

# SIAA monthly

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## GOLD'S RECORD-BREAKING RUN CONTINUES: how much further can the precious metal rally run?

Empowering growth:  
Technology's role in  
the managed  
account industry  
sector

Canada/Australia  
and the role  
of the TSX/V  
marketplaces

Leveraging  
innovation to  
deliver  
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How to get  
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hold on the  
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SUPER  
SNIPPETS:  
Fee ignorance  
should  
be addressed

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Advisers Association

Serving the interests of investors

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# MESSAGE FROM THE CEO



Judith Fox, CEO

We have issued our Notice of Meeting for the 2024 AGM, to be held on 21 November, both face-to-face and online. Members are encouraged to look at the Annual Report which has also been issued, and which sets out the activities SIAA has taken on behalf of members in the last financial year.

At the AGM, three directors are standing for re-election, and five directors are standing for election. You will find information on them in the Notice of Meeting. Our Board is strategic, cohesive and works hard on behalf of the whole industry. All nominating directors will be valuable contributors to Board deliberations, ensuring the breadth of our industry is represented on the governing body.

I encourage you to vote to vote on the election of directors at the AGM. If you have any queries you can contact our Member Services Manager, Diem Tran, at [dtran@stockbrokers.org.au](mailto:dtran@stockbrokers.org.au) or on (02) 8080 3201.

## Our services to members

As set out in the Annual Report, we focus a great deal of energy and time on advocacy on behalf of our members. In the last financial year we held 126

government and stakeholder meetings and lodged multiple submissions. We are consistently ensuring your voice is heard.

Our meetings included those with:

- ASX on the CHES Replacement Project, including representing members at the ASX Business Committee, the ASX Technical Committee, Implementation and Transition Working Group, Building Design Working Group and T+1 Working Group and the AFMA Registries Forum.
- Treasury on a range of topics, including the education standard for advisers and Developing Better Financial Outcomes
- the Joint Associations Working Group to put forward a consensus view on how to make the education standard for new entrants to financial advice more flexible by allowing them to use more of their existing degrees
- the Tax Practitioners Board and the Security Exchanges Guarantee Corporation Consultative Committee
- ASIC, AFCA, Cboe and IRESS
- the government and opposition — we have a consistent, ongoing conversation with all sides of politics.

A key win was reaching agreement with the other advice associations on our proposal to change the education standard for new entrants to financial advice. Our proposal recognises that the one-size-fits-all approach is deterring new entrants by treating all financial advisers as financial planners. The Joint Associations Working Group agreed with our proposal as it ensures that the pool of human capital available to provide different financial advice services as required by consumers is not limited to only those who have completed a financial planning degree — currently the only available education pathway as approved by FASEA — but also supports those seeking a career in financial planning who

wish to undertake the current approved degrees.

Other issues with which we have been engaging for some time remain works in progress, such as the CHES replacement project, Delivering Better Financial Outcomes and the wholesale investor test. We also assisted our members to improve gender balance in the industry, and particularly in the investment adviser cohort, by developing guidance on practical steps to shift the dial. We are working with heads of member firms to develop an industry-wide approach to gender diversity, recognising that it is a significant business opportunity as women continue to generate wealth and look for advice.

On the professional development front we are excited to announce the launch of our new online learning platform, Superpath. All current students have been transferred to the system, and new students will now commence their courses on the platform. The content remains the same, with PDF manuals still available, and assessments, including online exams, will continue to require supervision. We look forward to introducing future enhancements to further improve student engagement.

We held 23 webinars and eight workshops. The webinars are free for members and represent 22 hours of CPD. Our workshops delivered another 12 hours of CPD and the national conference 14.33 hours. During the financial year, SIAA delivered a total of 48.3 CPD hours.

The focus throughout the year has been to work independently and jointly with members to provide a strong voice to all parties that influence our industry. We have set out our wins in the [Annual Report](#) which can be found on our website. You will find much more detail there about what we have been doing for our members over the past 12 months, as well as information about the Board of Directors, our strategy and our financial reports.

# COMMITTEE NEWS – OCTOBER 2024

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

### Profession Committee, Wednesday 6 November 2024

Chair: Andrew Fleming MSIAA, Morgans Tynans Partners

### Compliance Committee, Thursday 7 November 2024

Chair: Melissa Nolan MSIAA, Ord Minnett

### Audit Committee, Thursday 7 November 2024

Chair: Peter Robinson, MeSIAA, AUSIEX

### DTR Working Group, Tuesday 12 November 2024

Chair: Claire Keetley, Ord Minnett

### Investment Advisers Committee, Thursday 14 November

Chair: Frank Hegerty OLY MeSIAA, Ord Minnett

### Board Meeting, Thursday 21 November 2024

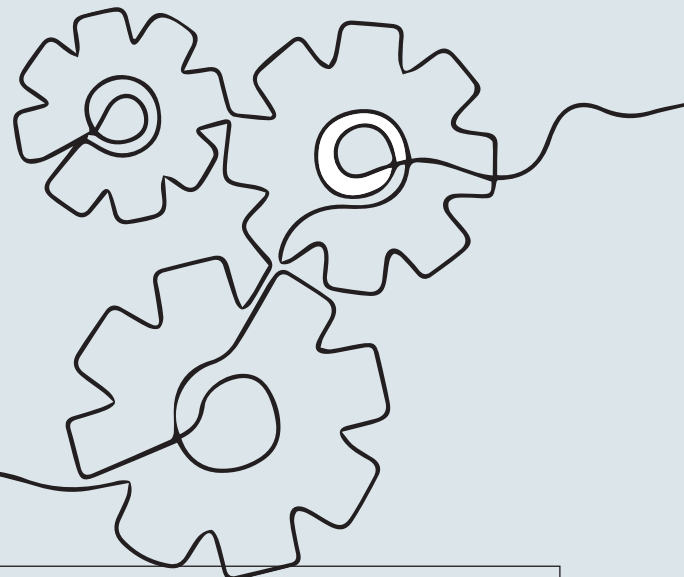
Chair: Hamish Dee MeSIAA, Morgans Financial

### AGM, Thursday 21 November 2024

Chair: Hamish Dee MeSIAA, Morgans Financial

### Derivatives Committee, Tuesday 3 December

Chair: Te Okeroa MSIAA, AUSIEX



## New Practitioner members MeSIAA

Annie O'Scanail  
Arvind Shivakumar  
Derek Parker  
Eric Kesler

Gary Thorniley  
Jack Mullins  
James Lawrence  
Jonathan Brunello

Marcia Senn  
Nick Chatterton  
Nick Sale  
Parveer Bassi

## Re-joined Practitioner members MeSIAA

Charlie Smallhorn  
James Chandler  
James MacAulay  
Ken Howard

Mathew Hedditch  
Peter Foreman  
Simon Bond  
Simon Cox

Steven Greentree  
Tim Evans  
Tom Crommelin  
Tom Roberts

Will Hickson

## New Student Affiliates StuAfSIAA

Khalid Steitie, Queensland University of Technology  
Luke Dallas, Monash University  
Salman Seedat, Federation University

# SIAA gives evidence to Parliament on wholesale clients

SIAA appeared before the Parliamentary Joint Committee on Corporations and Financial Services Inquiry into the wholesale client tests on 3 October 2024 to argue that no change should be made to the wholesale client thresholds.

SIAA pointed out that while there may be stakeholders arguing for changes to the wholesale investor thresholds, the cohort that would be most impacted — wholesale investors — have not been asked if they would be happy to lose their wholesale classification. We emphasised that no change should be made without consultation with wholesale investors to understand the impact on them and their investments.

While the wholesale thresholds have not changed for some time, a lot has happened over that time as well — Australians are wealthier and have higher levels of financial knowledge. We hear arguments that the test applied to two per cent of the population when it was introduced and now 16% meet the criteria and therefore the tests now apply to too many Australians. The current net worth of Australian households is 380% higher than in 1989, despite the adult population, at 12.25 million, only being 70.5% higher. It is appropriate that the test apply to more Australians.

Any change to the thresholds that move investors from the wholesale to the retail category could result in a very poor outcome for those clients. The current regulatory framework makes it hard and expensive for retail clients to receive financial advice and there are too few financial advisers to provide financial advice to all who need it. Indeed, many retail clients have been orphaned over the past few years, given the lack of financial advisers. Therefore, clients who are re-categorised from wholesale to retail will find it very challenging to find a retail client



adviser who can give them the advice they want. They would also become orphaned clients, vulnerable to social media as their source of advice.

Until we have fixed the process of providing advice to retail clients and created a pathway for more new entrants to the profession, making a fundamental change to the wholesale client tests that may result in wholesale clients being re-categorised as retail will have a substantial impact on them. As the Minister for Financial Services has noted many times, there over five million Australians at or approaching retirement age. There has never been a time when access to financial advice is important to so many Australians and it is so difficult to obtain. A change to the wholesale investor test would compound this difficulty.

SIAA also provided details about the impact that any change in the wholesale client threshold would have on capital raising, as it would shrink the pool of investors able to participate in offerings, both listed and unlisted. We also pointed out that limiting the capacity of Australian businesses to access capital would have a concomitant impact on the Australian economy.

The Parliamentary Committee intends to report to the Parliament by the end of 2024.

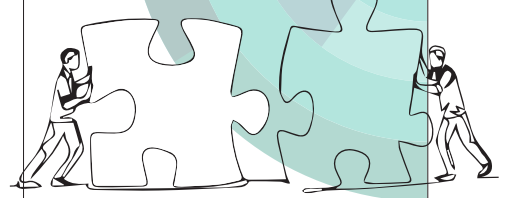
The link to SIAA's opening statement to the Parliamentary Committee is [here](#).

SIAA will continue to update members on the progress of this inquiry.

## 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 and exam standards
- ✓ Delivering Better Financial Outcomes reforms
- ✓ ASIC Industry Funding Model
- ✓ ASX CHESS Replacement Project
- ✓ Considerations for accelerating cash equities settlement in Australia to T+1
- ✓ Cboe's proposed new listings framework
- ✓ ASX Services Release 15
- ✓ Inquiry into wholesale investor and wholesale client tests
- ✓ Impact of the Compensation Scheme of Last Resort
- ✓ Competition in clearing and settlement
  - AFCA rules and operational guidelines
- ✓ Australian Law Reform Commission – review of financial services legislation
- ✓ APRA discussion paper on hybrid securities
- ✓ Review of eligibility requirements for registration with the TPB
- ✓ The Tax Agent Code of Professional Conduct.



# SIAA provides feedback to ASX on its proposed pricing policy for clearing, and settlement services

SIAA has told ASX that it has serious concerns about key elements of its proposed pricing policy for clearing and settlement services and has encouraged ASX to reconsider the pricing model in light of the issues raised.

As part of the government's competition in clearing and settlement reforms, ASX is consulting on a new policy for determining the pricing of its clearing and settlement services. The new policy will employ the Building Block Method to determine its annual revenue requirement which will cap its clearing and services revenue for each year. The Building Block Method is designed to ensure that the revenue received for clearing and settlement services is no more than the costs of efficiently delivering those services, including a reasonable rate of return commensurate with the risks involved.

The Building Block Method is widely used in essential infrastructure services in Australia which feature one provider such as electricity networks, the National Broadband Network, postal services and urban water and sewerage services.

SIAA's key concern is the proposed pricing model is essentially a 'cost plus' model of price recovery that shares the same characteristics as the ASIC Industry Funding Model which has resulted in an unchecked increase in ASIC's funding as it includes no incentive for ASIC to reduce its costs.

To address industry's concerns, SIAA has recommended that ASX should review its pricing model to ensure that it contains an incentive for ASX to control its costs of clearing and settlement services.

SIAA has also strongly recommended that ASX provide its members with a preliminary view of what prices



would be generated by the model and greater detail on how the model would work so that clearing and settlement participants have a better view of what prices they could expect to pay if the new policy is adopted.

A key element of the model is the capital allocated to clearing and settlement. While the proposed policy will not recover previous write-offs related to the previous iteration of the CHES replacement project, nor fund or recover any previous or future payments under the CHES Replacement Partnership Program, it will presumably recover the costs of new CHES. This is a major technical rebuild project that will take up until 2029 to implement and will presumably be the largest capital item. SIAA's members will essentially be funding CHES replacement via the pricing model. SIAA has recommended that ASX provide more detail on the capital and the costs that it will be allocating to the clearing and settlement entities under the policy to assist members' understanding of the impact of the model.

Further details of SIAA's recommendations are contained in its submission which is [here](#).

ASX will publish its response to the feedback received before the end of December 2024.

## Consultation on TPB guidance

The Tax Practitioners' Board (TPB) is currently consulting on draft guidance materials to assist tax practitioners understand the new obligations in the *Tax Agent Services Code of Professional Conduct*.

TPB is seeking tax practitioner and stakeholder feedback to help shape the final version of the following draft guidance materials:

- Upholding and promoting the ethical standards of the tax profession.
- False or misleading statements.
- Managing conflicts of interest when undertaking activities for government and maintaining confidentiality in dealings with government.
- Obligation to keep proper client records of tax agent services provided.
- Supervision, competency and quality management under the *Tax Agent Services Act 2009*.
- Keeping your clients informed.

For most tax practitioners the new ethical requirements apply from 1 July 2025. The exception being larger firms, with 100 or more staff, who will need to comply from 1 January 2025.

The TPB has updated the Frequently asked questions on the new Code obligations, published on its website, to address some common queries about the Determination.

The TPB invites comments on all six draft information sheets by 21 November 2024.

SIAA along with other tax professional associations has been engaging closely with the TPB on the development of its guidance materials.

As part of finalising the guidance in December 2024, the TPB will also be issuing complementary material, such as factsheets and website content, to assist tax practitioners understand the new requirements.



# Senate inquiry into wealth management companies

On 17 September 2024, the Senate referred an inquiry into wealth management companies to the Senate Economics References Committee for inquiry and report by the last sitting day of March 2025.

The Senate Committee will inquire into the reasons for the collapse of wealth management companies, and the implications for the establishment of the Compensation Scheme of Last Resort (CSLR) and challenges to its ongoing sustainability, with particular reference to Dixon Advisory & Superannuation Services Pty Limited (Dixon Advisory) as an example.

The terms of reference cover:

- The underlying cause of the collapse of wealth management companies such as Dixon Advisory, including the business model and influence of the sale of related party products, for example the US Master Residential Property Fund.

- How the actions of directors of wealth management companies and related entities, senior management and the individual advisers contribute to the collapse of these companies.
- The role of the financial services regulatory regime in the context of how matters involving the collapse of an investment product promoted by a vertically integrated business are assessed and how fault is attributed.
- Evaluation of the placement of wealth management companies into administration and the related insolvency issues.
- Assessment of the period for which wealth management companies can remain a member of AFCA.
- The role of ASIC, including providing consumer information to investors affected by corporate collapse and consideration of the

most appropriate arrangements for future cases of insolvency.

- ASIC's role investigating corporate collapse and the appropriateness of any regulatory intervention that may reduce scale of loss for consumers.
- Options for enforcement action, including litigation, that ASIC has available to it in relation to wealth management companies following collapse.
- The implications of the collapse of wealth management companies on the establishment of the CSLR, including with respect to design considerations and the potential implications for future matters.

The closing date for submissions is 1 November 2024. SIAA will be providing a submission.

## ASIC extends FSG provisions to dealing

ASIC has registered an instrument (*ASIC Corporations (Amendment) Instrument 2024/809*) that extends the website disclosure provisions regarding FSG's to the financial service of dealing in a financial product.

The amendment allows financial services licensees and authorised representatives to make website disclosure information available for dealing in financial products when implementing financial product advice and addresses an unintended consequence of the Delivering Better Financial Outcomes legislation (DBFO Act).

As previously pointed out by SIAA, the DBFO Act was drafted in a way that

meant that licensees providing dealing services to a client could not rely on the website disclosure provisions to provide that client with an FSG. The website disclosure provisions were limited to situations where the licensee was providing personal or general advice. The provision essentially limited the effectiveness and usefulness of the reform.

The instrument now extends the website disclosure provisions to circumstances where the financial service provided to the client is:

- financial product advice, or
- dealing in a financial product for the purpose of implementing financial product advice that was

provided to the client by the providing entity.

As the instrument requires the dealing in the financial product to relate to the financial product advice provided, the change will not assist those providing dealing services to execution only clients.

More information about the instrument can be found on [The Delivering Better Financial Outcomes \(DBFO\) package page](#) on the ASIC website.

MEMBERS CAN VIEW ALL SUBMISSIONS [HERE](#)



# ASX for Financial Advisers



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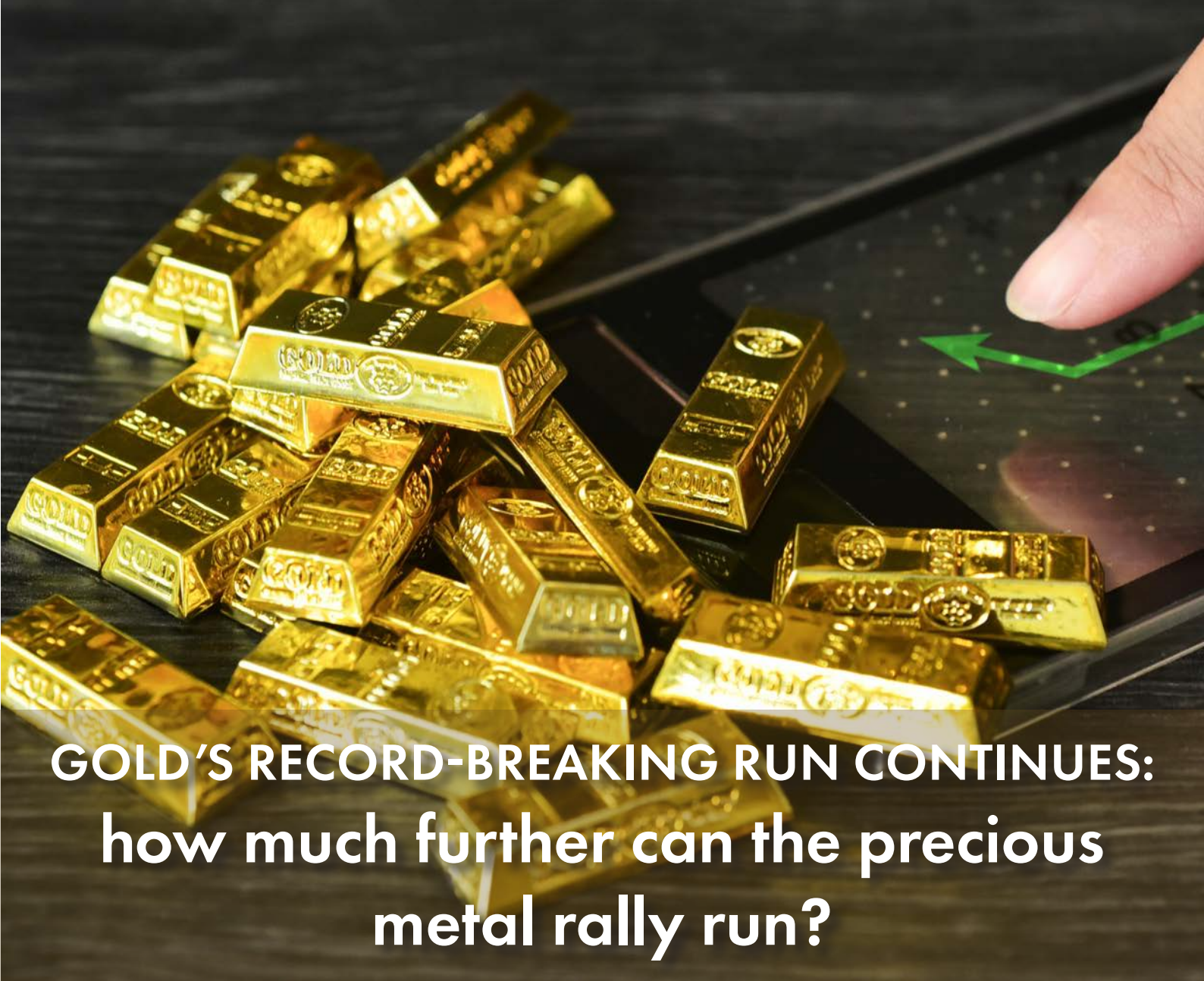
Watch all the presentations from our June 2024 event and be notified of any updates for the next event in June 2025. Don't miss out on your chance to earn up to an indicative 5.25 CPD hours for attending.



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# GOLD'S RECORD-BREAKING RUN CONTINUES: how much further can the precious metal rally run?

By Ole Sloth Hansen, Saxo Head of Commodity Strategy

Gold's record-breaking rally continues and, following another shallow mid-month correction that saw buyers return ahead of USD 2,600, spot bullion last week broke above USD 2,700 to record its sixth record high this year. The precious metals market has witnessed an unprecedentedly strong uptrend this past year, with gold and silver shaking off minor corrections to both trade up more than 30% year to date – a sign of strong underlying momentum and persistent “fear of missing out” (FOMO).

The bullish drivers throughout this period are numerous, with the most important being the risk of fiscal instability, safe-haven appeal, geopolitical tensions, de-dollarisation, uncertainties surrounding the US presidential election, and now also rate cuts (not just by the Fed, but other central banks as well), which reduce the cost of holding non-interest-paying investments in gold and silver. The latter also potentially supports increased demand for gold-backed exchange-traded funds

(ETFs) from underinvested US and Europe-based asset managers, who were net sellers from early 2022 (the commencement of the US rate hiking cycle) to mid-2024.

The sustained demand for investment metals during this time has also triggered a breakdown in the normal inverse correlation between gold and the US Dollar. The latest example is the lack of a negative reaction in gold to the 2.5% gain in the Bloomberg Dollar Index since the beginning of September – a period that has seen the timing,

speed, and depth of future US rate cuts pared back amid continued strength in national economic data.

Having jumped by well over 30% in the past year, there is little doubt that many would-be gold and silver investors baulk at the prospect of paying record prices – even if the prospect of further rate cuts remains. But with rally FOMO ultimately forcing many to get involved despite the record highs, the ability to forecast the next level is in-

creasingly down to guesswork and the round numbers game. The next major target for gold points to USD 3,000 and silver to USD 35.

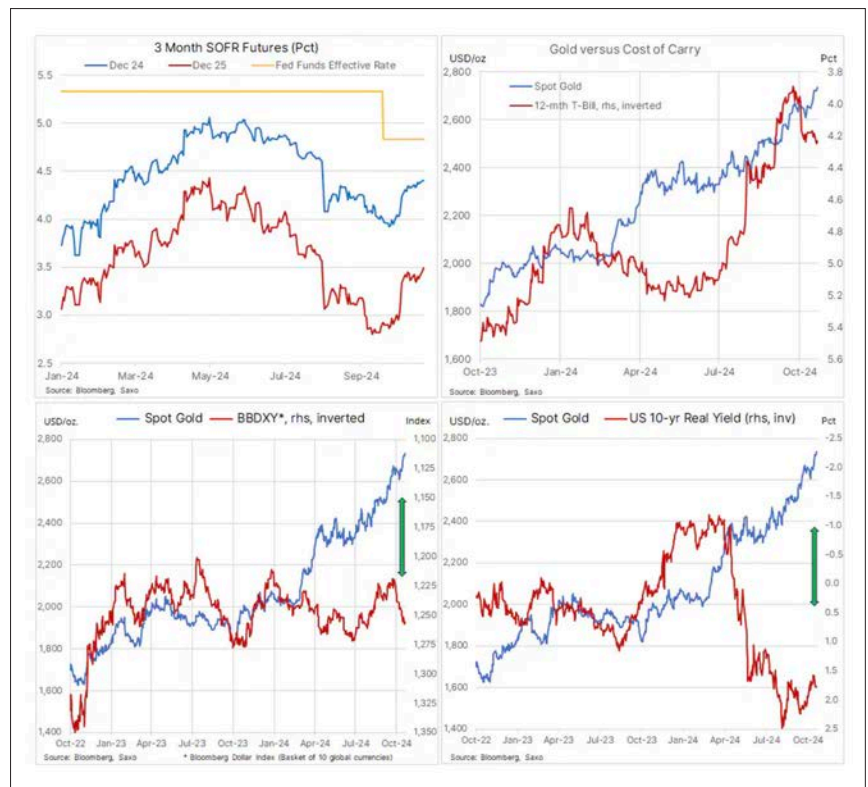
Besides continued worries about a further deterioration in the Middle East, Saxo concludes that this gold and silver strength can increasingly be seen as a hedge against a potential “Red Sweep” US electoral outcome, whereby one political party controls both the White House and Congress. This scenario raises concerns about excessive US government spending, pushing the debt-to-GDP ratio higher, while fuelling inflation fears. Investors are turning to precious metals as protection, even as expectations for lower rates and easier financial conditions fade, as highlighted by the four key charts below tracking this divergence.

## Silver, platinum to boom in 2025: bullion experts

A poll this month of international delegates at the London Bullion Market Association’s annual gathering also predicted higher prices in a year’s time for gold, silver, platinum, and palladium. While the poll predicted gold would climb around 10% to USD 2,917.40 an ounce by late October next year, delegates held a very strong view on silver, seeing it gain more than 40% to reach USD 45 an ounce. Experts noted that industrial demand continues to drive market deficits as mine supply struggles to keep pace – and Saxo concurs with this position. Similarly, analysts expected platinum prices to benefit in 2025 from growing industrial demand, primarily from the renewable energy industry, and a deepening supply deficit. They expected platinum to reach USD 1,147.90 over the coming 12 months, a level not seen since 2023.

## Investor flows in ETFs and futures

Bullion-backed holdings in ETFs peaked at a record 3,453 tonnes in October 2020 after governments and central banks fought the COVID-19 pandemic with stimulus and rate cuts, thereby raising the risk of inflation. However, while the global economy



ultimately recovered, the inflation threat only picked up pace the following year. Following a brief spike in gold demand after the Russian invasion of Ukraine in 2022, the commencement of the US’ aggressive rate hike cycle saw investors flee gold and precious metal ETFs as funding costs rose. By May this year, total ETF holdings had slumped to 2,500 tonnes, before the prospect of rate cuts and a continued rally helped stabilise demand.

Around the time of last year’s October low, momentum-chasing hedge funds held a small net short position in COMEX gold futures, and the subsequent rally helped trigger a strong buying response, culminating last month when the net long reached a four-and-a-half-year high at 255,000 contracts,

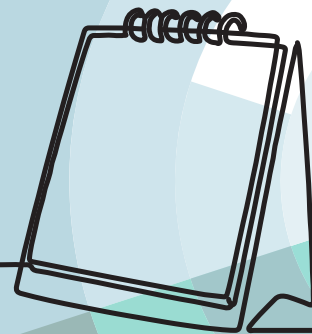
or 25.5 million ounces. The recent correction attempt to near USD 2,600 drove a two-week period of net selling to 226,000 contracts. However, with the bulk of the current net long having been established back in February and March at much lower prices, selling pressure from speculators remains relatively weak. Silver, which depends on industrial and investment demand, has seen similar trends.

Disclaimer: Saxo Capital Markets (Australia) Limited (Saxo) provides this information as general information only, without taking into account the circumstances, needs or objectives of any of its clients. Clients should consider the appropriateness of any recommendation or forecast or other information for their individual situation.

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# CPD EVENTS



Stay on top of your CPD with these SIAA-accredited CPD events.

Webinars are FREE for Practitioner and Affiliate members and employees of Principal Members.

FREE member only event

## Women advisers and networking for commercial opportunity – free for members

Tuesday 12 November from 5.00 to 7.00pm AEDT

Shaw and Partners, Level 7, Chifley Tower, 2 Chifley Square, Sydney

Despite often being natural networkers in personal life, many women hesitate to network professionally, associating it with “selling themselves.” Kate Potter will provide practical tips on how to effectively network for commercial success. This free event is open to members and a guest. Networking drinks will follow the presentation, making it a valuable opportunity for any female adviser.

Professional Standards CPD: Client care and practice 1.0 hour

ASIC Knowledge Area: Generic knowledge 1.0 hour



KATE POTTER

## Future of Private Wealth

Wednesday 13 November from 1.00 to 2.00pm AEDT

Praemium's Matt Walsh will present findings from their CoreData research on key trends in private wealth management, covering client experience, investment strategies, technology, and growth plans. Gain insights to help future-proof your business.

Professional Standards CPD: Technical competence 1.0 hour

ASIC Knowledge Area: Generic knowledge 1.0 hour



MATT WALSH  
Praemium

FREE member only event

## Compliance professionals: Panel discussion and networking – free for members

Thursday 14 November from 3.00 to 5.00pm AWT (registration from 2.45pm)

Euroz Hartleys, Level 37, 250 St Georges Terrace, Perth

With over five decades of combined experience, the panellists bring deep insights into the industry changes and maintaining AFSL compliance. They'll discuss past compliance changes, implementation challenges, and the biggest compliance hurdles expected in the next decade. Networking drinks will follow the panel discussion.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0 hour

Member FREE | Non-member \$75

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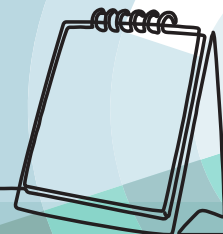


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# CPD EVENTS cont...



## An update on AML/CTF rules

Wednesday 27 November from 1.00 to 2.00pm AEDT

Hong-Viet Nguyen and Corey McHattan will discuss recent and upcoming changes to AML and CTF practices in Australia, covering legislative updates, their impact on financial institutions, and practical steps for compliance and risk management.



HONG-VIET NGUYEN  
Ashurst



COREY MCHATTAN  
Ashurst

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

## Listed Investment Companies – Taxation and shareholder implications

Wednesday 11 December from 1.00 to 2.00pm AEDT

Andrew Porter will explore Listed Investment Companies (LICs) on the ASX, covering their structure, tax treatment, franking credits, Capital Gains Tax management, and how they differ from Exchange Traded Funds (ETFs).



ANDREW PORTER  
AFIC

Professional Standards CPD: Tax (financial) advice 1.0 hour | ASIC Knowledge Area: Generic knowledge 1.0 hour

Member **FREE**  
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Capital at risk

# SAXO

# EMPOWERING GROWTH:

## Technology's role in the managed account industry sector

By Alin Ungureanu, CEO, Chelmer

The market for advice has moved. The landscape of financial advice in Australia has, and continues to, go through significant transformation in the wake of the Hayne Royal Commission. With the number of advisers shrinking to around 15,000 — and further contraction likely — the market has become more fragmented and is prompting advisers to rethink the type of service they should provide, contributing to a rise in the use of managed accounts. There's widespread discussion in the industry about the challenges in providing advice to everyday "Mum and Dad" investors that haven't been part of the managed account market, previously the realms of the upper, middle and high-net-worth client base. This gap in the mass market looks most likely to be met by innovative digital solutions.

### The growth of managed accounts

The burgeoning growth of managed accounts in the Australian market highlights their increasing allure for both financial advisers and investors, stemming largely from the enhanced flexibility they offer advisers in deliv-



ering more efficient solutions for their clients. Managed accounts provide the dual advantages of professional portfolio management and more effective oversight of diversified investments. For clients, the key benefits of managed accounts typically include performance, access through their primary investment platform, the asset manager's reputation, and exposure to various asset classes.

You only need to look at the latest Funds Under Management (FUM) Census of Managed Accounts released recently by IMAP and Milliman to see evidence of this growth. As at 30 June 2024, FUM in managed accounts is over \$200 billion, that's an increase of 43.9 billion (or 27%) compared to the previous corresponding period. It's interesting to note that, the bulk of FUM, \$129 billion, are in separately managed accounts (SMAs), while managed discretionary accounts (MDAs) and other services hold \$52.4 billion and \$24.2 billion respectively. SMAs, individually managed accounts

(IMAs) and MDAs are all managed investment vehicles with some similarities. SMAs are financial products, while IMAs and MDAs are generally regarded as services.

While the recent growth of managed accounts has been significant, it's worth noting that they don't dominate the overall business portfolio of many advisers, yet. The recent Chelmer Wealth Management Report, which reflects the survey results from delegates at the 2023 SIAA conference along with findings from Suite2Go's [Wealth Report research](#) in 2021, highlights that, despite the growth, most respondents had less than 25% of their total FUM in managed accounts, with a significant proportion having less than 10%. Equities were the most commonly managed account asset type and also the first type of SMAs available on platforms, followed by multi-asset strategies using underlying funds, then fixed income. This suggests there's still considerable room for growth as more





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As the managed account market continues to grow, technology is playing a pivotal role in enabling advisers to expand their managed account offering and do more with greater efficiency. By streamlining operations and improving efficiency, advisers are able to focus on managing their client's needs while automating portfolio administration and reporting.

advisers and clients recognise the benefits of this investment approach.

## Selecting the right technology platform for managed accounts

As the managed account market continues to grow, technology is playing a pivotal role in enabling advisers to expand their managed account offering and do more with greater efficiency. By streamlining operations and improving efficiency, advisers are able to focus on managing their client's needs while automating portfolio administration and reporting.

There are a range of technologies in the market, with options ranging from global SaaS providers to custom-in house solutions, offering an equally wide range of functionality, performance and user satisfaction. While there's no one-size-fits-all approach, the ability to scale operations, while

accommodating personalised preferences, underscores the increasing demand for these platforms. The Chelmer Wealth Management Report found the successful managed account providers all focus on two things:

1. Customer centricity: The ability to create greater visibility through strong front end client portals, reporting, and portfolio modelling empower both advisers and their clients with on-demand access to portfolio information. This tailored approach not only improves transparency but also enhances client engagement and satisfaction, enabling advisers to retain existing clients and attract new ones.
2. Modular and scalable platforms: Offering a complete front to back-office solution provides the flexibility needed to adapt to changing market conditions and client needs.

## Technology enables advisers to offer a MDA service

While the expansive use of SMAs as a vehicle to service the adviser market has driven FUM growth, a key part of the attraction of MDAs is the flexibility they offer to advisers to provide more service-like offerings to their advice clients than are generally available from platform-based SMAs. But, there wouldn't be the capacity to provide that level of service without sophisticated technology.

There's no question there are a significant number of technology providers with portfolio management technology, but for many MDAs, what they want isn't widely available in the market.

Chelmer's specialist wealth management technology, Myriad, presents a significant opportunity to utilise the flexibility that MDAs offer. Myriad allows advisers to differentiate the service and customisation capabilities of MDAs from the "one-size-fits-all" product characteristics of so many SMAs. Often private wealth clients expect their adviser to be able to support all investment types, multiple tax structures, and custody, HIN or off-shore assets, and MDA services make managing this practical and scalable. To bring such a service to the market requires complexity to be enhanced with as much technology-enabled integration as possible to make it effective and efficient.

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Chelmer is a wealth specialist, powering dependable, robust, specialist software for Asia-Pacific's financial services industry to manage and create wealth. Chelmer is a trusted partner for some of the top wealth management firms across Asia-Pacific, with over USD\$70 billion of investor assets managed and hundreds of millions of dollars transacted by our customers every day through Myriad.

Chelmer has partnered with Suite2Go as its Australian distribution partner, enhancing access to Chelmer's intelligent, leading-edge technology for Australian-based financial institutions.





# Canada/Australia and the role of the TSX/V marketplaces

By Luke Allshorn, Head of Business Development, Australia and Southeast Asia, Toronto Stock Exchange and TSX Venture Exchange

As Head of Business Development for Australia and Southeast Asia for Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV) based in Sydney, my remit is to bring the Australian and Canadian equity market ecosystems closer together. After almost 20 years of trading and brokering Australian Securities Exchange (ASX)-listed companies, there is a great opportunity to increase understanding and knowledge of the unique two-tiered TSX/TSXV marketplaces to both investors and issuers in the APAC region.

TMX Group as owner and operator has a senior exchange (TSX) and a junior exchange (TSXV). TSX is a globally recognised leading exchange known for its standards of fairness where the likes of RBC, Shopify, Alimentation Couche-Tard and Brookfield are listed. TSXV provides a venue for companies looking to access public venture capital to facilitate growth with listing requirements that are tailored to a company's sector, stage of development, financial performance and operational resources. After a company scales and grows on TSXV, there is the

potential to work towards graduating to TSX to access larger pools of capital, as Patriot Battery Minerals did at the start of 2024.

Canada and Australia are renowned for global leadership in mining and project finance in the extractive sectors; the main stock exchanges of each country attract some of the world's largest mining companies to raise capital. Between 2019 and 2023, mining issuers raised CAD45b in Canada on TSX and TSXV, while approximately CAD40b was raised on ASX<sup>1</sup> over the same period. In

the first eight months of 2024, over CAD7.8b of the CAD15b raised on our Exchanges was raised by mining companies.

On the strength of the above data, ASX-listed companies are increasingly looking into the possibility of a dual listing on TSX or TSXV, joining the likes of Perseus Mining, Champion Iron and Newmont in being able to tap into the North American capital pool to finance their projects and increase their exposure to North American and European investors. There is over CAD7t of institutional money in

Canada, including pension funds like the Canada Pension Plan Investment Board, Caisse de dépôt et placement du Québec and Ontario Teachers' Pension Plan. TSX and TSXV also act as a gateway to mining for US investors, which account for the vast majority of the 40% of daily trading volume on our Exchanges from outside of Canada.

TSX and TSXV collectively have over 1,100 mining companies on both exchanges, including nearly 700 gold companies, over 300 copper companies, over 50 uranium companies and over 35 royalty and streaming issuers. The sheer size of our Exchanges also creates inorganic growth opportunities, as illustrated by the recent merger of Karora Resources and Westgold Resources creating a top-five Australian gold miner, dual listed on both TSX and ASX.

Australian explorers and miners are exporting generations of mining knowledge and experience, reflected in the over 150 ASX-listed companies whose major projects are in the Americas. These locations include well established mining countries like Brazil, Canada and Chile, while newer frontiers are being explored by Aussie companies in countries like Peru and Ecuador. Interestingly, 48% of the more than 5,200 mineral exploration projects operated by TSX and TSXV-listed companies are outside of Canada<sup>2</sup>.

Canada has some unique financing solutions to support commercial endeavors in the country. Mining explorers can use the 'flow through' shares regime, which allows public companies to transfer to investors certain exploration expenditures conducted on Canadian soil. Purchasers of the flow through shares via a capital raise can then claim a tax deduction. Aussie companies, American West Metals and Winsome Resources, are examples of companies operating in Canada that have used this 'flow through share' system to raise capital this year.

Another example of innovative Canadian financing solutions is the Capital Pool Company™ (CPC™) Program which was created over 30 years ago. The CPC Program is the most common way for companies

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Australian explorers and miners are exporting generations of mining knowledge and experience, reflected in the over 150 ASX-listed companies whose major projects are in the Americas. These locations include well established mining countries like Brazil, Canada and Chile, while newer frontiers are being explored by Aussie companies in countries like Peru and Ecuador.

to list on TSXV, with approximately 2,800 CPCs formed since the program began. A CPC is a company that is first formed with North American market-experienced founders and at least 150 shareholders with its only asset being cash which shareholders and founders have contributed. Then, the CPC raises additional capital from the public through an initial public offering (IPO) and is listed on TSXV. Once the CPC is listed on TSXV, it identifies investment opportunities in growing businesses, conducts due diligence, engages with private companies and may raise concurrent financing for the purpose of completing its initial acquisition (Qualifying Transaction or QT). Once the CPC has completed its QT and acquired the private company, the shares of the combined entity resume trading on TSXV under the entity's new name. The CPC Program has facilitated the public listing of over 2,400 companies, resulting in the raising of more than CAD81b as at December 31, 2023.

A local example of the CPC Program here in Australia out of Brisbane is Graphene Manufacturing Group (TSXV: GMG), which listed in April 2021, and is a big advocate of the program. Since there is no equivalent to the CPC Program in Australia, private companies across industries in Australia interested in exploring another path to becoming listed in North America on a supportive exchange for small and mid-cap companies may want to consider TSXV's CPC Program.

As Commonwealth countries, Australia and Canada share many

similarities, including democratic systems of government, sound banking systems and large mining industries that may facilitate both countries' goals to decarbonize their respective economies using substantial critical mineral endowments, to get to net zero. As a proud Australian it is my privilege to work with my Canadian counterparts to assist companies and contribute to that goal and bring our two countries' equity market stakeholders together.

<sup>1</sup> Source: S&P Global Market Intelligence.

<sup>2</sup> Source: TSX/TSXV Market Intelligence Group and S&P Global Market Intelligence.

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# Leveraging innovation to deliver multigenerational advice

By Anne Hamieh, Head of Broking and Private Wealth Distribution, HUB24

As the transfer of wealth accelerates, private wealth advisers who deliver advice to HNW clients, must embrace innovative solutions to meet their client's evolving intergenerational needs.

## Insights:

- The transfer of wealth from High-Net-Worth (HNW) clients is accelerating, with many bringing forward their plans for intergenerational wealth transfer.
- This shift is impacting a wider demographic, reshaping the multigenerational advice needs of HNW clients and highlighting the gap in unmet advice.
- Leveraging innovative investment options will be crucial in offering flexible and efficient solutions that cater to the needs of multiple generations.

The growing wave of intergenerational wealth is impacting the HNW segment, creating both challenges and opportunities for private wealth advisers delivering advice to HNW clients.

According to the 2024 Investment Trends High Net Worth Investor Report, 33% of HNW investors with a growing pool of funds are initiating their wealth transfer plans, up from 25% last year.

This trend is even more pronounced for advised clients with 39% reporting they have already commenced their transfer plans, up 13% from 26% last year<sup>1</sup>.

At the same time, there is an emerging trend for HNW investors to move away from an advice relationship, with the number advised dropping from 180,000 to 150,000. Additionally, satisfaction from private wealth clients has decreased, with Net Promoter Scores at +2%, a significant decline from +14% in 2023.

With \$3.5 trillion in assets set to be transferred by 2050, this is not only significant but will also impact several generations<sup>2</sup>.

Further, the profile of HNW investors is changing and are more likely than ever before to be women under 40 years of age<sup>3</sup>.

## Unlocking the opportunity

Primarily driven by unmet advice needs, the key to meeting these challenges and servicing a more diverse segment will be leveraging innovative and flexible solutions that provide functionality while also offering customisation and choice.

Managed accounts continue to support advisers to drive business efficiencies and to deliver a cost-effective value proposition and a better client experience. They enable advisers to implement their investment advice more efficiently and to strengthen their investment solutions.

In addition to these benefits and seeking to meet the needs of multigenerational clients, advisers can also provide long-term value for their clients, helping them navigate the complexities of wealth transfer while addressing the unique needs of each generation.

Innovation such as HUB24 Discover enables advisers to further utilise managed accounts for a broader



range of clients, delivering a low-cost solution that can be used with early-stage wealth accumulators, later stage retirees, and anyone with less complex investment needs.

## Investment options matter to HNW investors

Intergenerational planning is in the top three most important driving elements of Net Promoter Scores (85%), second to quality of investment research (100%) and followed by investment performance (64%).

Given the importance of investment research and choice, accessing a range of investments is critical for servicing HNW clients. Alternative investments offer considerable diversification opportunities, making it an attractive asset class for HNW clients.

Investment Trends highlights the increasing demand from HNW investors for alternative investments, who collectively control \$3.4 trillion in investable assets. However, it is important

investment solutions offer choice and diversification to advisers so they can meet their client's needs.

HUB24 provides access to an expansive range of alternative investments, including private debt, private equity, unlisted property, unlisted infrastructure and hedge funds, to support the diverse needs of both retail and wholesale clients. Through a collaboration with Reach Alternative Investments HUB24 will provide access to high-quality private equity and private credit investments traditionally difficult to access in Australia, providing HNW clients and their advisers with the investment choice they require to build tailored investment portfolios.

## Conclusion

Multi-generational advice can assist advisers meet the emerging opportunities presented by the transfer of intergenerational wealth.

By leveraging innovative solutions to support their value proposition, advisers can optimise the value of the

advice delivered while future proofing client relationships.

<sup>1</sup> Investment Trends High Net Worth Report 2024

<sup>2</sup> 2021 Productivity Commission report Wealth Transfers and their Economic Effects November 2021

<sup>3</sup> HUB24 2023 *Directing the Matrix: Meeting the needs of HNW Clients*

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## Quartz for Markets – Enabling co-existence of traditional and tokenized assets

Quartz™ for Markets offers end-to-end, next-generation services around tokenization to drive future growth for organizations that wish to reap the power of digital assets. The solution supports the full lifecycle of traditional and tokenized assets including insurance, custody, and instant settlement, offering out-of-the-box support for multiple asset classes – from traditional equities and bonds to modern ones such as NFTs, CBDCs, Cryptos and even real estate, carbon credits, etc.

### The Quartz Advantage:

- Supports a variety of public and private blockchain platforms and multiple token standards like ERC and R3 Token SDKs
- Seamless integration with existing platforms and third-party solutions
- Portfolio view of both traditional and tokenized assets
- Smart contracts for events such as automatic dividend distribution/interest payments

Read more about Quartz for Markets on our [website](https://www.tcs.com/quartz), or connect with our experts at [tcs.quartz@tcs.com](mailto:tcs.quartz@tcs.com)

# How to get a strangle-hold on the market

By Lewis Taie, Senior Manager, Derivatives Program, AUSIEX

Many investors are currently eyeing potential near-term catalysts coming at the back end of the year.

With a US election held this month, a possible Republican House and Senate could lead to Trump corporate tax cuts being given the green light. Separately, the US Fed has indicated rates have peaked with Fed chair Jerome Powell stating<sup>1</sup>, "the time has come" (and has begun cutting interest rates), both of which may bode well for markets. While slowing Chinese growth and reduced consumption may well outweigh recent government stimulus measures leading markets lower.

So, what should local investors in international markets do?

## International ETFs

Most investors are aware of how Exchange Traded Funds (ETFs) can be used to gain exposure to international equities, though the question for many investors uncertain on directionality is "how can I benefit from either a rally or pull back without one side being offset by the other?"

The use of options may provide a way for investors to maintain their share portfolio holdings through a period of potential turmoil.

In this case, the asymmetric payoff of exchange-listed options provides a perfect tool for benefiting from a sizable movement to either the upside or the downside. The ASX currently have three ETFs with international exposure that investors can trade Options over.

IVV: iShares S&P 500 ETF  
NDQ: BetaShares Nasdaq 100 ETF  
VGS: Vanguard MSCI Index International Shares ETF

Here we will step-through the use of a Strangle strategy over IVV (iShares S&P 500 ETF), making use of simultaneously holding a bought Call and a bought Put, and how investors can benefit from a timely movement in either direction.

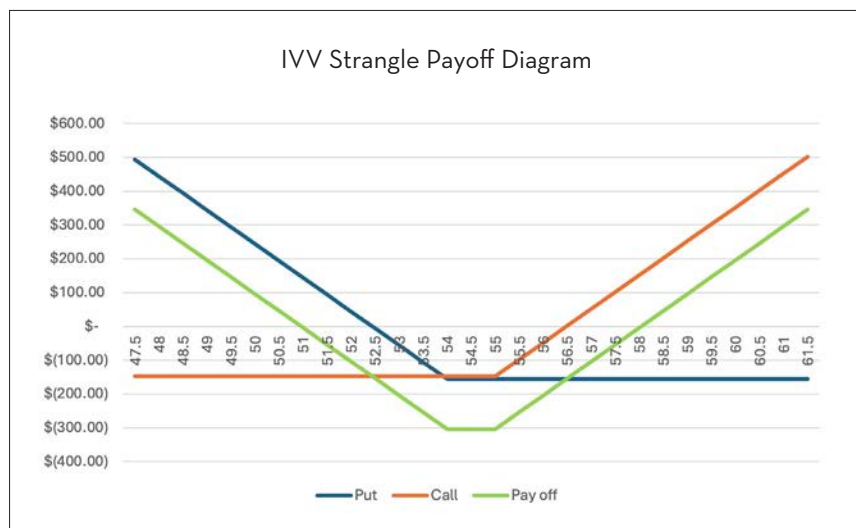
## Construction:

Note: The below trade uses actual prices as at 12:30 PM on 6th September 2024.

To construct a long strangle, a Call will be bought with a strike price above the current underlying price while a Put will be bought with a strike below the current underlying price. In this worked example, we have used December 2024 contracts with an approximate 3-month expiry and with a strike price for our Call and Put at \$55 and \$54 respectively.

Current IVV Stock Price	\$54.50
Buy 1 x IVVZN7 19-Dec-24 \$55.00 European Call	\$1.48
Buy 1 x IVVZC7 19-Dec-24 \$54.00 European Put	\$1.56
Shares Per Contract	100
Trade Cost*	\$304

## Pay off Diagram:



## Pay off schedule\*\*

IVV Price	% Underlying price change	Trade Cost	Put	Call	Profit/Loss	% Return
\$47.50	-12.8%	\$304	\$650	\$0	\$346	114%
\$48.00	-11.9%	\$304	\$600	\$0	\$296	97%
\$48.50	-11.0%	\$304	\$550	\$0	\$246	81%
\$49.00	-10.1%	\$304	\$500	\$0	\$196	64%
\$49.50	-9.2%	\$304	\$450	\$0	\$146	48%
\$50.00	-8.3%	\$304	\$400	\$0	\$96	32%
\$50.50	-7.3%	\$304	\$350	\$0	\$46	15%
\$51.00	-6.4%	\$304	\$300	\$0	-\$4	-1%
\$51.50	-5.5%	\$304	\$250	\$0	-\$54	-18%
\$52.00	-4.6%	\$304	\$200	\$0	-\$104	-34%
\$52.50	-3.7%	\$304	\$150	\$0	-\$154	-51%
\$53.00	-2.8%	\$304	\$100	\$0	-\$204	-67%
\$53.50	-1.8%	\$304	\$50	\$0	-\$254	-84%
\$54.00	-0.9%	\$304	\$0	\$0	-\$304	-100%
\$54.50	0.0%	\$304	\$0	\$0	-\$304	-100%
\$55.00	0.9%	\$304	\$0	\$0	-\$304	-100%
\$55.50	1.8%	\$304	\$0	\$50	-\$254	-84%
\$56.00	2.8%	\$304	\$0	\$100	-\$204	-67%
\$56.50	3.7%	\$304	\$0	\$150	-\$154	-51%
\$57.00	4.6%	\$304	\$0	\$200	-\$104	-34%
\$57.50	5.5%	\$304	\$0	\$250	-\$54	-18%
\$58.00	6.4%	\$304	\$0	\$300	-\$4	-1%
\$58.50	7.3%	\$304	\$0	\$350	\$46	15%
\$59.00	8.3%	\$304	\$0	\$400	\$96	32%
\$59.50	9.2%	\$304	\$0	\$450	\$146	48%
\$60.00	10.1%	\$304	\$0	\$500	\$196	64%
\$60.50	11.0%	\$304	\$0	\$550	\$246	81%
\$61.00	11.9%	\$304	\$0	\$600	\$296	97%
\$61.50	12.8%	\$304	\$0	\$650	\$346	114%

## Outcomes

### IVV Price < \$51

Under this scenario, the Call will expire worthless, while the Put will expire in the

money (as the underlying price is less than the strike). The intrinsic value of the Put ([Strike price – Underlying price] x Shares per contract) exceeds the value of the cost to implement the trade, leaving the investor in a profitable position.

### IVV Price \$51-\$54

Under this scenario, the Call will expire worthless while the Put will expire in the money (as the underlying price is less than the strike). In this scenario the intrinsic value of the Put does not exceed the cost to implement the trade, and the investor incurs a partial loss if the position is held through to expiry.

### IVV Price \$54-\$55

Under this scenario, the both the Call and Put will expire worthless as no significant movement in either direction has come to fruition. As such, the value of the trade goes to \$0 with a total loss incurred.

### IVV Price \$55 to \$58

Under this scenario, the Put will expire worthless while the Call will expire in the money (as the underlying price is greater than the strike). In this scenario the intrinsic value of the Put does not exceed the cost to implement the trade, and the investor incurs a partial loss if held through to expiry.

### IVV Price > \$58

Under this scenario the Put will expire worthless, while the Call will expire in the money (as the underlying price is greater than the strike). The intrinsic value of the Call ([Underlying price – Strike price] x Shares per contract) exceeds the value of the cost to implement the trade, leaving the investor in a profitable position.

## Additional considerations

There are number of key considerations when assessing whether to employ a Strangle.

Firstly, a timely movement is required due to the effect of time decay on options. The longer the underlying stays neutral the greater the impact of time decay.

Secondly, as the strategy involves buying 2 legs where at least 1 will expire worthless, a notable movement is required for the trade to be profitable at expiry (in this case a movement of 6.5% in 12 weeks is required for the position to be profitable).





For these two reasons, a strangle can be useful when there is an upcoming announcement where the outcome is unclear, though the investor believes the outcome will introduce volatility.

Finally, it's important to have an exit strategy and an understanding of what action you would take if the position moves either in or against your favour prior to setting the position.

## Assumptions

\* Transaction costs are ignored for simplicity.

\*\* The Payoff Schedule assumes positions are closed for the intrinsic value at expiry.

## Conclusion

The use of options in this way may allow investors to profit from markets either moving up or down, capitalising on upcoming prominent decisions with known dates but unknown outcomes.

For more information on Options please contact AUSIEX.

<sup>1</sup> <https://www.federalreserve.gov/newsevents/speech/powell20240823a.htm>

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### Monday 19 May

8.00 – 4.30pm	Exhibition	Hilton Sydney Lvl 3
9.00 – 4.30pm	SIAA2025 Conference	Hilton Sydney Lvl 3
4.45 – 7.00pm	Networking Drinks	Zeta Bar, Hilton Sydney Lvl 4

### Tuesday 20 May

7.00 – 8.45am	Compliance Breakfast	Hilton Sydney Lvl 1
7.00 – 8.45am	Executive Breakfast	Hilton Sydney Lvl 1
8.30 – 4.30pm	Exhibition	Hilton Sydney Lvl 3
9.00 – 4.30pm	SIAA2025 Conference	Hilton Sydney Lvl 3

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## FEES AND CHARGES

# Fee ignorance should be addressed

By Darin Tyson-Chan, Editor, [selfmanagedsuper](#)

Almost since the inception of the compulsory retirement savings system back in 1993, there has been a conscious recognition the engagement of superannuation funds with their members has been poor and it continues to be a problem.

To date this issue has been predominantly enunciated through the inaction of individuals to actively choose the investment option most suitable for their life circumstances, that is, to opt for more aggressive and higher-risk strategies when they are younger with fewer financial responsibilities and then to switch to more conservative asset allocations as they reach a more mature age.

However, seldom is the matter examined from the perspective of the fees charged by the different super funds on offer, but a recent industry analysis has laid the seriousness of this situation bare.

Here the CT Group conducted research on behalf of Vanguard Investments Australia, with the major finding being 64 per cent of Australians are unaware their superannuation fund is charging them multiple fees, with 34 per cent of members having never reviewed or compared fees across funds.

The study showed 74 per cent of individuals most commonly identify administration fees as the only expenses they pay for the management of their super, with a further 40 per cent acknowledging they pay an insurance fee and 25 per cent aware investment and transaction costs are charged. Alarming though only 1 per cent of respondents identified all of these imposts associated with their retirement savings.

The level of financial literacy among the population is one obvious cause of this problem, but upon receiving the data, Vanguard managing director Daniel Shrimski identified another contributing factor.

"Regulatory guidance exists for disclosure documents or a fund's MySuper dashboard, but when it comes to how fees are presented on websites, social media and in advertising, there is no consistency. It's confusing, unclear

“

...74 per cent of individuals most commonly identify administration fees as the only expenses they pay for the management of their super, with a further 40 per cent acknowledging they pay an insurance fee and 25 per cent aware investment and transaction costs are charged.

and impossible to compare," Shrimski noted.

"By keeping fees confusing, it's taking advantage of the low engagement and financial literacy of Australians when it comes to their superannuation."

And although the extent of the fees superannuation funds charge is widely unknown by members, this fact should not be interpreted as individuals believing this component of their retirement savings is unimportant.

To this end, the research indicated 50 per cent of Australians admitted they have never switched superannuation provider, but after being informed as to the material impact fees could have on their retirement savings balance when they reach retirement age, 72 per cent said they would consider switching to a lower-fee fund.

And this sentiment is a prudent attitude to adopt in light of the findings of the Productivity Commission's 2018 "Superannuation: Assessing Efficiency and Competitiveness" report, which

revealed a lower-cost super fund could save a typical full-time worker around 12 per cent of their balance, or \$100,000, by the time they reach retirement.

So Vanguard has recognised fund fee transparency needs improving, but that will not necessarily be the panacea to this problem. Surely the provision of financial advice could be of help here as well, but this has to be independent advice.

Currently most superannuation funds do provide members with advice services and perhaps this study has illuminated the flaws of this process.

Referring again to the research finding that many people would consider switching super funds if they thought the fees being charged were way too high, would an adviser linked to their incumbent service provider be forthcoming with this type of information? Probably not. That's not to dismiss some of the other positive aspects of this type of advice, but for obvious reasons I

don't think it will be moving the dial on this issue.

And coincidentally there is probably no better time for this issue to be addressed considering the government is in the process of implementing the recommendations resulting from Michelle Levy's Quality of Advice Review.

However, it appears this characteristic of the advice system will not be addressed as part of the process. This is regretful as all solutions need to be considered to not only improve the financial literacy of Australians, but also to ensure they are given the opportunity to maximise their retirement savings.

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