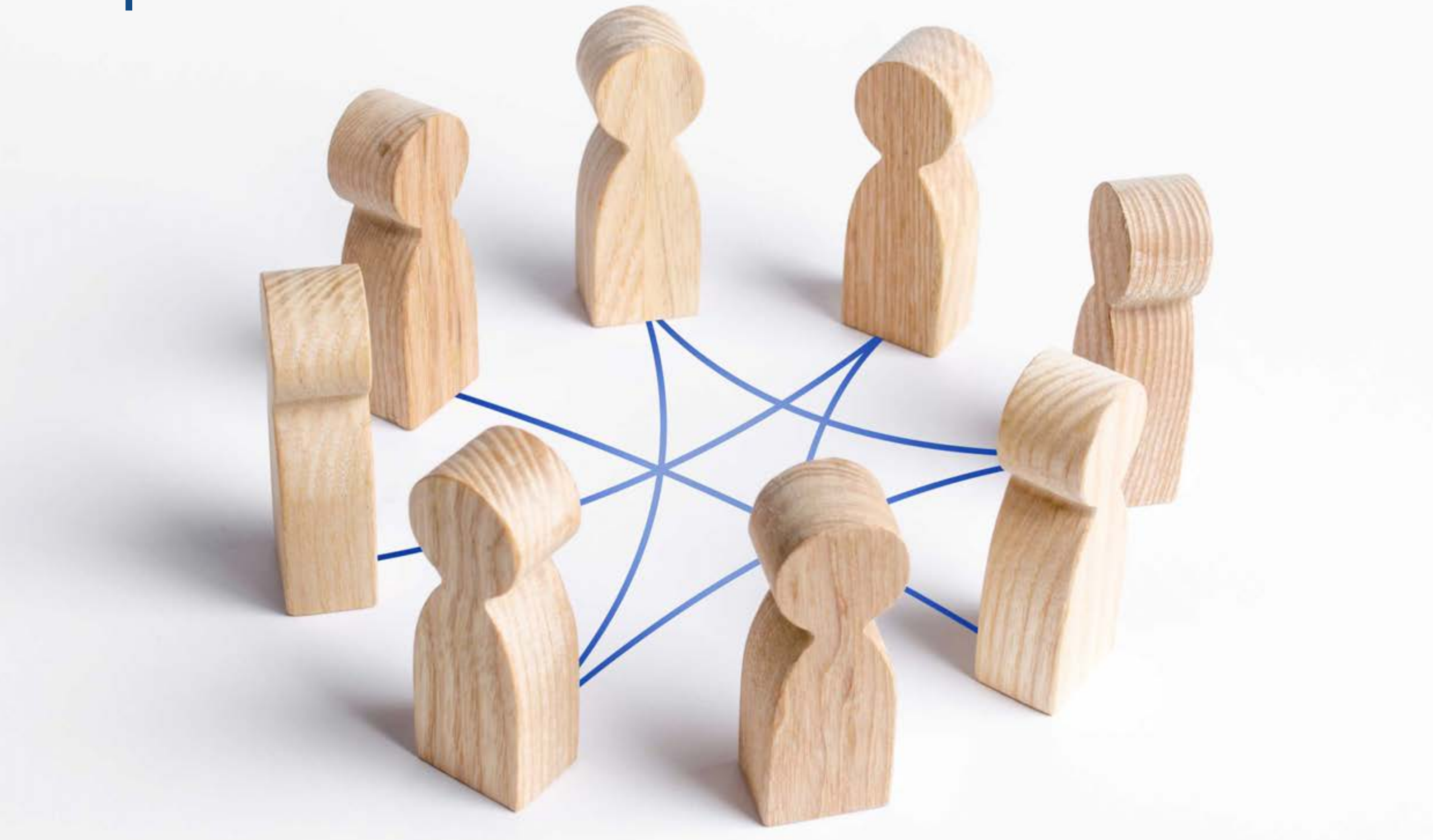
ASIC kicks off a discussion on the dynamics between public and private markets



By Michelle Huckel, Policy Manager, SIAA

ASIC has asked for feedback on important issues and implications arising from evolving changes in Australia's capital markets. It has asked important questions on matters such as why listed entity numbers have been in decline and how the growing significance of superannuation in Australia's economy is influencing our markets.

SIAA has provided its response to the discussion paper with input from our members.

We highlighted the significant changes to the institutional investor landscape in Australia resulting from the emergence of large superannuation funds. Typically, large superannuation funds do not invest in small companies that are seeking capital. This has impacted a whole level of capital raising in the Australian market.

It is important that the entire investing environment remains attractive. We don't consider that the expansion of investment into private markets is to the detriment of public listed markets. The expansion of private credit and equity is attractive to Australian investors and is a reflection of investor demand for exposure to different asset classes.

There has been an increase in the sophistication of investors in Australia. Whereas 20 years ago investors may not have had the interest or sophistication to invest outside of Australian listed securities, now larger numbers of them are wanting exposure to more diversified assets and different asset classes than previously. High-net-worth investors expect exposure to different asset classes to build a diversified asset portfolio.

We consider that both private and public markets must be able to co-exist to grow wealth. However, the regulatory burden on public markets must be reduced to make them more attractive. The governance burden on public companies and the regulations that make it difficult to list are areas requiring change. This is because that while we consider the move to private markets to be structural, the reduction in the number of IPOs is cyclical. Improvements in IPO efficiency are needed. Other stakeholders have previously proposed shortening listing timetables by confidentially pre-vetting prospectuses and deal structures and changing rules surrounding forecasts. We support reforms in these areas. Technology has evolved significantly since the IPO rules were implemented. The speed of information has increased but the IPO process has remained unchanged. Advances in technology make a reduction in the IPO timetable possible and beneficial.

> “We consider that both private and public markets must be able to co-exist to grow wealth. However, the regulatory burden on public markets must be reduced to make them more attractive.

One issue of particular importance is the lack of investor education on recent IPOs that we consider impacts investor confidence and makes it difficult for public capital to compete with private capital. In particular, we don't think that ASIC Regulatory Guide 264 strikes the right balance in ensuring that there is appropriate research coverage for small companies wanting to go public.

Public markets are central to the growth of the Australian economy. Confidence in public markets is not just about the number, size or sectoral spread of listed entities. It impacts decision making, such as whether banks are prepared to lend and boards to invest. This market confidence then supports a vibrant and healthy economy. Historically public markets have been an efficient way to raise capital. The transparency that public markets provide creates confidence in the broader economy.

SR15 readiness: performance, progress and the path ahead

By Michael Barbera, EGM Product & Development, Iress

As the industry prepares for the implementation of ASX Service Release 15 (SR15), Iress wants to provide an update on our progress and how we're working to ensure every client is supported and production ready.

While the ASX recently communicated a delay in the timing of its implementation, Iress has continued to work collaboratively across the industry to ensure our clients are ready. We recognise that industry-wide changes like SR15 come with significant operational demands. For many of you, it has meant shifting internal resources, adjusting timelines, and responding to evolving requirements with speed and resilience. We're grateful for the commitment and collaboration shown by our clients, the ASX, ASIC and many others across the market to get to this point.

A shared milestone: SR15 readiness

As of mid-April, all Iress clients are in production on the SR15-compliant version of IOS+ trading:

- 100% of our clients are in production and actively trading on the upgraded platform.
- All of SIAA's Principal Members, who are our clients, are currently trading on SR15 in production.
- 93% of those clients participated in Industry Wide Test 1 (IWT1).

> "For many of you, it has meant shifting internal resources, adjusting timelines, and responding to evolving requirements with speed and resilience.

This level of enablement and engagement reflects a shared commitment to industry readiness and provides a strong foundation as we move towards go-live.

Change management: supporting your readiness, every step of the way

Preparing for SR15 has involved more than technical readiness—it has required careful project management, coordinated migration work, and close collaboration across the industry to ensure systems are ready and operational within the timeline.

To support you through this, we've maintained regular communications to provide timely updates, delivered targeted training sessions to build operational confidence, and established a dedicated Client Readiness team to assist with the practicalities of migration and integration.

We've also worked closely with participants to align on key requirements, helping ensure a consistent and coordinated approach to SR15 implementation across the market.

As we enter the final phases, our team remains available to provide additional support as needed. If you require guidance or assistance to finalise your transition, we encourage you to reach out to your relationship manager.

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Building for better market open performance

As part of preparing for SR15, we've undertaken a detailed performance review of how IOS Classic behaves under peak conditions—specifically through detailed analysis of the existing closing auction and modelling the five staggered opens into a Simulated Single Open (SSO).

This analysis highlighted that traffic surges during the five staggered opens and closing auctions, driven by certain order and trading activities, were contributing to processing pressure and creating risk for clients.

In response, we've developed a daily tracking of client SSO, to ensure all processing can be completed well within the minimum Opening Single Price Auction (OSPA) window of 30 seconds. The goal is to assure a more orderly, predictable start to the trading day—reducing latency, improving throughput, and minimising risk across the board.

This work has involved:

- Granular data analysis to identify specific traffic contributors
- Modelling and testing to determine optimal flow rates
- Collaborative work with clients to remove unnecessary messaging.

Ongoing collaboration on message hygiene

Our work doesn't stop at the infrastructure level. We continue to partner with clients to address message flows that contribute to unnecessary load, with a focus on the implications of the new Single Open and shortened Closing Auction.

Where appropriate, we've helped to "un-bridge" certain flows—reducing traffic without affecting business or trading outcomes. These changes have already resulted in improved performance for many participants and will continue to benefit the broader market as we head toward go-live.

These changes are ensuring:

- Stable, predictable system performance at market open
- Reduced latency and lower operational risk
- A smoother experience for your teams and your clients
- Alignment with the broader SR15 go-live schedule and obligations.

Looking ahead

SR15 is a significant milestone for our market. It represents not only a platform upgrade, but an opportunity to set a new benchmark for how systems respond under peak load. We're here to support you every step of the way.

The investments made—both by Iress and our clients—will help ensure a better experience for participants and clients alike. We acknowledge the path hasn't been without its challenges, and we thank you for your continued collaboration and support.

CPD EVENTS

Stay on top of your CPD with these SIAA-accredited CPD events.
Webinars are FREE for Practitioner members and Affiliates and employees of Principal members.

ASX Trade Service Release 15 (SR15)

Wednesday 7 May from 1.00pm to 2.00pm AEST

ASX Trade Service Release 15 introduces key equity market changes, including a single random open, a new post-close session, and simplified trade reporting. Join Graham O'Brien from ASX for an overview and Q&A ahead of the go-live prior to the end of financial year.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0
ASIC Knowledge Area: Generic knowledge 1.0

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A laudable bold move

By Darin Tyson-Chan, Editor, selfmanagedsuper

Public offer superannuation funds have been delving further into the world of financial advice ever since the Stronger Super reforms allowed them to provide this type of member service back in 2013. The development raised some concerns as to the efficacy of the service, seeing there was a perception the advice delivered would have been in the member's or client's interest, but also in favour of the superannuation fund.

For example, it is highly doubtful any financial advice coming from this arrangement would have ever recommended a member either approaching retirement or in retirement establish a self-managed superannuation fund (SMSF), seeing as it would offer better income options for the phase of life they had reached. And the reason why is because it would be almost incomprehensible to witness an internal advice service actively encouraging large member balances from exiting the particular fund in question.

While this is a pragmatic outcome, it does raise eyebrows as to the actual quality of the advice from a member's perspective. It perpetuates the problems of the vertically integrated advice model and raises the question of whether the adviser can truly serve two masters.

Well interestingly in April, one public offer super fund made an effort to address this very issue with a bold move carrying a substantial amount of risk. I'm referring to the arrangement Queensland-based superannuation fund Brighter Super struck with financial advice provider Centrepoint Alliance.

Under the agreement, Centrepoint Alliance has acquired the comprehensive advice review book of Brighter Super in a move aimed at providing financial advice to a broader client base.

Even though the two entities are completely independent of one another, the more cynical among us, including me, might think it will make no difference because why would the advice organisation ever disadvantage the super fund via its services after striking the deal – a move that would only create significant bad will.

But these fears were actually laid to rest by Brighter Super head of advice Steven O'Donoghue, who said his organisation was aware the deal could lead to a loss of members, but backed its own value proposition as the element that he believed would prevent this from happening. One can only applaud this approach.

And the magnitude of the risk associated with this manoeuvre, as I mentioned before, is not insignificant. Brighter Super currently services 280,000 members, which places it in a situation where a large exit of this cohort could severely compromise the fund's future viability. I understand not all members will seek advice from Centrepoint Alliance and those who do will not all be deciding to park their superannuation benefits elsewhere, but that doesn't take away from the fact this is a gutsy move.

One of the best things about the arrangement is that it allows the financial advice provided to Brighter Super members to be truly in their best interests. So now if one of its members is more suited to running an SMSF, there should be no hesitation in having Centrepoint Alliance recommend they do so.

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It will be interesting to see if other public offer funds follow suit. If so, I think the industry will be demonstrably serving members first and diminishing the possibility of this mission statement being simply some hollow words.

It is the second really bold move I've seen from a public offer fund, the first being the Hostplus decision to offer its investment platform options to SMSFs, representing a pathway for the entire financial services industry to work together in a meaningful way. And if we see this becoming a noticeable trend, it will hopefully lead to better outcomes for all superannuants across the country.

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