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The wealth opportunity within reach

The US market just booked a longer shift. Is your desk rostered on?

Do inefficiencies undermine your post-trade operations?

The three limbs of data governance for financial services

Active in action: Choose your hedges wisely… and often

Crypto, gold and more: Evaluating the world beyond the core

CONTENTS

Liam Stocklinger YPSIAA

Stockbrokers and Investment Advisers Association

Building prosperity for Australian investors

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SCAM ALERT

The escalation in the scam and fraud activity impacting Australian investors has resulted in ASIC issuing a market alert.

ASIC has warned Australians to be extremely cautious of investment tips received through social media and messaging apps, amid a spike in pump and dump scams using fake celebrity endorsements and impersonations of financial institutions.

ASIC has identified a common pattern:

1. A consumer sees an investment opportunity posted on social media.
2. The post uses the image of a well-known commentator, investor or financial institution to build credibility. The opportunity is actually fraudulent, generated by the scammers.
3. The consumer clicks the post and is directed to a messaging platform such as WhatsApp.
4. A scammer posing as the impersonated expert or their 'assistant' provides stock recommendations, primarily on foreign exchanges.
5. Other members of the group who pose as investors, but are often part of the scammer's team, post messages about their supposed profits and past success following these tips to create credibility and encourage participation.
6. Consumers purchase the recommended shares, causing the share price to rise. Scammers often ask for screenshots or proof of purchase.
7. The scammers suddenly sell their existing holdings at the inflated price, causing the share price to collapse.
8. Consumers are left holding shares that are worth significantly less than what they paid.

One recent example saw a share price rise rapidly to almost US$11 before falling to US$1 soon after. The sudden collapse illustrates how quickly investors can lose money when manipulators dump their holdings into an artificially inflated market.

These 'pump and dump' scams that target Hong Kong listed penny stocks were identified in the July edition of SIAA's newsletter.

COMMITTEE SPOTLIGHT

DTR Working Group

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 DTR Working Group, chaired by Claire Keetley of Ord Minnett, meets three times per year and undertakes important work for SIAA.

Its members include SIAA's DTR governors who conduct the DTR oral exams. It oversees the maintenance of the National DTR register and updating of SIAA's DTR manual.

It provides an important forum for discussion of market related issues including Market Disciplinary Panel determinations and penalties.

ASX is a member of the working group and provides market updates.

Looking for accreditation and training with the stockbroking and investment advice industry?

SIAA's courses offer training for:

- ✓ licensees and advisers who provide general advice in Derivatives, Securities, Managed Investments or Foreign Exchange
- ✓ advisers who are already listed on the Financial Advisers Register and wish to add an additional RG146 specialist knowledge area to their existing credentials
- ✓ licensees whose representatives provide advice to wholesale clients (Optional under RG146.35) and
- ✓ experienced practitioners seeking CPD opportunities.

LEARN MORE

The wealth opportunity within reach

By Denis Orrock, Chief Strategy Officer, Praemium

The stockbroking sector is evolving and new research from Praemium, SIAA and CoreData outlines how firms are positioning themselves to capture growth in the high-net-worth segment.

The opportunity in Australian wealth management is substantial and still growing, and few businesses are as well placed to capture it as established stockbroking firms. High-net-worth investors hold an estimated $4.4 trillion in investable assets, yet according to our latest research undertaken with SIAA members and CoreData, three-quarters of high-net-worth households have no comprehensive advice relationship. With adviser numbers down from almost 29,000 in 2018 to just over 15,000 today, Australia's financial advice gap continues to widen, with demand for advice growing faster than the industry's capacity to meet it. Under the current advice industry structure there is little prospect of narrowing that gap at scale and the demand for sophisticated advice and wealth management services is only likely to grow.

For firms that already hold strong high-net-worth relationships, the question is less about whether the opportunity exists than how to position themselves to serve it. Getting that right means understanding three things the research brings into focus: how much of the wealthy market these firms already hold, how their clients' needs are shifting, and what it now takes to serve them at scale.

Hiding in plain sight

One of the clearest findings is how embedded many stockbroking firms already are in the high-net-worth market, often without knowing it. Among the firms surveyed, 79% already work with high-net-worth clients, 64% report that at least half their book is high net worth, and 79% manage portfolios above $6 million. That nearly a third of clients are wholesale (32%) confirms these are sophisticated rather than entry-level accounts. The relationships are long-standing, built over years on a foundation of investment expertise, market access and hard-won trust, and they tend to span decades, often generations. For most firms the opportunity is therefore one of depth rather than acquisition: becoming more valuable to the clients they already hold.

Client wealth has outgrown the portfolio

Clients now hold far more than shares. Australian equities remain the foundation, held by 95% of clients, but their portfolios have broadened. With 90% of firms servicing international equities, 88% using ETFs and 60% incorporating alternatives, portfolios are reaching well beyond listed markets. In practice, direct shares, superannuation, alternatives, managed investments and private assets increasingly sit side by side, across several structures and providers. Three-quarters of advisers with a high-net-worth focus report clients are holding assets outside their primary reporting environment, and when a meaningful share of a client's wealth sits beyond the adviser's line of sight, whole-of-wealth advice becomes difficult to provide with any confidence.

A hybrid model, without the ideology

The industry has answered pragmatically rather than ideologically. Seventy per cent of stockbroking firms now describe themselves as advisory-led broking businesses, 82% earn advisory or wealth management fees, and managed account adoption has reached 49% overall, rising to 66% among advisers under 50. The fee figure is the telling one: with over 80% of firms already charging for advice or wealth management, this is commercial reality rather than aspiration. What is emerging is a hybrid model, in which broking and advice sit within a single relationship rather than standing as competing propositions — not broking giving way to advice, but the broker relationship widening to carry more of what clients want from it.

> "The firms best placed for what comes next are not those that choose between broking and advice, but those that combine them in a single hybrid model, pairing the direct ownership and market access clients have always valued, with the broader and clearer view of wealth they now expect.

Greater complexity has not, however, reduced the appetite for control. Seventy-nine per cent of advisers say HIN ownership still matters to their clients, valued for direct ownership of securities, portability and transparency. In the Australian market that preference is well founded: a Holder Identification Number confers direct legal title via CHESS, rather than the beneficial interest of a custodial arrangement, which is precisely what the portability and transparency clients value depend upon. Demand now is for more help in managing arrangements that have grown harder to see as a whole, without surrendering the ownership clients prize.

Through working extensively with brokers we've identified six capabilities that platforms need to effectively support the hybrid model: HIN and CHESS structures, direct trading and global access, managed accounts, consolidated reporting, digital client experiences and integrated advice infrastructure. These are all vital components of the model, which is why firms tend to adopt them together rather than adding them piecemeal.

Where the technology earns its keep

Technology is what makes the wider model workable. Advisers currently spend around 25% of the week in front of clients and 22% on compliance and administration. And going forward they expect the client-facing share to rise to 32% while administration falls to 15%. That gain will not come from working harder but from systems that connect a client experience presently scattered across separate tools. A platform able to carry direct equities, managed accounts, alternatives and externally held assets, report on them as a single position and feed cleanly into the advice process, turns each into a solved problem rather than another administrative task. For a firm, that reallocation is the difference between advice that scales and advice that stalls at the limits of the working day.

The platform makes the difference

The firms best placed for what comes next are not those that choose between broking and advice, but those that combine them in a single hybrid model, pairing the direct ownership and market access clients have always valued, with the broader and clearer view of wealth they now expect. Making that model work though, comes down to one decision above all else: the platform beneath it. A hybrid business can be only as capable as the technology it runs on, and the firms that pull ahead will be those that choose a platform able to deliver control, advice and scale together rather than forcing a trade-off between them. In a market where demand keeps outrunning capacity, that choice is what will separate the firms that turn the opportunity into growth, from those that simply hold their ground.

Source for all data quoted is the Praemium/SIAA/CoreData Stockbroking Industry Research released in May 2026 from a survey of 100 Australian stockbrokers

The US market just booked a longer shift. Is your desk rostered on?

By Gaurav Mehta, Chief Commercial Officer, NOVA CMX

The direct point first. From December 2026, US equities will trade almost around the clock, a Nasdaq day stretching to 23 hours, five days a week, on top of a clearing system that has guaranteed overnight trades since late June. The new session lands squarely in the Australian business day, not the graveyard shift. If your US offering still closes when New York turns off the lights, you risk closing precisely when your clients are logging on. That belongs in a board paper, not a footnote.

What has actually happened

Clearing is live. DTCC's National Securities Clearing Corporation (NSCC) moved to 24x5 clearing on 28 June 2026, running Sunday 8:00pm to Friday 8:00pm ET, with its central counterparty guarantee now covering overnight trades. Until then, off-hours trades sat unguaranteed until the clearing window opened the next morning; that gap is now closed. This was the structural piece the rest of the timetable was waiting on.

Exchanges are approved but not yet trading overnight. Nasdaq's 23-hour model, a 4:00am–8:00pm ET day session and a 9:00pm–4:00am ET night session, split by a one-hour maintenance pause, was approved on 10 April 2026. NYSE Arca has held approval since February 2025 for a slightly shorter 22-hour day, and Cboe won approval for a near-24x5 model on its EDGX exchange in June 2026. All three are targeting 6 December.

The consolidated tape is the gate. Exchanges cannot switch on overnight trading until the Securities Information Processors, the plumbing that produces the official real-time tape and the national best bid and offer, run extended hours too. The SEC approved that in July 2026, with the SIPs also going live on 6 December. Without the tape there is no consolidated price, no best-execution benchmark and no standard circuit-breaker reference overnight, which is exactly why the exchanges tied their launch to it. Until December, "23-hour trading" is an approved rule, not a working market, and the session itself runs 9:00pm to 4:00am ET; the "23 hours" is the full day once that window is added to the existing one.

Margin rules have already moved. FINRA's replacement for the pattern-day-trader framework, new intraday margin standards under Rule 4210, has been in effect since 4 June 2026, removing the $25,000 minimum-equity test and the day-trade count, with an 18-month phase-in for firms that need it.

Why the clock matters more here

The new US night session falls roughly 11:00am to 6:00pm AEST in the southern winter, drifting later across summer. What the rest of the world calls "overnight" is prime Australian business hours. That is a structural advantage, not a curiosity. 24x5 turns a "place tonight's order for tonight's open" habit into live intraday US execution alongside the ASX day and lets desks hedge US exposure in real time without standing up a night shift. In a follow-the-sun world, Sydney, Singapore and Hong Kong are the well-placed hubs.

The funding gap: T+2 meets T+1

Here is the wrinkle that deserves more attention than it gets. The ASX settles T+2; the US settles T+1. A client selling ASX shares to fund a US purchase can find the US leg settling a day before the local sale delivers cash. That is a daily funding question, not a footnote: every such trade needs bridge funding sized to peak overnight volume, with a named owner for the exposure until cash arrives.

As a rough management estimate, to be sized against actual flow, not taken as gospel, a mid-sized broker running several hundred cross-border trades a day could be carrying a multi-million-dollar gap on any given cycle.

The commercial case, not just the compliance case

Treating this as a compliance cost misses the revenue line. Extended-hours trading, pre- and post-market combined, had already grown to a meaningful share of US equity volume by 2025. The dedicated overnight window is still a small slice, but it is the fastest growing one. Blue Ocean, the largest overnight venue, traded around US$1.2 billion of notional a night on average across 2025 and holds roughly 90% of overnight ATS volume. DTCC and EY jointly project overnight sessions could reach up to 10% of total US equity volume by 2028.

The revenue case runs across several lines: commission on volume clients already generate elsewhere; financing and margin income on overnight positions; securities-lending revenue from overnight borrow demand; and retention, as broker panels are rationalised around who can execute around the clock. The defensive number is usually the larger one. Clients who want overnight access will get it from someone, the only question is whether that someone is still you.

Three postures, not one decision

Between now and December, a board realistically has three choices.

Build: stand up full in-house capability. Suited to firms where US flow is already material and the client relationship matters more than time-to-market.

Partner: route overnight flow through a venue or prime broker already in the session. The faster path to being in-market by December.

Sit out, deliberately: document the decision, set a review date, and have an answer ready for the client who asks. The one genuinely weak option is not choosing at all.

Whichever posture wins, three things travel with it: update target-market determinations and disclosures before going live, not after; get treasury comfortable with the T+2/T+1 mismatch above; and tag every order, trade and control by session, because the night session, the day session and the maintenance pause each carry a different risk profile.

December is closer than the calendar suggests. The firms that use the next few months to make a deliberate choice will not just avoid an operational headache, they will pick up the clients whose current broker is still asleep at the wheel.

Milestone	Status	Date
NSCC 24x5 clearing	Live	28 June 2026
FINRA intraday margin rule (replaces PDT)	Effective	4 June 2026
Nasdaq 23-hour trading	Approved	Targeting 6 Dec 2026
NYSE Arca 22-hour trading	Approved (Feb 2025)	Targeting 6 Dec 2026
Cboe EDGX 23x5 trading	Approved (Jun 2026)	Targeting Dec 2026
Consolidated tape (SIP) extended hours	Approved (Jul 2026)	6 Dec 2026

Sources: DTCC/NSCC; SEC rule filings; FINRA Regulatory Notice 26-10; SIP Operating Committees; Nasdaq, NYSE and Cboe filings.

AND IN FURTHER NEWS – Major markets announce extended hours trading

Beginning Sunday, 6 December 2026, **NYSE Arca** will operate 23 hours a day.

A New Overnight Trading Session will be introduced as a fourth distinct session on the existing NYSE Arca platform, covering securities from 9:00 pm to 4:00 am. The Overnight Session will open with continuous trading at 9:00 pm with no opening auction. Order entry will open at 8:59 pm. The existing Early, Core and Late Sessions will not change.

Owned by the same parent company as the New York Stock Exchange, NYSE Arca is an all-electronic communications network based in Chicago specializing in exchange-traded products and options that handles the largest volume of ETF trading globally.

While the primary New York Stock Exchange relies heavily on its iconic 'open outcry' trading floor on Wall Street in New York City for blue-chip corporate stocks, alongside electronic matching, NYSE Arca operates entirely electronically without a physical trading floor.

London Stock Exchange has announced plans to launch LSE24, a night-time trading site for some exchange traded products, in the first half of 2027, a move that could pave the way for around-the-clock equities trading in the future.

LSE's new exchange will operate separately from its main market and will initially offer access to exchange traded products such as funds tracking the UK or US stock markets. It will operate from 5pm to 7.50am London time, with a 30-minute pause between 6.30pm and 7pm to apply end-of-day processes. The main market will continue to operate under its standard hours of 8am to 4.30pm.

FIVE QUESTIONS WITH

Liam Stocklinger YPSIAA

Chief Operating Officer, Leeuwin Wealth, Perth

1. **How long have you been in the industry?**

   Around nine years now.

2. **What inspired you to pursue a career in stock-broking or investment advice, and what do you enjoy most about working in the industry?**

   I started out at a boutique corporate finance firm and later spent time at a global investment bank, prior to ending up at Leeuwin. What drew me in is the constant change, markets moving as the news and the world shifts (which is almost daily at the moment). I find that endlessly fascinating and exciting, and the chance to then problem-solve around this to make sure clients get good outcomes, is almost addictive. In my current role as Chief Operating Officer at Leeuwin Wealth, my role sits a little behind the front line – working across the whole business to make sure our advisers and clients are well supported – but the motivation is the same – helping the team deliver genuinely strong client outcomes in the ever-changing world.

Liam Stocklinger YPSIAA

3. **What led you to become a Young Professional member of SIAA, and how has membership supported you or your business?**

   I first attended the SIAA conference in 2021, almost by accident, after a colleague pulled out last minute. I hadn't even heard of SIAA before that. But once I saw the work it does for the profession, in driving regulatory and professional standards change, delivering quality training and development, and connecting with people navigating the same challenges, membership was an easy decision. For a firm like Leeuwin, where we work across broking, investment advice and more holistic financial planning, SIAA is a natural home and I can't speak more highly of the team at SIAA HQ in supporting the industry.

4. **What has been the most valuable lesson you've learned during your career?**

   That something will always go wrong – the unexpected is almost the only thing you can count on, and even the best-laid plans need adjusting. The lesson is not to fear change, and not to fear admitting when you're wrong. Being willing to adapt and course-correct, rather than defend the original plan, is usually what leads to the best outcomes.

5. **Outside of work, what do you enjoy doing to switch off?**

   Hockey is a big part of my life; I've been involved as a player, coach and administrator in hockey for years, and I'm currently President of the UWA Hockey Club, which keeps me busy in the best way. Beyond that, I'm a keen sports watcher and I am planning my next holiday – the next trip booked is snowboarding and hiking in Canada at the end of the year.

Do inefficiencies undermine your post-trade operations?

By Mack Gill, Head of Securities Processing, FIS Capital Markets

Unlock next-generation, real-time technology to supercharge securities processing

Post-trade operations are under pressure. As settlement cycles continue to shorten and asset classes multiply, competition is intensifying among securities processing providers.

Whether you're processing securities, derivatives or digital assets, you must manage the trade lifecycle more efficiently to increase your volumes and fee income so your money works harder. With your growth depending on it, there's no room for costly operational inefficiencies, risks or errors.

It's time to reassess your landscape of post-trade technology. In a new age of securities processing, only the most powerful solutions will allow you to supercharge your operations and respond to the three toughest challenges facing your business.

Challenge #1: Competitive threats are rising

A new generation of digitally driven trading firms and fintechs are disrupting the post-trade processing market and winning business from traditional investment banks, broker-dealers and market makers.

But the industry's digital transformation is also setting new standards for post-trade processing. With investors expecting technology-powered efficiency throughout the trading lifecycle, modernised but compliant operations and seamlessly automated processes have become a must-have for attracting and retaining buy-side, institutional and retail customers.

If your post-trade systems aren't firing on all cylinders, you may struggle to compete for market share and earn the fees you need to keep money at work and maximize growth.

Response #1: Power up to win and retain business

For competitive advantage in post-trade processing, an event-driven, real-time cloud-based platform of powerful next-generation technology will help you manage higher volumes and make your money work harder.

With modernised middle- and back-office operations, you're in a stronger position to:

- **Boost efficiency:** Straight-through process trades in real time while maintaining regulatory compliance.
- **Process faster:** Accelerate settlement across multiple assets, entities, markets and currencies.
- **Improve accuracy:** Support real-time reconciliation.
- **Enhance service:** Keep up with extended trading hours.
- **Increase transparency:** Provide up-to-the-minute insight for well-informed decisions.

Continued use of legacy technology adds to these costs, creates more vulnerabilities in post-trade processing and increases your reliance on expensive key individuals who understand your systems best. But you still don't have the solutions to manage the post-trade lifecycle and match trades in real time – or grow your business without investing in more resources.

Response #2: Streamline operations to slash overhead and risk

By consolidating and streamlining your technology, you can simplify your operations and focus on driving growth, better serving customers and putting money to work.

Modern, SaaS-based, well-integrated systems and a unified approach to cross-asset processing allow you to:

- **Reduce cost, risk and complexity:** Slash total cost of ownership and key person risk; eliminate the costs of managing multiple systems and vendors; protect your organisation from cyberthreats; and reduce manual workarounds, operational risks and errors.
- **Do more for less:** Gain unprecedented processing power and scalability – without the in-house effort of running the technology on-premise.
- **Access an ecosystem:** Tap into integrated middle- and back-office capabilities, from accounting, securities lending and corporate actions processing to collateral management, treasury and data management.
- **Seamlessly automate processes:** Power real-time processing for less cost across a full range of asset classes – or outsource your whole post-trade operation to a business-process-as-a-service (BPaaS) solution.

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> Today's post-trade operations need a lot of power behind them – and only modern technology can provide that power. It takes a global, real-time, cross-asset processing cloud platform to help you win and retain business, drive out inefficiencies, better manage risk and outpace market change.

Challenge #2: High costs and risks are squeezing margins

Your trading organisation needs to keep its fees competitive and its margins healthy. That means minimising your costs per trade by maximising your efficiency.

But fragmented legacy systems and manual processes hamper the efficiency and accuracy of your operations, increasing not only daily overhead but also the risk of costly penalties for failed settlement.

Challenge #3: Market change is accelerating

Trading keeps changing, so agile post-trade operations are key to your growth. As jurisdictions move to T+1 settlement and beyond, you need to easily meet their different regulations. With the rise of digital and tokenised assets, your organisation must also be able to support new business models and reporting needs for investors.

As the world of trading continues to expand, technology must be able to take the strain. It's critical that your systems not only handle new asset classes but also fluctuating trade volumes in volatile markets.

More and more assets are being traded all the time, with different, complex operational requirements. There are security concerns to manage and data sovereignty requirements to meet, too.

You need more capabilities to catch up with the market – but you can't further complicate your IT landscape by adding more systems.

Response #3: Move to the cloud to drive agility and growth

A modular, cloud-based architecture is vital to turbocharging performance, so you can keep ahead of market change, grease the wheels of growth and make money work harder.

With agile, componentised technology, you're better able to:

- **Expand your capabilities:** Process every type of security, derivative and digital asset in real time; support more trading strategies and new markets; and scale to growing volumes of accounts and trades.

- **Modernise incrementally:** Introduce new middle- and back-office components in line with changing business needs.
- **Achieve compliance:** More easily meet different regulations for settlements, data sovereignty and reporting globally.
- **Gain flexibility:** Configure systems quickly to the next market requirement, whether T+1, T+0 or 24/7 trading; and gain a more automated modern approach to implementing, integrating and extending software.
- **Integrate solutions:** Effortlessly connect via real-time APIs to external and internal systems, including distributed ledger technology.
- **Improve resilience and security:** Keep solutions available but protected 24/7 – and always running on the latest version of software.

Unlock the power of next-gen post-trade technology

Today's post-trade operations need a lot of power behind them – and only modern technology can provide that power. It takes a global, real-time, cross-asset processing cloud platform to help you win and retain business, drive out inefficiencies, better manage risk and outpace market change. Are you ready to supercharge securities processing to make your money work harder?

Mack Gill is Head of Securities Processing for FIS' Capital Markets business, where he is responsible for global post-trade solutions for the securities markets. Previously, he was COO of Torstone Technology, a leading global SaaS platform for post-trade processing, now part of FIS®. Having worked in the financial technology industry since 1994, Mack was also CEO of MillenniumIT, part of the London Stock Exchange Group. He was named among the world's Top 25 FinTech Innovators by Harrington Starr, and one of the Top Trading Technology Leaders by Institutional Investor Magazine.

The three limbs of data governance for financial services

Why AI doesn't fix bad data, but you can

By James Dickson, Founder and Managing Director, Oceanic Consulting Group (OCG)

Data governance has been on the agenda in financial services for a decade, and the industry still hasn't broken the back of it. With AI arriving, the cost of leaving it unfixed is about to compound. It helps to break the problem into its three limbs.

Data governance has been on the agenda in Australian financial services since before the Royal Commission, and nobody disputes that it matters. It has also proved hard to finish, which is why so many capable firms are still working at it.

Walk into a typical broking, advice or wealth business today and the data picture is much like it was ten years ago, only bigger. That is rarely for want of effort: the problem grows faster than most programs can close it. What has changed is that AI is now being layered on top of records that were never built to carry it.

AI doesn't fix bad data. It believes it.

Most business plans assume more AI for the year ahead. Fewer account for the state of the records underneath, which is understandable, because until now those records have not had to withstand this kind of scrutiny. Advice failures are back in the headlines, and behind them sit files that look complete but cannot defend the core decision: why the advice was right for that client.

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> A model trained on messy records hands the mess back looking confident and polished. When the first big AI failure in advice happens, it won't be because the model failed. It will be because AI did the right thing with the wrong information.

Firms treat data governance as one amorphous program, too big to start and too vague to finish. Break it into three limbs and each can be fixed on its own.

The three limbs of data governance

Sovereignty

The first limb is data sovereignty: knowing where your data is and who controls it. A client record might sit in a CRM hosted in one jurisdiction, be processed by a vendor's support team in another, flow through a platform whose sub-contractors you have never met, and now be pasted into AI tools whose storage arrangements nobody has read.

Sovereignty means answering plain questions. Where does this data live? Which laws apply? Who can see it, including inside your vendors? Could you get it back if the relationship ended tomorrow?

APRA has made its expectations clear through CPS 230. Most broking firms sit outside that perimeter, but the standard is worth reading as a benchmark rather than an exemption, because ASIC's expectations on outsourcing and data handling are unlikely to diverge materially. If you cannot answer these questions, you don't have full control of your data, whatever the organisational chart says.

Duplicated data

The second limb is duplicated data. If the same client exists more than once across your CRM, your platform and the registry, and nobody can say which version is the source of truth, you have this problem. Decades of systems, mergers and migrations built it.

Nobody fixes duplicates until something forces the issue. Usually it's advice written from a stale record, or a remediation program that burns its first six months working out what the records actually say. CHESS replacement will force it too. If your plan is to move onto a modern books and records platform and let the migration sort the data out, expect problems: you'll be loading the same duplicates into a new system, and it will pick a version for you.

No system will resolve this for you, because the question isn't a technical one. Someone has to decide which record is the client, and the rest have to go. We see this everywhere, from single-adviser practices to the largest super funds in the country.

Toxic data

The third limb gets far less attention: toxic data. This is information sitting in your systems that should never have been stored, or should have been destroyed long ago. Tax file numbers in free-text fields and email trails. Scanned passports and driver licences from onboarding a decade ago. Old KYC packs copied across shared drives.

It has no business value and an unlimited downside: it does nothing for the client, and all of it is available to whoever gets into your systems.

If you would struggle to explain to the regulator, or to the client, why you still hold something, you shouldn't hold it. Find it, destroy it and stop collecting it.

What this now costs

Poor data handling used to mean a determination and some reputational damage. A serious interference with privacy now attracts the greater of $50 million, three times the benefit obtained, or 30 per cent of adjusted turnover, with two lower tiers beneath it worth roughly $3.64 million and $364,000 for a body corporate since the penalty unit rose on 1 July 2026. The $50 million figure gets the headlines. The tier below it is the one most firms will meet, and the conduct that takes you there is as mundane as a shared drive full of decade-old passport scans.

Penalties run per contravention. The first was ordered in October 2025, $5.8 million against Australian Clinical Labs, and the Optus and Medibank proceedings continue through 2026. From 10 December 2026, privacy policies must also disclose where personal information is used in automated decision-making.

How to get on top of data governance with a clear plan

Not another enterprise data strategy. Firms that make progress work limb by limb, against a short plan:

- **Put the three limbs on one page.** For each critical data set: where it lives, which system owns the truth, and whether it should exist at all.
- **Hunt the toxic data first.** Searching systems and mailboxes for TFNs and identity documents is the cheapest, fastest risk reduction

available, and specialist tools do it quickly.

- **Name a source of truth for every field.** Then retire the duplicates rather than reconciling them forever.
- **Ask your vendors the sovereignty questions.** Where is it, who can see it, what leaves the country, and what happens when the contract ends.
- **Put controls between the data and the AI.** Nothing reaches a client without human oversight and a named person accountable for the output.

Why AI is good news for data governance

None of this is fixable with a technology program, which is why a decade of technology programs hasn't fixed it. That is the good news, because what it needs instead is ordinary governance: decisions, owners and rules that get enforced. Hand it to the technology team alone and you keep the business problem while adding a layer that reproduces it at speed.

What AI has changed is the timeline. Taken one limb at a time, the work is smaller than it looks, and a great deal cheaper than finding out what your data really says during a breach or a regulator's review.

At OCG, we work with firms to turn data governance into something that can actually be finished. For a confidential discussion, please reach out.

Active in action: Choose your hedges wisely… and often

By Sebastian Mullins, Head of Multi-Asset and Fixed Income, Schroders Australia

For decades, investors operated under a comfortable assumption: asset allocation could be largely outsourced to a static formula. By blending growth assets with a fixed sleeve of government bonds, diversification was expected to smooth market turbulence. It was a simple framework, rooted in the predictable inverse relationship between corporate profitability and sovereign debt.

However, the structural pillars supporting that paradigm have cracked. The prolonged environment of low inflation, rock-bottom interest rates and predictable central bank liquidity has given way to a more volatile regime marked by persistent price pressures, aggressive fiscal spending and geopolitical instability. The market has been used to worry about demand shocks, but now we live in a world filled with supply shocks, which is an entirely different regime.

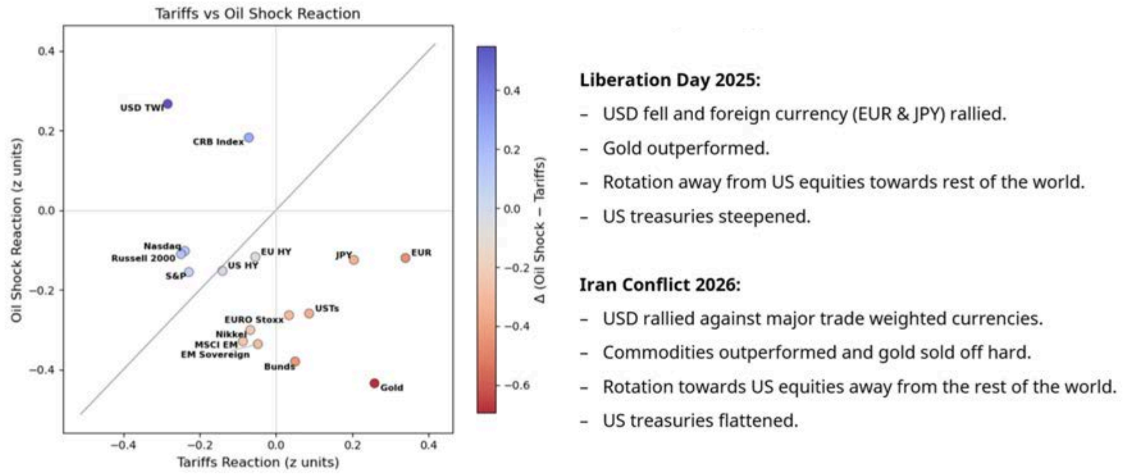
In this environment, traditional asset correlations have a dangerous habit of breaking down precisely when market stress peaks. Many investors still treat risk mitigation as a permanent, set-and-forget defensive bucket, allocating capital to a specific safe-haven and trusting it will provide protection whenever equities pull back. But when macro regimes shift, yesterday's reliable hedge can quickly become tomorrow's concentrated risk asset.

Successfully shielding capital today demands continuous tactical adjustments rather than static endurance. Managing downside risk must be treated as an active, evolving process that moves with markets.

Chart 1: US Equity/Bond correlation

Source: Schroders as of 31 December 2025

Chart 2: Yesterday's hedge can be tomorrow's risk asset



Source: UBS, Schroders

The trap of the static hedge: A tale of two crises

The danger of a passive approach to risk mitigation becomes obvious when analysing how different geopolitical disruptions have reverberated through markets over the past two years.

The market anxiety surrounding Liberation Day in 2025 was defined by a broad "Sell America" narrative. The US dollar weakened, international currencies such as the euro and Japanese yen strengthened, gold outperformed as an alternative store of value, and capital rotated away from US equities. Portfolios relying on precious metals and unhedged international exposures were rewarded, while long-duration bonds struggled.

Yet when tensions escalated into open conflict in Iran in 2026, the playbook flipped. The US dollar rallied strongly, gold sold off and underperformed, global investors rotated back into large-cap US equities and Treasury market dynamics reversed.

This divergence highlights a critical lesson: a defensive position is only effective if it matches the specific drivers of the current crisis. Gold behaves exceptionally well in a monetary debasement environment defined by rate cuts, fiscal stimulus and accommodative central banks. Broad commodity exposures, by contrast, tend to excel during acute supply-side shocks.

Maintaining a static hedge out of habit means accepting uncompensated exposure.

Navigating bonds, commodities and FX in 2026

At Schroders, we consciously avoid managing portfolios in isolated asset sleeves. Guided by our Total Portfolio Approach, we assess how the entire fund behaves under changing liquidity conditions, shifting yields and geopolitical events.

This philosophy shaped our approach throughout the volatility of 2026.

The Gold-to-Commodity Pivot

Early in the year, enthusiasm for gold became extreme as prices surged towards record highs. Recognising that the asset was approaching a near-term ceiling, we crystallised our gains and reallocated the proceeds into broad commodity exposure.

This proved valuable when conflict emerged in Iran and concerns over energy supply intensified. Supply-chain disruptions function as direct supply shocks that support commodity prices while creating short-term liquidity pressures for gold.

As conditions stabilised, we once again adjusted exposures, reducing broad commodity allocations and reintroducing gold. While gold can experience short-term headwinds during periods of acute market stress, its longer-term structural tailwinds remain compelling.

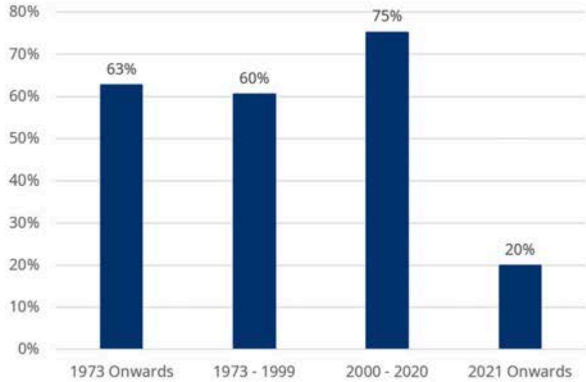
Navigating these waves demands constant agility, not a passive buy-and-hold mentality.

Chart 3:

Source: Schroders, Bloomberg. Excludes equity exposure to gold miners.

Chart 4: US equity bond correlation – Rolling 2Y corrletion

Chart 5: Likelihood of a positive bond return when equity falls over one month



Source: Schroders, LSEG. Analysis is based on monthly returns data for US equities and bonds from January 1973 to August 2025. US equity return is based on the S&P 500 Index, US bond return is based on the Bloomberg US Treasury Index. Past performance is not a guide to future performance and may not be repeated.

Chart 6: US historically outperforms during oil supply shocks

Chart 7: Energy will weigh on the EUR if conflict continues

Source: Schroders, Macrobond, 12 March 2026. Past performance is not a guide to future performance and may not be repeated. The forecasts included should not be relied upon, are not guaranteed and are provided only as at the date of issue. For illustrative purposes only.

Tactical duration and curve steepening

Government bonds are another casualty of the set-and-forget mindset. Treating duration as a permanent defensive anchor can be dangerous when supply shocks push bond yields and equity risks in the same direction.

While the post-pandemic period has demonstrated that bonds do not always diversify equity risk, the breakdown of negative stock-bond correlations has not rendered bonds obsolete. Actively managed, they continue to provide carry, capital gains potential and diversification benefits.

In this environment, we shifted our fixed income approach away from broad macro bets and towards targeted curve positioning. During the Iran conflict, we used market volatility to reduce interest-rate exposure at the front end of curves across major developed markets, reflecting the view that higher oil prices would push inflation and bond yields higher.

As market expectations adjusted and rate hikes became increasingly priced in, we subsequently added back interest-rate exposure, particularly in shorter-dated bonds where valuations had become more attractive.

The lesson is simple: duration cannot be viewed as a permanent allocation. It must be managed dynamically as economic conditions evolve.

The US Dollar as a positive carry hedge

Movements in bonds and currencies are deeply interconnected. During the Iran crisis, we viewed the US dollar as a beneficiary of safe-haven demand and adjusted currency exposures accordingly.

Despite the previous year's "Sell America" narrative, the US dollar resumed its traditional role as a refuge during geopolitical stress. When global trade breaks down or investors seek liquidity, the US dollar remains one of the few currencies capable of absorbing that demand.

Importantly, certain currency positions can provide positive carry while

Chart 8: Schroder IF Flexible Cat Bond spreads vs. BB-rated bonds

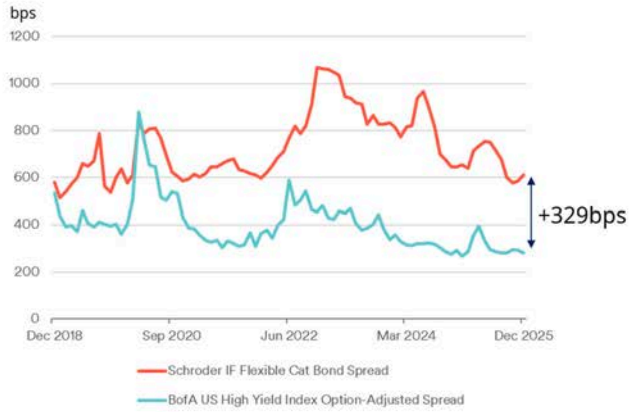
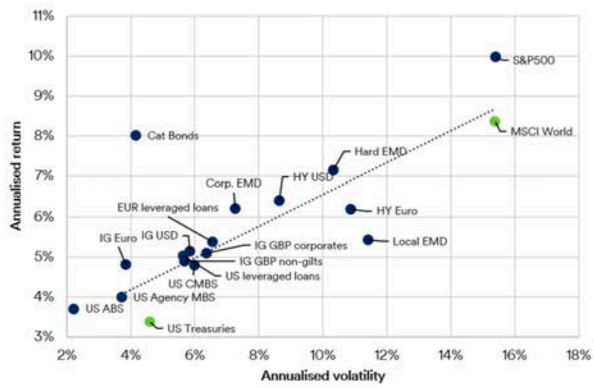


Chart 9: Cross-credit rish-return profile

Since January 1997 or inception



Source: LHS – Schroders Capital, Federal Reserve Bank of St. Louis, BofA Merrill Lynch, 31 December 2025. Diversification cannot ensure profits or protect against loss of principal. RHS – Schroders, LSEG Datastream, ICE Data Indices, J.P. Morgan, Credit Suisse. Data as at 30 November 2025. All return and volatility figures shown as USD hedged, except EMD Local and MSCI World which are unhedged returns in USD. Past performance is not a guide to future performance and may not be repeated.

> "Expecting a single static asset class to perform an unvarying task – relying on equities to generate returns and standard bonds or gold to provide permanent protection – is an outdated luxury from a bygone era.

also offering defensive characteristics. In an environment where capital is no longer free, the greenback can serve as a highly efficient hedge, rewarding investors while preserving the potential to appreciate sharply if geopolitical risks intensify.

Expanding the toolkit: Insurance-Linked Securities (ILS)

Dynamic risk management also requires looking beyond traditional sovereign bonds and currencies.

For this reason, we hold strong conviction in Insurance-Linked Securities (ILS). Unlike traditional credit markets, the performance of ILS is linked to natural catastrophe outcomes rather than corporate earnings, central bank decisions or equity valuations.

This makes ILS fundamentally different from most other asset classes. The return stream is driven by a distinct set of risks, providing genuine diversification benefits at a time when many traditional defensive assets have become more correlated.

Importantly, ILS can offer attractive income while maintaining a lower drawdown profile and limited dependence on broader market movements.

Capturing an insulated income stream while remaining largely decoupled from equity market beta is a compelling example of how modern diversified portfolios should be constructed.

Conclusion: Portfolios must adapt

Expecting a single static asset class to perform an unvarying task - relying on equities to generate returns and standard bonds or gold to provide permanent protection - is an outdated luxury from a bygone era.

The post-GFC period of low inflation and unconditional central bank support was a historical anomaly, not the default setting. Looking across centuries of financial history, inflationary cycles, supply disruptions and shifting asset correlations are normal features of the global economy.

To protect purchasing power and grow real wealth over time, staying static is no longer a viable defensive strategy. Investors must possess the flexibility to scour the full asset horizon, and the active conviction to choose their hedges wisely.

MORE INFORMATION: This document is issued by Schroder Investment Management Australia Limited (ABN 22 000 443 274, AFSL 226473) (Schroders).

Crypto, gold and more: Evaluating the world beyond the core

Provided by Vanguard

Investors are naturally drawn to assets that sit outside the traditional portfolio core of shares and bonds.

The appeal is understandable. Assets like gold, cryptocurrencies and other alternative investments promise diversification, inflation protection, new sources of return, or a hedge against extreme market events.

But the question is not just whether these assets can deliver on their promise. It's whether the risks they introduce justify a role in your clients' portfolios.

Making sense of alternatives: Income-generating versus non-income generating assets

Alternative assets are often discussed as though they represent a single category.

In reality, the label covers a diverse collection of investments with very different characteristics, including:

- Private equity & credit
- Hedge funds
- Unlisted property
- Commodities
- Precious metals
- Cryptocurrencies

A helpful starting point when classifying these assets is to consider: is it an income-generating asset or not?

The value of traditional assets like shares and bonds is linked to their potential to generate cash for investors. In contrast, for alternative assets like gold and other commodities, their prices are driven by supply and demand – they don't generate income, even if they may have an important role to play in the global economy. The same applies for crypto. Even if the underlying technology (e.g. blockchain and tokenisation) may be useful, the asset itself has no fundamental driver of value.

This distinction matters because it goes to the heart of how that asset will generate future wealth for your clients. Will they create wealth through productive income generation, or because you have conviction that the price of the asset will rise in the future?

Gold: A store of value, but not an income-generating asset

Gold has occupied a unique place in investing for centuries. It's often viewed as a safe-haven asset, a hedge against inflation and a store of value during periods of uncertainty.

The challenge is that these benefits can be inconsistent. Historically, gold has experienced extended periods of underperformance and, because it lacks income generation, investors rely largely on future buyers paying a higher price.

For long-term investors, this makes gold fundamentally different from productive assets such as shares and bonds that generate earnings, dividends or interest.

Vanguard's view is that is difficult to justify as a core strategic allocation given its lack of intrinsic cash flow and uncertain long-term return drivers even though at times it can play a role as a store of value.

Cryptocurrency: Exciting technology, but highly volatile

Few investments have captured investor attention like cryptocurrency. Bitcoin, Ethereum and other digital assets have produced extraordinary gains at various times while also experiencing severe drawdowns.

Cryptocurrencies derive their value through supply and demand, rather than underlying cash flows or economic fundamentals.

The result is an asset class with highly uncertain valuation anchors and significant volatility. Key risks include sharp price swings, liquidity concerns, custody risks, fraud, and evolving regulation.

For these reasons, Vanguard doesn't offer its own cryptocurrency ETFs or mutual funds.

Some clients may still be interested in cryptocurrency. Where that's the case, the key is to be clear about its role: it should be treated as a speculative satellite exposure, sized carefully, and kept separate from the diversified core designed to do the long-term wealth-building work.

Trading in cryptocurrency funds may involve significant risk and may not be suitable for all investors. If you're considering cryptocurrencies or crypto-related funds, we encourage you to:

- Understand the product's structure and underlying exposure.
- Assess risk tolerance and investment horizon.
- Consider how the product fits within your clients' broader asset allocation.
- Review the fund or ETF's prospectus and disclosures carefully.

Sizing alternative assets: Think in terms of your client's risk budget

Assets like crypto are attractive because investors often think in terms of 'what if?'

What if a turnaround in sentiment sparks another bull run in Bitcoin? What if a fiscal crisis causes the gold price to spike?

Fear of missing out (FOMO) is a behavioural bias that affects every investor. The best way to manage FOMO is to apply a risk lens.

Rather than focusing on how much of an asset to own in dollar terms, a more relevant question is: how much additional risk is your client willing to accept relative to a well diversified core?

The chart below shows why risk contribution—not dollar allocation—can be a more meaningful lens for sizing alternatives.

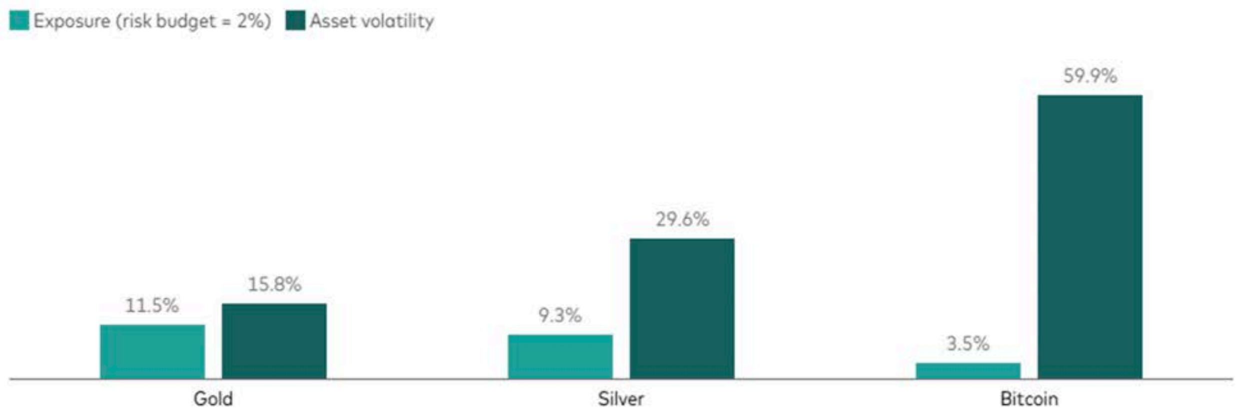
Based on Vanguard calculations, it shows how a fixed risk budget of approximately 2% relative to a global portfolio comprising 60% equities and 40% fixed income results in significantly different portfolio weights for each alternative asset, depending on its volatility.

In this framework, an investor could allocate about 11.5% to gold, 9.3% to silver, or 3.5% to Bitcoin while remaining within the 2% risk budget. The key takeaway is that even small allocations to volatile assets can quickly dominate portfolio risk, underscoring the need for clear allocation guardrails.

Sizing noncore exposures by their contribution to portfolio risk, rather than by dollars invested, helps impose discipline and establish guardrails.

It also helps ensure that the positions remain proportionate to conviction rather than reshape the portfolio's risk profile.

Figure 1: Even a small allocation to a volatile asset can carry big risk



Notes: The risk budget is based on a 2% contribution to total portfolio risk relative to a global 60% equity/40% fixed income portfolio. Gold, silver, and Bitcoin are spot price returns at month-end. Returns and volatility are calculated using nominal prices. Asset volatility is calculated as the annualized standard deviation of monthly returns over the stated sample period. These figures reflect standalone volatility and do not account for correlations with the 60/40 portfolio. The data sample is January 1994 through April 2026 for gold and silver, and January 2021 through April 2026 for Bitcoin. We limit the Bitcoin sample to recent years to acknowledge that volatility has decreased as Bitcoin has grown and matured; otherwise, its volatility would have been greater.

Sources: Vanguard calculations, based on data from Macrobond, Bloomberg, and the Federal Reserve Bank of St. Louis.

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> The greatest value from alternatives comes not from predicting when they will shine, but being explicit about their role, honest about their limitations, and disciplined about the risks they introduce.

Keep the core at the centre

The greatest value from alternatives comes not from predicting when they will shine, but being explicit about their role, honest about their limitations, and disciplined about the risks they introduce.

For long-term investors, the evidence continues to support a portfolio built around productive assets that generate cash flow and compound wealth over time. Alternatives may have a role to play as satellite exposures, so long as that role is clearly defined and carefully managed.

Vanguard's recent Portfolio Trends report, which examined over 100 adviser portfolios, found that alternative allocations were typically small, generally serving as satellite positions rather than core holdings.

Alternatives as an asset class tended to be more expensive, more complex, and overwhelmingly dependent on active manager selection.

The challenge is not simply whether alternatives diversify equities and bonds, but whether they present satisfactory incremental risk adjusted opportunities (i.e., after accounting for fees, liquidity constraints, complexity and risk).

In portfolio construction, the core should continue to do the heavy lifting. The world beyond the core may be fascinating, but it's rarely where long-term investment success is built.

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Navigating superannuation: Tax, SMSF changes, retirement and wealth transfer

RICHARD WEBB
CPA Australia

Wednesday 12 August, 1.00-2.00pm AET

This webinar provides a practical update on key superannuation issues affecting advisers, including contribution strategies, pensions, SMSFs, taxation, estate planning and recent regulatory developments. Attendees will gain insights to identify opportunities and risks, and support effective retirement and succession planning.

Legislated CPD: 1.0 Technical competence
Knowledge Area: 1.0 Specialist knowledge – Superannuation

AI – the threats and the opportunities

MATTHEW ESLER
Padua

Wednesday 26 August, 1.00-2.00pm AET

Artificial intelligence is reshaping financial services. Matthew Esler will explore practical applications across client engagement, research, productivity, compliance and operations, as well as key risks including privacy, cyber security, misinformation and regulatory expectations. Attendees will gain insights into adopting AI responsibly while improving outcomes.

Legislated CPD: 1.0 Professionalism and ethics
Knowledge Area: 1.0 Generic knowledge

CSLR – where are we now?

MICHELLE HUCKEL
SIAA

Wednesday 2 September, 1.00-2.00pm AET

With CSLR costs estimated to exceed $198 million in FY2027, SIAA's Michelle Huckel provides an update on claims estimates, Treasury's proposed reforms and implications for the financial advice profession.

Legislated CPD: Professionalism and ethics 0.5 I Regulatory compliance and consumer protection 0.5
Knowledge Area: Generic knowledge 1.0

MDAs in practice: Building and scaling a Managed Discretionary Account offering

ANDY ROBERTSON
Chelmer

Wednesday 9 September, 1.00-2.00pm AET

Explore the practical implementation of managed discretionary accounts, including technology, fixed income portfolio management, liquidity, valuation, governance and operational considerations through a real-world case study.

Legislated CPD: Technical competence 1.0
Knowledge area: Specialist knowledge – Financial planning 1.0

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The great wealth transfer myth – From inheritance to stewardship: how enterprise families sustain wealth

PETER ROACH
JBWere

KIM VENTER
JBWere

Wednesday 16 September, 1.00-2.00pm AET

Examine Australia's multi-trillion-dollar intergenerational wealth transfer, the myths and realities, and strategies for family governance, stewardship and preserving wealth across generations.

Legislated CPD: Client care and practice 1.0
Knowledge area: Generic Knowledge 1.0

Introduction to stockbroking online workshop

RUSSELL MCKIMM

Tuesday 13 October, 11.00-1.15pm AEDT

Explore the stockbroker's role in retail and institutional markets, covering order taking, transactions, settlement, key trading systems, and today's evolving stockbroking business models through practical discussion.

Legislated CPD: Regulatory compliance and consumer protection 1.0 I Professionalism and ethics 0.5 I Technical competence 0.5
Knowledge Area: Generic knowledge 2.0

Market manipulation and other prohibited conduct online workshop

MICHAEL ADAMS

Tuesday 20 October, 11.00-1.30pm AEDT

Learn how market manipulation rules prohibit artificial price creation, understand key obligations and consequences, distinguish manipulation from market forces, and apply concepts through interactive case study discussions.

Legislated CPD: Regulatory compliance and consumer protection 1.25
Professionalism and ethics 1.0
Knowledge Area: Generic knowledge 2.25

A day in the life of a trade online workshop

ROB TALEVSKI
Webull Securities

Wednesday 21 October, 11.00-12.30pm AEDT

Designed for experienced and support staff, this workshop examines the trade lifecycle, including client onboarding, trading, settlement, CHESS messaging, sponsorship/HINs, registries and operational processes.

Legislated CPD: Regulatory compliance and consumer protection 0.75
Technical competence 0.75
Knowledge Area: Generic knowledge 1.5

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The sole purpose test must be satisfied

By Darin Tyson-Chan, Editor, *selfmanagedsuper*

I'd like to begin my column this month with a correction. The capital gains tax (CGT) discount applying to superannuation funds is 33.33 per cent and not the 50 per cent that once applied to gains for assets held personally. My June column indicated the discount for super funds was also 50 per cent, which it is not. However, I can confirm the 33.33 per cent CGT discount for assets held inside of super will be continuing, unlike the 50 per cent CGT discount for assets owned by individuals. To this end, superannuation now presents a more attractive environment in which to hold assets from a taxation perspective.

But while it has increased its appeal as an investment and savings vehicle, some current moves involving superannuation should be potentially triggering a degree of scepticism and even raising questions as to their legality.

Let's start with the news last month Australian Super has committed to a $500 million investment in India's National Investment and Infrastructure Fund – a decision lauded by Prime Minister Anthony Albanese. The sceptics out there, including me, may interpret this as Australian Super aiding the government's foreign aid policy.

Now I'm not privy to the machinations behind this portfolio allocation and maybe it is a good investment that will deliver some solid returns, but I think Australian Super members are entitled to know all of the reasoning behind the decision.

They should be told what the return profile of the investment will be over a set time horizon and how that stacks up against other options considered by the investment committee at the same time.

Without having provided this level of transparency, one cannot help but ask some serious legal questions. The most important element in superannuation compliance is satisfying the sole purpose test.

The obligation is set out in section 62 of the Superannuation Industry (Supervision) Act and basically states any decisions made by trustees must be done so in order to provide benefits for the members of a super fund in their retirement years.

I predominantly cover the self-managed super fund sector and there is constant scrutiny over trustee strategies to see if they satisfy the sole purpose test. To illustrate just how seriously regulators take compliance with the sole purpose test, self-managed super fund trustees can be taken to task if they admit they purchased a residential property in their fund to facilitate a sea change once they have stopped working.

An asset like this may well appreciate and generate rental income for the many years leading up to that sea change, but that will not allow trustees to escape sole purpose test examination. Basically, if they admit the real estate was acquired for sea change purposes, they are also admitting the decision was not made with the sole intent of providing income for fund members when they have retired.

If we apply this regulator approach to the Australian Super situation, we must ask whether the trustees can justify the $500 million allocated to the National Investment and Infrastructure Fund was done so solely to provide income for members when they have stopped being gainfully employed.

If this cannot be proven, then basically the trustees have breached the law, punitive action should be taken by the Australian Prudential Regulation Authority and further questions need to be asked of the government. The first and foremost should be whether we are seeing taxpayers' compulsory superannuation savings being deployed to fund government policy and pet projects. But I doubt that debate will be happening anytime soon, even though I feel the members of Australian Super should be demanding it.

This latest chapter is a worrying sign in potentially not recognising superannuation is the members' money and not the fund trustees' nor the government's to use for whatever purpose they see fit.

However, it should really come as no surprise to all of us, given some of the messages that have emitted from Capital Hill in recent years.

Around the time of the last federal election, the Albanese government was indicating a portion of a person's retirement savings should be set aside to fund local infrastructure projects and even aid to Indonesia.

Again, that's all good and well, but how do those objectives satisfy the sole purpose test? And if the returns on those projects are to be competitive, and even lucrative, will it mean there will be a government guarantee attached to them? So many unanswered questions.

Given our superannuation framework is now based on a defined contribution model and not a defined benefit model, these matters are very serious because the onus to fund one's retirement is borne by the individual and the trustees in whom they put their trust.

Perhaps we should flip the script to really determine the viability of a decision like the one to invest in India's infrastructure. So if our retirement savings system was still based on defined benefits, would the government invest in the India project to fund the resulting future liability?

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