

Navigating the Strait of Hormuz: Asset allocation in a geopolitical shock



18 garden hoses
on the bottom of
the ocean connect
Australia to the world

Accelerating the shift
to electronic CHES
statements – what ASX
is doing right now

Why debt restructuring
experience is crucial in
private credit investing

5 reasons why
opportunities persist in
emerging markets and
Asia Pacific equities

Super
snippets:
Super is not
CSLR fix

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Serving the interests of investors

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MESSAGE FROM THE CEO

Things have been very busy at SIAA. We have conference preparations underway, whilst we are also working through a number of consultations and supporting the broader marketplace and our members.

Don't miss out on the Conference

Our conference this year will be a jam packed two days of topical discussions. I am happy to announce that we have now secured both the Minister of Financial Services, the Hon Daniel Mulino and the Shadow Minister, the Hon Kevin Hogan as speakers at the Conference. Other sessions will cover a range of topics including cybersecurity, digital assets, digital and technology enabled advice, the future of platforms, Women and investing, asset class discussions and much more.

There are also interesting new sessions including a session on how businesses can minimise financial abuse, a fire drill scenario supported by the regulator, Iress, ASX and a market participant, and an 'Ask ASX' session open to our attendees to ask questions. Also look out for research papers and insights on the current view and current state of our industry and a new educational tool we will be showcasing for launch in July.

Lastly, we have great support from our sponsors proving that this is a time when the industry needs to connect more than ever and have important conversations.

Consultation papers

On 17 April, SIAA lodged our submission in response to the consultation paper on the proposed new qualification standard, implementation considerations and how it is intended to work for new entrants and industry. A reform that is desperately needed to address the current shortage of financial advisers and meet the demand for financial advice. We also worked with the Joint Association Working Group to release a unified statement of support on the consultation paper.

Following on from the Shield and First Guardian collapses and the increasing levies imposed on financial advisers to fund the compensation scheme of last resort (CSLR), Treasury has issued three consultation papers containing a series of reform proposals: the Compensation Scheme of Last Resort, Enhancing member protections in the superannuation system and Curbing lead generation activity.

While some proposals, such as those limiting CSLR compensation to capital losses, will be welcomed by financial advisers, others, including limiting fee-deductions for switching-related financial advice are deeply concerning, possibly anti-competitive and are expected to be strongly opposed.



Maria Lykouras, CEO

Feedback to all three consultation papers is due by 22 May 2026. SIAA, with the support of our members, will be responding to these consultations.

ASX and Cboe

SIAA is a supporter of having strong and efficient market operators in Australia allowing for market stability as well as competition in trading and listings in the Australian market. The last few weeks saw two positive announcements which provide more certainty for our industry.

On 20 April, ASX successfully implemented Release 1 of Chess Replacement, an important milestone in the modernisation of critical market infrastructure. SIAA will continue our work with ASX to implement Release 2 of CHESS replacement in 2029.

On 22 April, it was announced that Cboe Australia would be sold to TMX Group Limited (TMX), a leading market operator. The announcement of the sale to a longstanding and well-established market operator like TMX, provides the market with much needed certainty and presents an exciting opportunity for the Australian market. We are pleased to note that until the transactions close, Cboe Australia has committed to continuing to work closely with customers, regulators and other key stakeholders to support a smooth and orderly transition.



I am happy to announce that we have now secured both the Minister of Financial Services, the Hon Daniel Mulino and the Shadow Minister, the Hon Kevin Hogan as speakers at the Conference.



COMMITTEE NEWS MAY 2026

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

Profession Committee, Wednesday 6 May 2026

Chair: Jane Tandy MSIAA, Leeuwin Wealth

Compliance Committee, Thursday 7 May 2026

Chair: Melissa Nolan MSIAA, Ord Minnett

Audit Committee, Thursday 7 May 2026

Chair: Benjamin Harrington-Lowe MeSIAA, FNZ Securities

Board Meeting, Monday 18 May 2026

Chair: Hamish Dee MeSIAA, Morgans Financial

Investment Advisers Committee, Thursday 21 May 2026

Chair: Frank Hegerty OLY MeSIAA, Ord Minnett

Derivatives Committee, Tuesday 2 June 2026

Chair: Te Okeroa MSIAA, AUSIEX

New Student Affiliate [StuAfSIAA](#)

Natalie Chen, The Tax Institute

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 standards
- ✓ Reform of the Compensation Scheme of Last Resort
- ✓ Delivering Better Financial Outcomes reforms
- ✓ Australia's evolving capital markets
- ✓ Regulatory simplification
- ✓ ASIC Industry Funding Model
- ✓ ASIC inquiry into ASX
- ✓ Market Integrity Rules
- ✓ ASX CHES Replacement Project
- ✓ Wholesale investor tests
- ✓ Share sale fraud
- ✓ AFCA rules, operational guidelines and determinations
- ✓ TPB matters.

COMMITTEE SPOTLIGHT

Operations and Technical Committee

SIAA has a number of committees and working groups that meet regularly to connect with their peers and to provide the feedback that is the basis of all SIAA's submissions and policy positions that we take to government and regulators.

SIAA's Ops and Tech Committee, chaired by Peter Robinson of AUSIEX, serves as a forum for members to monitor and discuss issues in operations and technology relevant to the industry and

the impact of those changes on industry participants. It provides valuable feedback on issues such as ASX and Cboe Service Releases and Technical upgrades and all aspects of the CHES replacement project.

Members discuss a wide variety of issues that impact on trading, clearing and settlement including margining, clearing and capital requirements. ASX and Cboe regularly present to the Committee on technical upgrades

and proposals in order to seek member feedback.

The Committee was very involved in developing SIAA's submission to the ASIC Inquiry into the ASX to ensure that the voice of retail broking is heard by regulators. Its members continue to engage with ASX on its implementation of Release 2 of the CHES replacement project.



SIAA strongly supports education reform for financial advisers

SIAA provided feedback strongly supporting the education reforms that will create a more flexible pathway into the profession while maintaining strong professional standards.

The proposed new education standard will not require an approved degree listed in a determination. There will be three requirements for new entrants:

- **A bachelor degree or higher:** A new entrant must hold a completed bachelor degree at Australian Qualifications Framework (AQF) level 7 or higher in any discipline from an Australian Higher Education Provider.
- **Four financial concept subjects:** They must complete at least four subjects at an AQF level 7 or higher in financial concepts drawn from a proposed list. The financial concept subjects will not be included in a prescriptive determination but will include:
 - economics/econometrics
 - agribusiness/agricultural economics
 - accounting
 - financial advice principles and construction
 - superannuation and retirement planning
 - estate planning and estate law
 - taxation and taxation law
 - business law and Commercial law
 - finance and finance law
 - banking and investments
- **Four accredited financial advice subjects:** These are:
 - ethics for professional advisers
 - financial advice regulatory and legal obligations
 - client and consumer behaviour
 - financial advice fundamentals.

The remaining professional standards remain – completion of the financial adviser exam, the professional year and the CPD requirements.



The original standard was complex, lacking in flexibility and ignored the reality of how people entered the financial advice profession and advice was delivered across the financial services industry. It has caused the pipeline of new entrants into the profession to collapse and contributed to a critical shortage of financial advisers.

The new qualification standard will set the baseline level for new entrants to commence their career and will be supported by further training determined by the licensee to ensure their financial advisers have demonstrated competency to be authorised to provide advice in specific product areas.

The benefits of the new qualification standard are significant. Candidates with suitable degrees in finance, commerce, business and economics will finally have their degrees recognised. Experienced professionals seeking a career change will be able to utilise their existing degrees. The proposal will reduce the financial burden on both licensees and new entrants.

SIAA's recommendations

SIAA made the following recommendations on how to implement the reform:

- The new qualifications standard must be implemented as soon as possible.
- There must be no time limit on the currency of qualifications. For example, a new entrant who completed a Bachelor of Commerce 10 years ago must be able to rely upon it to satisfy the requirement to have a university degree and the four financial concepts requirement.
- The accredited financial advice subjects should be placed on a public online list similar to that

used by the TPB for tax agents and Qualified Tax Relevant Providers

- Guidance should be provided that gives licensees the required level of comfort to easily and confidently assess transcripts against the education standard.
- ASIC will need to be transparent in the approach it takes to assess and audit candidate's qualifications. Providing certainty to new entrants that they have satisfied the qualification standard will be critical to the proposal's success.
- Treasury must work with Higher Education Providers and industry on an ongoing basis to ensure that the qualifications remain relevant for the financial advice industry.

The link to SIAA's submission is [here](#).

Government confirms no change to the wholesale investor tests

The government released its response to the Parliamentary Joint Committee inquiry into the wholesale investor tests on 31 March 2026.

The government does not intend to establish a dedicated mechanism for periodic review of the operation of the wholesale investor and client tests. Treasury will continue to monitor the operation of the test and impacts on consumer outcomes.

The government noted the recommendation to amend the Corporations Act to remove the subjective elements of the sophisticated investor test and introduce objective criteria relating to the knowledge and experience of the investor. It responded that it is prioritising its response to the collapse of Shield and First Guardian Master Funds with a focus on strengthening consumer protections.

Government consults on options to reform the Compensation Scheme of Last Resort

Following on from the Shield and First Guardian collapses and the increasing levies imposed on financial advisers to fund the compensation scheme of last resort (CSLR), Treasury has issued three consultation papers containing a series of reform proposals.

Reform options to support the sustainability of the CSLR

These wide-ranging proposals are targeted at improving the sustainability of the scheme and include:

- Technical improvements and reforms to expand the subrogation rights of the scheme.
- Limiting CSLR eligible compensation to capital losses only.
- Creating a special levy waterfall framework.
- Excluding SMSFs from CSLR eligibility.
- Levying managed investment schemes.
- Improving recovery of unpaid AFCA determinations within corporate groups.

Enhancing member protections in the superannuation system

These proposals include:

- Strengthening governance requirements for platform trustees including the introduction of mandatory holding limits for certain investment options, codified due diligence requirements, limiting certain conflicted arrangements and payments and restricting certain trustee operating models.
- Increasing penalties under the SIS Act.

- Introducing waiting periods for superannuation switches.
- Limiting fee-deductions for switching-related financial advice.
- Requiring platform trustees to compensate members for eligible losses.

Curbing lead generation activity

This consultation focusses on the regulation and oversight of lead generation and includes proposals to:

- Bring lead generation activities into the regulatory framework.
- Ban unlicensed communication to consumers about superannuation.
- Enhance accountability of licensees for the conduct of lead generators.
- Clarify and extend the application of design and distribution obligations to lead generation.
- Extend anti-hawking requirements.
- Capture lead generators under the conflicted remuneration ban.
- Target advertisements for earlier intervention.

While some proposals, such as those limiting CSLR compensation to capital losses, will be welcomed by financial advisers, others, including limiting fee-deductions for switching-related financial advice are deeply concerning, possibly anti-competitive and are expected to be strongly opposed.

Feedback to all three consultation papers is due by 22 May 2026. SIAA will be responding to these consultations. Members can access the consultation papers on Treasury's website [here](#).



SCAM BRIEF

Through our committees and working groups we become aware of current scam and fraud activity in the industry. Please take note of the following:

- Reports by investors of multiple unauthorised CHESS to Issuer transfers across a number of registries.
- The use of fraudulent Powers of Attorney to sell shares and steal the proceeds.

Also, ASIC has warned that artificial intelligence is super-charging online scam threats causing it to remove record numbers of harmful social media phishing and investment scam websites.

New data shows between 1 January 2025 and 31 December 2025, ASIC coordinated the removal of 11,964 phishing and investment scam websites – a 90% increase in takedowns compared to the previous 12-month period when 6,270 were removed. On average, this is 32 websites per day, or 230 per week.

Scammers are using artificial intelligence to make fake investment ads look more polished, more convincing and harder to spot. AI is being used to create professional videos, fake endorsements and targeted ads designed to lure people into handing over their details.

Australians lost \$2.18 billion to scams in 2025, with investment scams alone costing \$837.7 million, according to the National Anti-Scam Centre's latest Targeting Scams Report.

The link to ASIC's media release on AI scams is [here](#).

MEMBERS CAN VIEW SUBMISSIONS [HERE](#)

Navigating the Strait of Hormuz: Asset allocation in a geopolitical shock



By Rob Crookston, Investment Strategist at Bell Potter Securities – on behalf of Tandem Securities (part of Bell Financial Group ASX:BFG)

When military conflict broke out on 28 February 2026, global markets were confronted with one of the most significant energy disruptions in modern history. The Strait of Hormuz—through which nearly 20% of global oil supply flows—was effectively closed to normal tanker traffic. The immediate consequence was a sharp spike in oil prices and a surge in volatility across global risk assets, but the broader implications extend far beyond energy markets.

Unlike previous geopolitical shocks, the scale of this disruption is unusually large. Historical events such as the Yom Kippur War, the Iranian Revolution, the Iran–Iraq War, and the Gulf War each removed around 4%–6% of global oil supply. The current situation is estimated to be three to five times larger, making

it one of the most significant supply shocks in decades.

While markets have focused on the oil price reaction, the more important investment story lies in how this shock flows through four key transmission channels: global growth, inflation, interest rates, and risk premia. These channels will ultimately determine the

trajectory of markets over the next 6–12 months.

Four key transmission channels

The first channel is global growth. Higher oil prices act as a consumption tax, reducing household disposable

income while increasing business input costs. This compresses corporate margins and slows economic activity globally. Transport, manufacturing, and freight-intensive sectors are particularly exposed as energy costs feed through global supply chains.

The second channel is inflation. While headline inflation responds quickly to energy price spikes, the more important issue is second-round effects. Higher freight and goods costs embed energy inflation into core CPI, raising inflation expectations and complicating central bank decision-making. Whether this shock remains “transitory” or becomes embedded in core inflation is critical for policy outcomes.

The third channel is interest rates. Central banks are now caught in a stagflationary dilemma: tighter policy risks deepening the growth slowdown, while looser policy risks de-anchoring inflation expectations. Any shift in rate expectations has an immediate impact on equity valuations through discount rates, particularly in interest-rate sensitive sectors.

The fourth channel is risk premium. As uncertainty rises across growth, inflation, and policy, investors demand higher compensation for holding equities. This manifests in higher volatility and lower valuation multiples, even if earnings remain stable. Importantly, it is the interaction of all four channels—not any single factor—that drives sustained market repricing.

The macro picture: Stressed but stable

Despite heightened volatility, financial conditions suggest the system remains under stress but not under breakdown.

Inflation expectations provide a key signal. One-year forward inflation has risen to around 3.4%, reflecting immediate energy pressure. However, long-term breakeven inflation remains anchored, indicating that markets still view the shock as temporary rather than structural. This supports the view that central bank credibility remains intact.

In energy markets, Brent crude has moved into backwardation, with spot prices above \$100 while late-2026 futures sit closer to \$85. This suggests markets expect near-term disruption but not a permanent loss of global supply.

Credit markets also remain stable. US high-yield spreads have widened but are well below levels associated with financial stress. The US dollar has strengthened on safe-haven demand, but not to crisis levels. Treasury markets show a bear-flattening yield curve, indicating slower growth expectations but no recession pricing.

European gas prices have risen sharply due to LNG supply concerns, but remain well below the extreme levels seen during the 2022 energy crisis. Overall, the message from markets is clear: elevated risk, but no systemic breakdown.

Searching for an off-ramp

The base case remains de-escalation, supported by both political and economic incentives.

In the United States, the political calendar is increasingly relevant. With midterm elections approaching, prolonged conflict in the Middle East is unlikely to be politically advantageous, particularly as higher fuel prices feed directly into inflation-sensitive voter sentiment. Early signals already suggest a preference for diplomatic resolution over sustained escalation.

Iran’s domestic economic constraints also support negotiation. The economy was already under pressure before the conflict, and prolonged disruption to energy exports is economically damaging. This creates incentives on both sides for a negotiated off-ramp, even if tensions remain elevated in the short term.

While risks remain—particularly through proxy groups and attacks on infrastructure—regional conflicts historically tend to peak before transitioning toward negotiation once economic and political costs accumulate.

In a de-escalation scenario, oil prices would likely fall, inflation expectations would stabilise, and central banks would be able to maintain their “transitory shock” narrative. This would support a rapid stabilisation in risk assets.

Lessons from history: Markets move early

Historical precedent reinforces a key investment principle: markets price forward, not backward.

During the Gulf War, equity markets bottomed in October 1990 at the peak of uncertainty and oil prices, well before the conflict ended. By the time hostilities formally concluded in early 1991, markets were already in recovery.

This pattern is consistent across geopolitical cycles. The most attractive entry points for risk assets tend to occur when uncertainty is highest and sentiment is weakest, not when clarity returns.

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If credible de-escalation signals emerge in the current environment, history suggests the window to increase risk exposure may be both narrow and fast-moving.

Portfolio positioning: A barbell approach

In this environment, we recommend a cautiously constructive stance using a barbell strategy combining quality and value exposures.

Quality equities provide resilience through strong balance sheets, stable earnings, and defensive cash flow characteristics. These assets help protect portfolios if geopolitical conditions worsen or inflation remains elevated for longer than expected.

Value equities, on the other hand, offer upside participation in a recovery scenario. If risk premiums compress and oil stabilises, value-oriented sectors

typically outperform sharply as valuations re-rate higher.

A blended approach has already demonstrated effectiveness. A 50:50 allocation to MSCI World Quality and MSCI World Enhanced Value has outperformed broader global equities year-to-date, highlighting the benefits of diversification across factor styles in volatile markets.

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In this environment, we recommend a cautiously constructive stance using a barbell strategy combining quality and value exposures.



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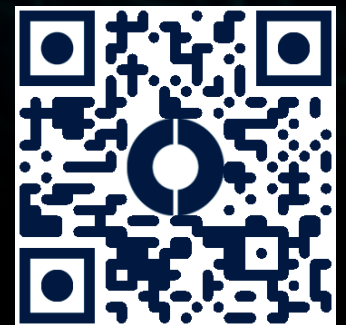
HELPING YOU NAVIGATE COMPLEXITY WITH CONFIDENCE

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18 garden hoses on the bottom of the ocean connect Australia to the world

By James Dickson, Managing Director, Oceanic Consulting Group

It's just a matter of time until something breaks. Is the industry ready?

Pick almost any dimension of the operating environment and the uncertainty is higher than it was three years ago. Trade rules that underpinned global market structure for decades are being rewritten in real time. Geopolitical fractures that were once theoretical are now active. The question worth asking is whether the industry's resilience posture has kept pace.

The industry has done the work. That is not the problem.

The Australian financial services industry has invested seriously in operational resilience over the past decade. APRA's CPS 230, ASIC's market integrity surveillance priorities, and the hard lessons of COVID-era volatility have all driven genuine improvement. Most firms now

carry documented DR plans, cloud redundancy, cyber incident playbooks, and escalation frameworks that would have seemed ambitious not long ago. The problem is not that the work has not been done. The problem is that the threat environment has moved, and some of the most material risks now sit outside the perimeter that most of that work was designed to address.

A garden hose on the ocean floor

There are 18 international submarine cables connecting Australia to the rest of the world. Each one is roughly the diameter of a garden hose. The majority of them surface within two small coastal protection zones in Sydney's northern and southern suburbs. A handful more land in Perth, Sunshine Coast and

Darwin. That is the physical infrastructure underpinning every international trade, settlement instruction and price feed that crosses Australia's border.

Eighteen cables sounds like meaningful redundancy. But the east coast landing points are concentrated within a remarkably small coastal footprint, and the cables themselves traverse some of the world's most contested waterways.

In 2022, the Tonga volcanic eruption severed that country's sole submarine cable and cut it off from international communications for five weeks. In 2024, Houthis-linked operations in the Red Sea damaged multiple cables disrupting connectivity across Asia, Europe and Africa. Also in 2024, two cables in the Baltic Sea were severed within weeks of each other, prompting NATO-level conversations about deliberate infrastructure targeting as an instrument of statecraft. The United Nations formed its first-ever Submarine Cable Advisory Group before the year was out.

Taken together, they describe a category of failure no individual firm's continuity framework was designed to handle.

The gap between firm resilience and system resilience

Most continuity planning assumes your systems fail while the market keeps running. You fail back gracefully to your secondary environment, your clients barely notice, and your regulator sees a clean incident report. It does not model the scenario where the market itself is effectively blind: order routing, price feeds and settlement communications degraded simultaneously, no clear restoration timeline, no resolution estimate by Monday open.

Submarine cable infrastructure is not your infrastructure. It is owned and operated by telecommunications companies and hyperscalers, outside your perimeter and outside the scope of any individual firm's continuity framework. When it fails, it fails for everyone at once. The risks furthest outside any single firm's control are the ones

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The risks furthest outside any single firm's control are the ones most likely to overwhelm the industry's collective capacity to respond, because nobody has rehearsed for them together.

most likely to overwhelm the industry's collective capacity to respond, because nobody has rehearsed for them together.

Live fire drills: the case for doing the uncomfortable thing

Aviation, defence and nuclear operators have run live fire drills for decades. So do Australia's major banks, through structured crisis simulation forums that have become a standard part of their operational resilience programs. In the US, SIFMA has run Quantum Dawn, a simulated real-time market crisis exercise across regulators, exchanges and financial firms, since 2011. The model exists and it works.

The rest of Australian financial services has been slower to get there. The reasons are familiar: nobody wants to model their own fragility in front of regulators and competitors, and something more pressing is always on the agenda.

The discomfort of a drill is categorically different from the discomfort of the real thing. In a drill, you find out your escalation tree has three people who no longer work at the firm. In the actual event, you find that out at 8am on a Monday with the market opening in two hours.

The scenarios worth rehearsing are not the tidy ones. Decisions that matter most (halt or continue trading, how to communicate with clients when your own channels are degraded, who has authority to act) are being made without a script, by people who have never been in that situation before. What happens to your settlement obligations when your confirmations cannot get through? Who calls whom, in what

order? These questions need rehearsed answers, not improvised ones.

So what should the industry actually do?

At the firm level, pressure-test what your continuity plan assumes about the external environment. Most plans assume connectivity is available, price feeds are running and counterparties are reachable. Those are load-bearing assumptions that should be stress-tested explicitly.

At the industry level, cross-participant exercises that include regulators, exchanges and infrastructure providers are where the real gaps surface. Genuine drills where the scenario is specific and the debrief is honest about where coordination broke down. The conversation has to start somewhere.

At SIAA2026 in Melbourne this month, one plenary session takes a step in that direction. "A critical supplier has gone down: what happens next?" is built around a live fire drill format, not a panel discussion. The session brings together Calissa Aldridge from ASIC, Karl Jancar from Shaw and Partners, Andrew Jappy from Iress, and Ben Jackson from the ASX. The topic is a critical supplier failure. The lessons apply well beyond it.

At some point, one of those 18 garden hoses is going to fail. The cause almost doesn't matter. What matters is whether the industry has a rehearsed response ready, or whether it will be improvising in real time with the market watching.

James Dickson is Managing Director of Oceanic Consulting Group, a financial services consulting firm operating across Australia, the UK, Hong Kong and Singapore. OCG advises financial services firms on risk, compliance and operational resilience. *James is facilitating the plenary session at SIAA2026, 19-20 May, Park Hyatt Melbourne.*

Accelerating the shift to electronic CHESSE statements – what ASX is doing right now

Provided by ASX

ASX is ramping up its initiatives to grow investor opt-in to electronic CHESSE statements and notifications. Karen Webb, General Manager Equities Post Trade, and Resan Ovat, Senior Manager Issuer Services, discuss what ASX is doing, the role of participants and why it matters for both investors and issuers.

Karen and Resan, what's ASX focused on when it comes to electronic delivery of CHESSE statements and notifications — and why is it important right now?

Karen: We're working with key stakeholders including participants and issuers to lift investor opt-in to electronic CHESSE statements and notifications. It matters because it realises benefits for investors, issuers and the environment, as well as potential fee savings for participants.

When did the shift to electronic CHESSE statements and notifications really begin, and what did ASX introduce?

Resan: The shift began in December 2021, when ASX introduced an option that allows participants (brokers) to opt-in investors with CHESSE holder accounts (on HIN) in to receiving CHESSE holding statements and notifications electronically. This marked a shift away from the traditional approach of issuing CHESSE holding statements and notifications only as printed documents sent by mail.

For investors, what changes day-to-day when they move away from paper and what



are the broader benefits for issuers and the market?

Karen: From an investor experience perspective, it's largely convenience and peace of mind: electronic delivery makes it easier to keep track of information and you get faster, reliable and secure confirmation when CHESSE holding or holder details change. It's also simpler to search for and retrieve historical statements and notifications when you need them.

Resan: There are also broader benefits for ASX and the industry by helping to reduce its carbon footprint by decreasing the use of paper and mailing

activities. Importantly it also reduces costs for issuers. Issuers are currently charged \$0.50 per paper statement issued by ASX, while electronic delivery of statements and notifications is included in the ASX Issuer Services Subscription Fee. Likewise ASX has offered fee waivers and fee savings through alternate fee models to encourage participant's support of investor opt-in to electronic communications.

How is take-up tracking and what are you seeing in terms of momentum across the industry?

Karen: Adoption has been building, which is encouraging, but overall take-

up has been slower than expected. As of March 2026, 18% of CHES holder accounts had opted in to electronic communications, and just over 25% of CHES holding statements were being issued electronically. That gives us a strong base to build on.

Resan: A really positive trend is that most participants have been automatically opting in all new investors to electronic communications when their CHES accounts are created. That helps build momentum and gives new investors a more modern, digital-first experience from day one.

What are you doing to lift take-up from here, especially for investors who are still receiving paper statements?

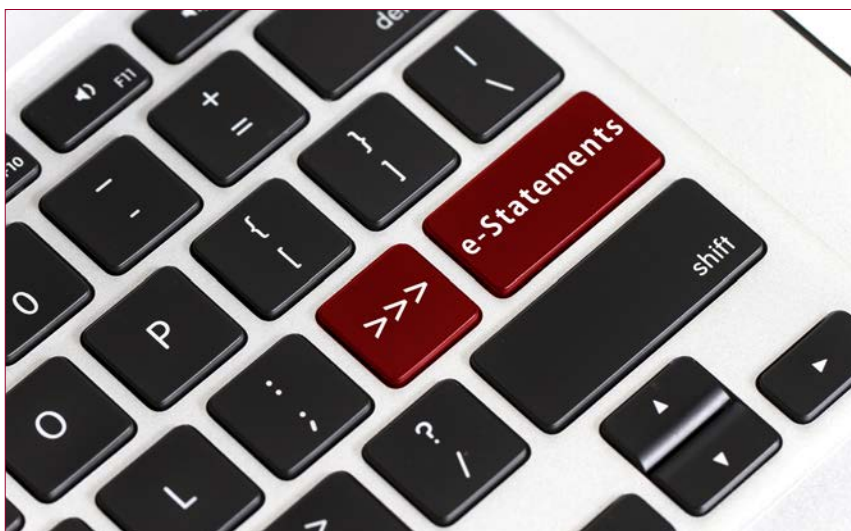
Karen: We're taking a practical, multi-channel approach largely focused on existing HIN investors. The ASX Issuer Services team has been progressing a number of initiatives.

Resan: We're promoting opt-in through social media campaigns and ASX Investor Day communications. And for investors still receiving paper statements, ASX has included an information pamphlet in each monthly CHES holding statement envelope mailed from March 2026 – explaining how to opt-in and access electronic CHES holding statements and notifications.

How is ASX working with industry to make the transition to electronic statements as straightforward as possible and effective?

Karen: We formed the Statements Working Group in August 2024 to bring the right voices together and keep momentum going. The group includes 21 member organisations representing participants, issuers, share registries and their industry associations, focused on increasing investor take-up of electronic communications and removing barriers – particularly for existing investors.

Resan: One key initiative has been amendments to the ASX Settlement



“

Ultimately, we expect the optional pricing model will further incentivise participants to support and promote take-up of electronic statements by their clients.

Operating Rules to address a barrier identified by participants: their ability to rely on negative consent to obtain authority from existing investors to switch from postal to electronic communications, which is particularly useful for converting multiple investors at the same time. Since the 16 February 2026 effective date for the rule amendments ASX has been actively engaging with participants to coordinate plans to convert high numbers of existing investors at a time.

Karen: We want the settings – whether they are rule, operational or fee related to support the behaviour we're all aiming for. To support the shift to electronic CHES holding statements and notifications, ASX offers participants a simplified, optional HIN pricing subscription model, where fees for sponsored HIN creation, modification and cancellation typically decrease compared to the existing fee model, once a certain threshold of investors opted in to electronic communications is reached per participant.

Under this model, participants can create, modify and cancel sponsored HINs without limits where the ASX communication preference for those

sponsored HINs is email. It's a tangible incentive, and it helps reinforce the shift to electronic communications.

Resan: Ultimately, we expect the optional pricing model will further incentivise participants to support and promote take-up of electronic statements by their clients.

If you could leave investors and participants with one message, what would it be?

Resan: I'd encourage investors to take a fresh look at their communication preferences and actively opt-in to receiving electronic statements if they can through their participant.

Karen: From our side, we're focused on making the shift straightforward and valuable for participants.

For more information about electronic CHES holding statements and notifications, please visit asx.com.au/holder-management



Thank you to our market participants and technology partners. CHES Release 1 is now live.

This milestone marks the next phase of ASX's post trade transformation, with the launch of the new clearing component of the CHES system, built on multi-region cloud technology and a modern data platform.

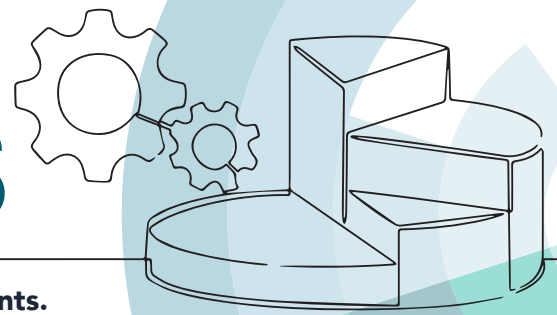
Together, we've delivered CHES Release 1, upgrading ASX's cash market clearing services and implementing global industry-standard FIX connectivity to support a more resilient, scalable, and data driven market.

Our work together continues.

ASX is committed to strengthening the foundations that support confidence in our market every day.



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Wednesday 27 May from 1.00-2.00pm AET

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Professional Standards CPD: Technical competence 1.0
ASIC Knowledge Area: Generic knowledge 1.0



BILLY LEUNG
Global X

Beyond Coverage: How financial services firms can prove their security is getting stronger

Wednesday 10 June from 1.00-2.00pm AET

Cyber threats are increasing in sophistication, while Australian regulators are raising expectations. This session introduces Security Performance Engineering, reframing cybersecurity for stockbrokers and advisers by moving beyond coverage to continuously measurable, engineered security performance.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0

ASIC Knowledge Area: Generic knowledge 1.0



FERAS TAPPUNI
SecurityHQ

SMA vs MDA: Choosing the smarter managed account strategy for your business and clients

Wednesday 24 June from 1.00-2.00pm AET

Industry experts compare Separately Managed Accounts (SMAs) and Managed Discretionary Accounts (MDAs), exploring which best support client needs and business models. Gain insights into outcomes, efficiency and compliance, plus how automation can scale advice delivery.



ANDY ROBERTSON
Chelmer

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ASIC Knowledge Area: Specialist knowledge – Financial planning 1.0

The case for Asia: Growth you can't afford to ignore

Wednesday 8 July from 1.00-2.00pm AET

Asia is now a key driver of global growth, yet many portfolios remain underexposed. Cameron Robertson will explore the region's growth, valuation and innovation, highlighting opportunities from AI infrastructure to rising consumer demand, and how investors can position portfolios accordingly.



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Why debt restructuring experience is crucial in private credit investing

By Elliott Etheridge, Managing Director, MA Financial Group

Success in private credit investing is driven by avoiding losers rather than picking winners. This makes it crucial for private credit managers to be equipped with the right skills to minimise potential losses.

Private credit managers with debt restructuring experience have a significant advantage across all areas of credit investing – from sourcing and underwriting to monitoring and recovering value in distressed situations.

Restructuring experience provides investment managers with valuable historical data and the tools needed to avoid distressed investments. In the case a distress situation does occur, these managers have the knowledge and confidence to navigate challenging conditions, ensuring the best outcome for investors.

While the recent benign economic climate may have allowed many managers to avoid losses, this environment is unlikely to last. Avoiding distressed situations today will be key to maintaining stable returns should economic conditions decline and default rates rise.

In this insight, we explore how first-hand restructuring experience significantly enhances credit investing performance.

The four stages of company distress and debt restructuring

Restructuring transactions are complex involving deep operational insights and significant involvement in strategic decisions. This experience gives private credit managers a strong understanding of why businesses fail and key drivers of credit risk.

When a company is in distress it typically goes through four stages:

1. **Financial pressure:** financial stress generally starts with an increase in leverage due to earnings decline, asset impairments or a sudden

one-off event like the loss of a major customer contract. This stress weakens credit metrics and in more severe cases can result in covenant breaches or payment defaults

2. **Strategic review:** as financial stress escalates, a company will explore a range of options to maximise value, including amendments to extend debt facilities, a sale of assets, divisions or the entire company as well as recapitalisation or restructuring
3. **Implementation phase:** here a company agrees on a strategy with the primary goal being to stabilise the firm in preparation for an operational turnaround or monetisation e.g. via a sale
4. **Outcome:** ideally the company is stabilised before an event of default or uncontrolled insolvency occurs. If a stabilisation isn't possible,

Chart 1: 4 stages of company distress and debt restructuring

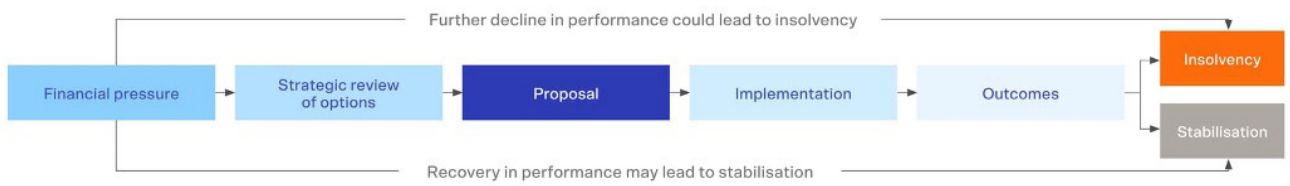


Chart 2: Capitalising on restructuring experience enhances private credit investing



a formal insolvency process may result such as an administration or receivership.

Capitalising on restructuring experience enhances private credit investing

Private credit managers can apply learnings from restructuring transactions across the entire credit investment process, from origination to exiting a position.

Origination: spotting critical flaws early

A robust initial screening and filtering process is key to credit selection. Identifying key risk factors early in the process is important to avoid overlooking fundamental, high-level risks, and as such, a deep understanding of the features that often lead to distress is invaluable in screening investments.

Private credit managers with a background in distressed situations are better equipped at spotting critical flaws in transactions early and avoiding potentially loss-making situations.

Additionally, the ability to discern which risks can be managed and which are deal breakers is a key advantage gained from experience with distressed situations.

Underwriting: robust diligence and asking the right questions

A key part of the underwriting process is asking the right questions. This means going beyond surface level analysis to validate the thesis for an investment opportunity.

Through experience in distressed transactions, patterns start to form. Recognising how to uncover key risks that can't be mitigated greatly enhances a manager's ability to avoid problem credit investments.

Restructuring experience provides detailed insights into the traits most valuable for assessing risk and guiding diligence efforts.

Underwriting: optimising loan structuring and protections

Proper loan structuring is crucial for maximising recoveries in stressed scenarios. Lenders rely on security and recourse over assets as part of their safety net. To protect capital, it is critical to optimise legal agreements and documentation to preserve control over the recovery process in the event of distress.

In a debt restructuring, company advisers will often exploit weaknesses in facility documentation which can harm lenders.

Restructuring experience equips lenders with knowledge such as recent market precedents to develop secure

loan agreements, minimising risks that may arise in future restructurings.

Monitoring: identifying distress early

Identifying potential distress before it escalates is crucial for effective portfolio management. Early recognition of warning signs allows managers to intervene proactively, and collaborate with borrowers on addressing operational challenges or raising additional capital.

Early intervention also creates options for a manager to reduce exposure before risks escalate. Delays in taking action often result in further performance deterioration and a narrowing of recovery options, ultimately limiting the potential to preserve value.

Exit and value recovery: knowing how to act

Knowing how to act when things go wrong is crucial to maximise loan recoveries.

A wide range of skills is needed, including:

- Strategic planning to evaluate all options
- Stakeholder and game theory analysis to predict actions and optimise outcomes
- Expertise in legal frameworks to navigate restructuring processes
- Capital markets knowledge to as-

sess feasibility of raising capital or selling assets

- Decisive operational decision-making such as replacing management to prevent further value loss
- Coordination and leadership to rally support among all stakeholders and successfully execute the preferred proposal.

When these skills are available in-house, managers benefit from reduced costs and quicker decision-making, as external financial advisers often charge substantial fees deterring early engagement of experts.

Why restructuring experience is key

Restructuring transactions are complex and require specialised expertise. Private credit managers with a background in distressed situations are better equipped to spot critical flaws in transactions early and avoid potentially loss-making situations.

MA Financial's Global Credit Solutions team brings extensive experience in debt restructurings, with deep expertise integrated into both investment and portfolio management processes.

Members of the team including those on the investment committee, have collectively advised on more than \$40 billion of debt restructurings¹ playing key roles in some of the largest and most transformative transactions in the Australian market.

Through MA Financial's corporate advisory division, MA Moelis Australia, the team benefits from direct access to the number one ranked restructuring advisers in Australia and the US² ensuring unparalleled insights and strategic advantages for investors.



[Download the full whitepaper](#) for more information.

¹ Experience includes via prior Corporate Advisory roles at MA Moelis Australia (division of MA Financial Group).

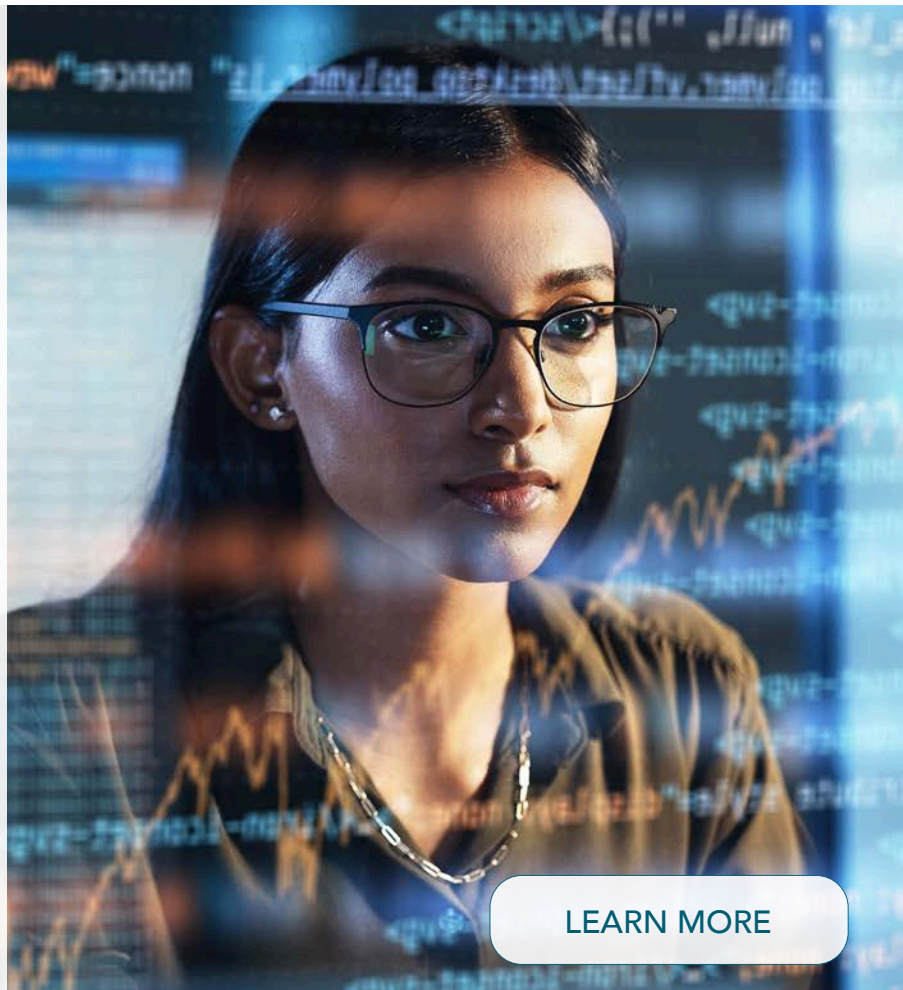
² LSEG/Refinitiv, as of FY 2023 – announced and not withdrawn \$ volume excl. sovereigns.

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5 reasons why opportunities persist in emerging markets and Asia Pacific equities



By Alexander Treves, Head of Investment Specialists for Asia Pacific, Emerging Markets and Asia Pacific Equities Team, J.P. Morgan Asset Management

Global uncertainty is on the rise, yet we believe emerging markets (EM) and Asia Pacific (APAC) equities continue to present robust opportunities for diversification and growth. North Asia's leadership in artificial intelligence (AI) is boosting earnings and capital returns while China presents unique chances for innovation and income. There are also growing opportunities to diversify across the wider region.

Here are five reasons¹ why investment opportunities in EM and APAC equities remain strong, alongside potential risks to keep in mind.

1. Riding the tailwinds of a weaker US dollar and inflationary boom

Recent US dollar (USD) weakness has given EM equities a significant boost and we see more room for depreciation as US growth continues to trail other regions. The greenback also remains

overvalued – presenting a sustained tailwind for EM assets.

Additionally, most economies outside China are seeing strong growth² and manageable inflation, which supports sectors and assets with pricing power. Emerging markets tend to serve as the world's factory and store of value, largely because of their strength in commodities, precious metals, and technology. Policy rates are still low, inflation remains moderate, and funding costs are under control - conditions that usually help keep the economic boom going.

2. Engine of the AI build-out

EM and APAC tech includes global leaders in semiconductors design & fabrication, hardware, Information Technology (IT) services, and cloud technology. While the leading US IT

services companies are well known, EM and APAC tech companies are also underwriting the AI revolution, with AI-related demand providing a strong tailwind for Asian manufacturers.

Today, Asia produces 70% of the world's semiconductors³. While the US still designs most logic chips, the manufacturing is concentrated in Taiwan and South Korea, where tech stocks continue to benefit from increased AI adoption and higher capex, despite ongoing debate about return on investment.

China's AI spending is also set to accelerate into 2026. For example, a Chinese AI company known for developing large language models and generative AI technologies has catalysed domestic AI investment, creating a broad universe of software and AI capex beneficiaries, independent of the developed world's cycle. Government support and a deep engineering talent pool are accelerating progress. Hyperscalers are leading a new wave

of AI capex. China is advancing in lagging-edge chips and assembly too, focusing on self-reliance.

is consistent with historical levels. We believe India is now reasonably priced for investors as the world's fastest-growing major economy.

China also appears to be moving from a deflationary bust towards a deflationary boom, where falling prices coexist with rising output and innovation. This shift presents a unique dual opportunity: high-growth AI and industrial leaders that benefit from price competitiveness and market share gains, as well as higher-yielding insurers and shareholder-friendly platforms for income.

Additionally, some EM and APAC markets are embracing shareholder reform. South Korea, for instance, is advancing reforms to boost shareholder returns through its corporate Value-Up programme, targeting improved capital efficiency and governance. Improvements are evident in dividend payouts, share buybacks, and board independence, with companies setting clear return-on-equity and return-on-invested-capital targets.

5. Diversification: More than just China

Although China often takes centre stage in the EM and APAC narrative, these markets encompass a much broader and richer landscape. Investors are presented with a mosaic of diverse growth drivers, such as AI infrastructure, financial sector expansion, and commodity exposure.

EM and APAC markets today are a diverse group of dynamic economies, each presenting distinct contributions to earnings growth, capital returns, and portfolio diversification. This breadth may be critical for global investors seeking to move beyond concentrated developed market mega-cap risk and

3. Valuations and proving capital return driven by earnings growth

EM and APAC equity valuations remain relatively attractive compared to developed markets, as the chart shows⁵. With robust earnings per share growth in technology, as well as in select materials and financial stocks, there is potential for earnings to broaden through 2026.

India, for example, has lagged the MSCI EM by over 50% in the past two years, so its valuations are no longer inflated. MSCI India is trading at around 19–20 times forward earnings, which matches its 15-year average⁵, and its premium to EM (about 60%)

4. China's twin opportunity: Innovation and income in a deflationary environment

China presents a notable contrast: world-class technology and manufacturing alongside weak consumer demand and lingering issues in the property market. As real estate investment slows, policymakers are doubling down on advanced manufacturing and technology to drive the next wave of growth.

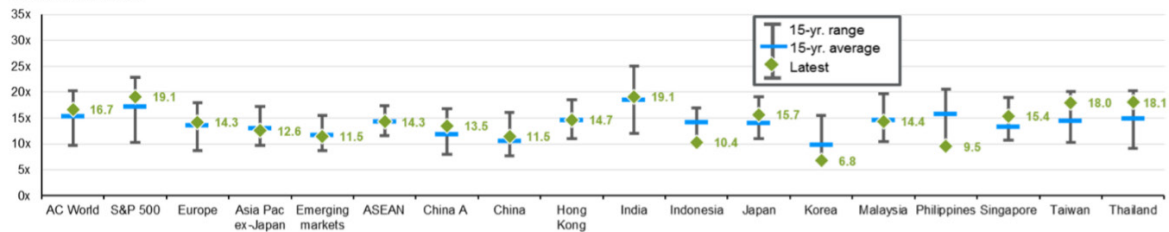


JPMorgan Emerging Markets Research Enhanced Index Equity Active ETF (Ticker: JEME)
 Lonsec Rating: Highly Recommended⁴
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Chart 1: Global equities: Valuations

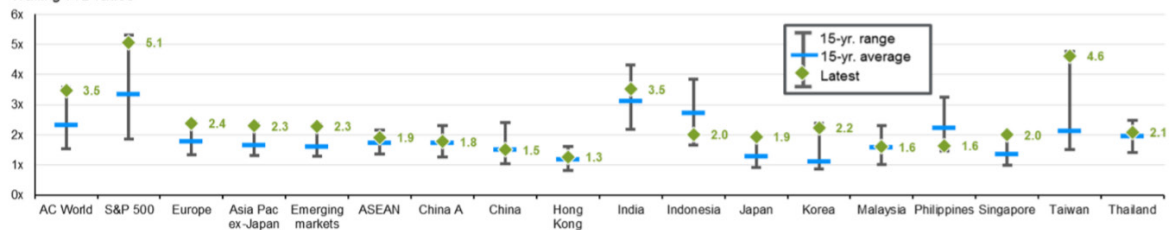
Equity market valuations – Price-to-earnings

Forward P/E ratios





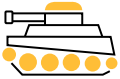



Equity market valuations – Price-to-book

Trailing P/B ratios



⁵ Source: China Securities Index, FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. All valuation measures are based on respective MSCI data, except the U.S., which is represented by the S&P 500, and China A, which is represented by the CSI 300 index. Price-to-earnings (P/E) and price-to-book (P/B) ratios are in local currency terms. Past performance is not a reliable indicator of current and future results. Guide to the Markets – Asia. Data reflect most recently available as of 31.03.2026.

Risks of investing in EM and APAC equities¹

 Regime shifts and tail risks	 Currency shocks	 Geopolitical and policy risks	 Tariff and trade uncertainty	 Commodity price shocks	 Momentum crowding and valuation extremes
The most likely shift is between an inflationary and a deflationary boom, but tail risks include runaway inflation, policy shocks, or sudden reversals in global liquidity.	EM and APAC currencies remain sensitive to global capital flows, USD strength, and domestic imbalances.	Persistent geopolitical tensions, regulatory changes, or policy errors can create volatility.	Intermittent tariff disputes and trade tensions – especially between major economies – can disrupt supply chains and sentiment.	Several EM economies are heavily reliant on commodities. Fluctuations in oil, metals, or agricultural prices can significantly impact fiscal balances, currencies, and earnings.	Leadership in select sectors can lead to crowded trades and stretched valuations, increasing the risk of sharp corrections if sentiment shifts or credit spreads widen.

capture the full spectrum of EM and APAC growth.

For example:

- **India**, despite elevated valuations in line with longer-term average⁵ and a mid-cycle slowdown in economic and earnings growth, is supported by structural reforms, strong balance sheets, and a healthy banking system.
- **Emerging markets across Europe, the Middle East and Africa (EMEA)** bring together resource-rich and reform-minded markets that are well-positioned to benefit from global commodity cycles.
- Lower rates across **Latin America** are set to support economic activity and lift consumer sentiment, while stable or declining inflation and limited exposure to US trade present a constructive outlook for equities through 2026.

Conclusion

As global capital reallocates and earnings breadth widens, we believe the case for an EM and APAC allocation

– including China and other markets in North Asia, South and Southeast Asia, EMEA and Latin America – only gets stronger.

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Diversification does not guarantee investment return and does not eliminate the risk of loss.

¹ Source: J.P. Morgan Asset Management, "Emerging Markets and Asia Pacific equities - Five reasons why the opportunity persists into 2026", March 2026.

² Source: FactSet, Markit, J.P. Morgan Asset Management. Based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Based on quarterly averages, with the exception of the two most recent figures, which are single month readings. DM and EM represent developed markets and emerging markets, respectively. Guide to the Markets – Australia, "Global economic momentum". Data as of 31.03.2026.

³ Source: FactSet, MSCI, SEMI, SIA, J.P.

Morgan Asset Management. Hardware and IT equipment includes electronic equipment instruments & components, communications equipment, semiconductors & semiconductor equipment and technology hardware storage & peripherals. Software and IT services include IT services, software, interactive media & services and broadband retail. Based on MSCI AC Asia Pacific index and GICS classification. *Market share based on production capacity for wafer fabrication and industry value added for others. Data based on BCG analysis in 2025 for production capacity and in 2024 for industry value added. Past performance is not a reliable indicator of current and future results. Guide to the Markets – Asia. "Asia Pacific equities: Technology sector". Data reflect most recently available as of 31.03.2026.

⁴ The rating published on 03/2025 for JPMorgan Emerging Markets Research Enhanced Index Equity Active ETF is 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.



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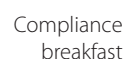
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Super is not CSLR fix

By Jason Spits, Senior Journalist, *selfmanagedsuper*

If you have been tracking the history of the Compensation Scheme of Last Resort (CSLR), you will have seen that what was proposed as a consumer protection measure has morphed into a scheme where every failure is now parked with the expectation that someone else will pick up the tab.

Many of those currently being forced to dig deep are financial advisers and planners who have recently received their latest assessments for their contribution to the scheme. That mandatory contribution has blown out again due to an ongoing string of failed investment schemes that started with Dixon Advisory and was followed by United Capital Group and then the Shield and First Guardian master funds.

Knowing this was going to happen, the federal government announced a review of the CSLR, acceding to a request from the financial advice sector, which also called for the load to be shared among other sectors until the issue of funding could be sorted out.

While that request has not been followed up, the government has released a consultation paper. This document puts forward suggested measures to address the phoenixing of failed entities that have skipped out on their obligations to consumers and the CSLR, and the inclusion of managed investment schemes, which are often the underlying source of the failures being sheeted home to the advice sector.

While these changes will go some way to addressing problems with the funding and operation of the CSLR, it is an additional proposal to consider a levy on self-managed superannuation funds (SMSF) that is of genuine concern.

Proposal six of the paper is titled "Considering responses to the role of SMSF losses in reducing pressure on the CSLR" and puts forward the inclusion of SMSFs within the CSLR special levy framework as a subsector, and funds that choose to opt out of paying that levy would become ineligible for any future compensation through the scheme.

To justify this proposal, the government stated SMSF complainants accounted for around 93 per cent of all paid and pending CSLR cases.

Now keep in mind this is a paper presumably written, but at least released, by Treasury, and that fact is important because the proposal

suggests superannuation and SMSFs are a failure point that led to investors in Dixon Advisory, United Capital Group, Shield and First Guardian heading to the CSLR.

The failure of these schemes was the underlying investment, that is, the managed investment schemes that are currently not covered by the CSLR, and not the vehicle by which people accessed them. It is similar to blaming a brokerage account for the decline in value of a stock or the poor performance of a listed company due to mismanagement.

The problem with the CSLR and its blowout costs is not whether SMSFs or any superannuation vehicle should be included in the scheme, which was an idea floated earlier this year, but that some product providers and advice firms that funnelled people into poor products are able to dodge their moral and financial responsibilities to clients, often to the tune of millions of dollars.

It is also concerning a paper from Treasury cannot make the distinction between underlying causes of failures and legitimate investment vehicles, which in the case of Shield and First Guardian also included superannuation investments on retail platforms and those made by large profit-to-member super funds.

A further implication from this paper is that fault lies with some superannuants due to the way they chose to invest rather than the practitioners who advised them to do so. More than a dozen of those advisers are now subject to banning orders from the Australian Securities and Investments Commission, whose job it is to watch over and prevent such advice and investment schemes from reaching consumers.

It is said success has many parents, but failure is an orphan. The CSLR was introduced into parliament under the previous coalition government, but

passed under the current Labor government, which quickly walked away from commitments to fund its initial operations.

It has since morphed into something that has outgrown its original intent – a scheme of last resort – resulting in increasingly desperate measures to feed it rather than contain it.

Looking to the superannuation sector, or any part of it, as a source of funding would be a quick fix that feeds this problem child for a time, but doesn't deal with its growing appetite, nor does it commit to the hard yards needed to fix the scheme and extract compensation from those responsible for product failures.

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