

## 30 YEARS OF MARKET ASSUMPTIONS: Shifting landscapes and silver linings

ETF trends in the Australian market for the last 12 months

Artificial Intelligence – Boom or bubble?

How to build regulatory trust: Five questions every senior leader should ask about their regulatory reporting

The intersection of corporate actions and managed services

Super snippets: A whole-of-industry approach needed

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## Season's Greetings

We extend our best wishes for the festive season and a peaceful and prosperous new year.

Regards

The team at SIAA

**PLEASE NOTE:**

The SIAA office will close at midday on Wednesday 24 December 2025 and re-open on Monday 12 January 2026.

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# 30 YEARS OF MARKET ASSUMPTIONS: Shifting landscapes and silver linings

By Kerry Craig, Managing Director, Global Market Strategist, J.P. Morgan Asset Management

In our [30th Long-Term Capital Market Assumptions](#) (LTCMAs), we share an optimistic outlook – much of what worries investors today, in our view, will ultimately pale beside the silver linings that breakthrough in the long run.

Looking back at the past 30 years, we examine how economic and market




cycles, asset allocation, and investor behavior have changed, and explore how they may evolve over the next 30 years. Rising economic nationalism and increased fiscal engagement can create both challenges and silver linings for investors.

## Key themes that can shape markets

We have identified three key themes emerging from our 2026 LTCMAs (see table 1).

We may well be at an inflection point, moving from undervalued capital

Table 1

		
<b>Changing regulatory and policy environment</b>	<b>Technology, data and widening financial market access</b>	<b>Emergence of new assets and market actors</b>
Politics and policy increasingly drive economies and markets while central banks and governments influence liquidity and asset prices. Rising trade friction is boosting domestic demand, prompting companies to adopt new technologies to address shortages in labour and natural resources. This, in turn, is resulting in stronger corporate profits.	Artificial intelligence (AI) and blockchain are redefining investing, expanding market access and efficiency. Greater data availability has helped level the playing field, enabling a broader range of investors to participate in more asset markets.	Key innovations like passive funds, exchange-traded funds (ETFs) and private capital markets have grown, making investing more accessible, and blurring boundaries between asset classes and market types. These options have been well-received by investors, leading to a shift in portfolio diversification strategies.

Source: J.P. Morgan Asset Management. As of October 2025.

to overvalued capital; from wealth accumulation to wealth transfer; from an investing culture to a savings culture. Citizens, companies and consumers may be moving from a globalised to a multi-polar world; from moderation to populism; and from an information age to a disinformation age.



## Opportunities for active management

Investors may enhance returns by moving beyond the constraints of cap-weighted investing. Active investing involves making deliberate decisions at every stage of the investment process, each of which can significantly impact investor outcomes. Investors have the

flexibility to combine active and passive strategies and make the most of both approaches.

As the macroeconomic landscape evolves, capital flows are expected to shift, creating differing outcomes and new investment opportunities. With fewer non-economic participants, such as central banks, in the market, prices may reflect business values more accurately, favouring active managers who focus on company fundamentals.

Over many market cycles, we have observed that successful portfolio design comes from choosing skilled managers, robust portfolio construction, and managing risks effectively. By adopting a forward-looking perspective and tapping into diverse sources of alpha, investors can build stronger portfolios as markets evolve.

## Key asset class return projections

We still see strong long-term return opportunities in public markets, despite recent gains and changes in global

growth forecasts. Over the next 10 to 15 years, we expect global equities to deliver an annual return of 6.5% in Australian dollar (AUD) terms<sup>1,2</sup>, supported by strong company profits and rapid technological innovation. Australian equities are likely to deliver an annual return of 7.0%, down 0.7% from last year because of elevated valuations and economic uncertainties influenced by global tariffs.

Fixed income remains essential as higher inflation volatility is raising our expected returns for high-quality bonds.

Three key themes shape our long-term outlook for returns in private markets and alternative assets. Although challenges such as policy uncertainty and interest rate volatility persist, technology and AI adoption, alongside increased investment from both public and private sectors present opportunities for promising private market returns over the next 10 to 15 years.

The return outlook for a basic AUD 60/40 global stock-bond portfolio<sup>1,2</sup> is 5.9%. Adding a 30% allocation to

Table 2

Asset Class		2026 LTCMAs (%)	2025 LTCMAs (%)	Change(%)
Equities	Australian Equity	7.0	7.7	-0.7
	US Large Cap	6.2	6.5	-0.3
	AC World Equity	6.5	6.9	-0.4
	Emerging Markets Equity	7.3	7.0	0.3
Fixed income	Australian Cash	3.4	3.4	0.0
	Australian Government Bonds	4.6	4.5	0.1
	Australian Credit	5.1	5.0	0.1
	US Intermediate Treasuries	3.5	3.6	-0.1
	Emerging Markets Local Currency Debt	6.2	5.9	0.3
	US Investment-Grade Corporate Bonds	4.7	4.8	-0.1
	US High-Yield Bonds	5.6	5.9	-0.3
Alternatives	US Core Real Estate	7.7	7.9	-0.2
	Global Core Transport	7.4	7.6	-0.2
	Global Core Infrastructure	6.0	6.1	-0.1
	Gold	5.0	3.8	1.2
	Private Equity	9.7	9.7	0.0
	Direct Lending	7.2	8.0	-0.8
	Diversified Hedge Funds (hedged)	5.7	5.2	0.5

diversified alternatives (making it a 60/40+ portfolio) increases the projected return to 6.5%<sup>3</sup>, indicating these assets can help make portfolios stronger, although the allocation size will vary for each investor.

The following table shows our expectations for returns<sup>1,2</sup> for some key asset classes in AUD terms:

Provided for information only based on market conditions as of date of publication, not to be construed as offer, research, investment recommendation or advice. Forecasts, projections and other forward looking statements are based upon current beliefs and expectations, may or may not come to pass. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecast, projections or other forward statements, actual events, results or performance may differ materially from those reflected or contemplated.

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

<sup>1</sup> All estimates on this page are in Australian dollar terms. Given the complex risk-reward trade-offs involved, we advise clients to

rely on judgment as well as quantitative optimization approaches in setting strategic allocations to all of these asset classes and strategies. Exclusive reliance on this information is not advised. Please note that information shown may use quantitative frameworks but final forecasts are based on qualitative analysis. These asset class and strategy assumptions are passive only for liquid assets and industry averages (median managers) for alternatives. The assumptions do not consider the impact of active management. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Forecasts are based on current market and financial conditions, and our judgement, and are subject to change without notice. Assumptions, opinions and estimates has been prepared for information and illustrative purposes only and is not intended to provide, and should not be relied on for, accounting, legal or tax advice. They should not be relied upon as recommendations to buy or sell securities. This information is not intended as a recommendation to invest in any particular asset class or strategy. References to future returns are not promises or estimates of actual returns a client portfolio may achieve.

<sup>2</sup> Source: J.P. Morgan Asset Management; as of 30.09.2025. Alternative asset classes (including hedge funds, private equity, real estate, direct lending, transportation, infrastructure and timberland) are unlike

other asset categories shown above in that there is no underlying investible index. The return estimates for these alternative asset classes and strategies are estimates of the industry average – median manager, net of manager fees. The dispersion of return among managers of these asset classes and strategies is typically significantly wider than that of traditional asset classes. For equity and fixed income assumptions we assume current index regional weight in composite indices with multiple countries/regions. All returns are nominal. The return forecasts of composite and hedged assets are computed using unrounded return and rounded to the nearest 10bp at the final stage. In some cases this may lead to apparent differences in hedging impact across assets, but this is purely due to rounding. For the full opportunity set, please contact your J.P. Morgan representative.

<sup>3</sup> Source: J.P. Morgan Asset Management; as of 30.09.2025. 60/40+ = 40% MSCI ACWI / 30% World Government Bonds (hedged) / 30% Diversified Alternatives. 30% Diversified alternatives allocation is 25% Real Estate, 25% Real Assets and commodities, 10% Hedge Funds, 15% Private credit, 25% Private Equity.

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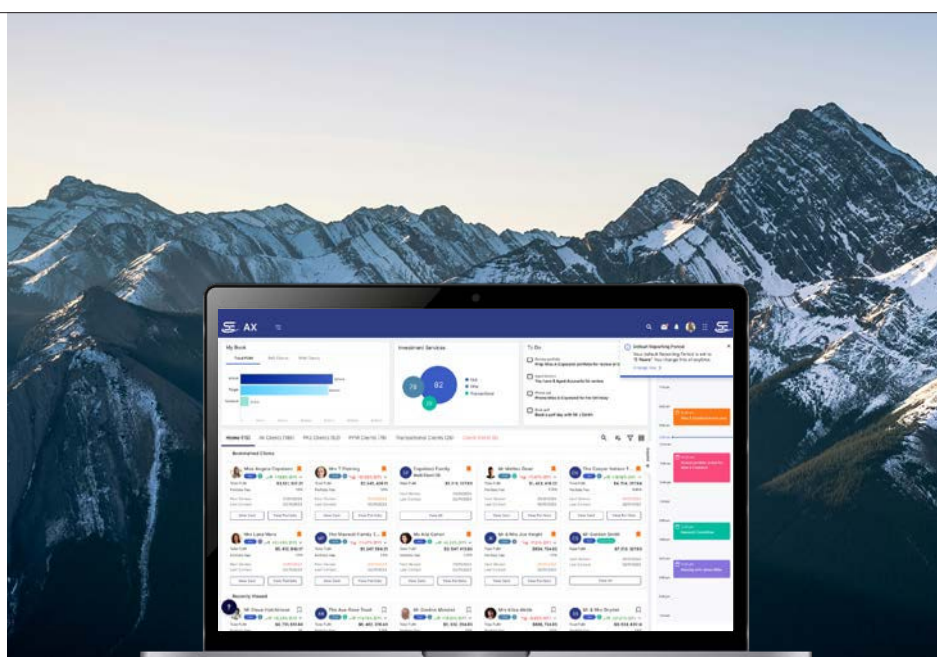
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# ETF trends in the Australian market for the last 12 months

By Rory Cunningham, Senior Manager  
Investment Products, ASX

## A milestone year for ETFs

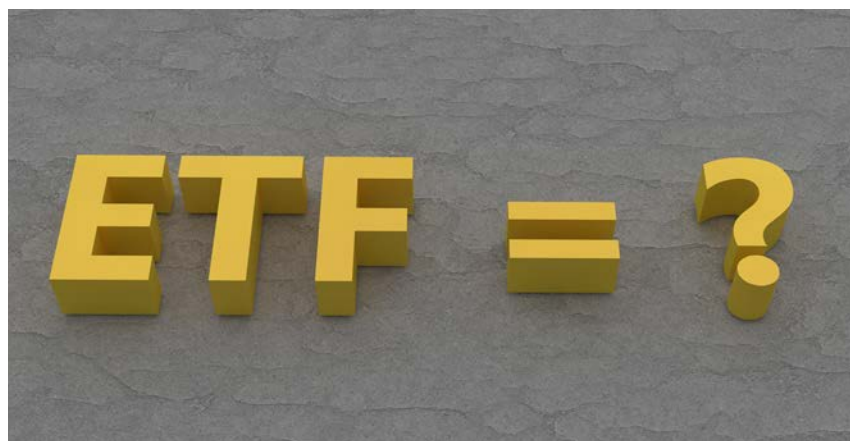
The Australian exchange-traded fund (ETF) market has come of age. In 2025 the market celebrated two important milestones. The first was the 25th anniversary of the S&P/ASX index series. On 3 April 2000 the S&P/ASX 200, S&P/ASX 300 and the wider S&P/ASX index series were launched in Australia. Since then the combined value of the S&P/ASX 200 has grown to more than \$2.7 trillion. Dan Draper, CEO of S&P Dow Jones Indices, described the index series as “foundational to the growth of index-based investing in Australia,” noting that it has given investors a reliable benchmark to track market performance and make informed decisions.

The second milestone occurred in the second half of the year when the funds under management (FUM) in the 400+ ASX-listed ETFs crossed A\$300 billion, quadrupling in size in just five years. As at the end of October the industry recorded 12 month CHESS Net Flows (inflows) of over \$49 billion, well ahead of 2024's total, and investors poured a record \$5.6 billion into ETFs in October. The market's five-year compound annual growth rate is over 30% per annum, signalling a structural shift in how Australians invest.

## Where the money is moving

### International dominance, domestic resilience

As global markets rallied in 2025, Australian investors used ETFs to capture offshore opportunities. International



equity ETFs dominated flows over the last 12 months receiving over \$20 billion of inflows, with Vanguard's MSCI Index International Shares ETF (VGS) attracting \$2.3 billion of inflows and the hedged version (VGAD) receiving \$1.4 billion, while iShares S&P 500 ETF (IVV) received over \$1.6 billion.

Domestic equities still attracted substantial capital, attracting more than \$12 billion in the last 12 months. The Vanguard Australian Shares Index ETF (VAS) – which tracks the S&P/ASX 300 – drew \$4 billion of inflows, making it the most popular Australian-equity ETF. Betashares' Australia 200 ETF (A200) and Vanguard's Australian Shares High Yield ETF (VHY) recorded \$1.9 billion and \$1.4 billion of inflows respectively. VAS remains the country's largest ETF with \$22 billion of assets under management. Such flows reflect a favourable domestic backdrop: easing interest rates, stabilising inflation and robust employment provided support for the share market.

### Quality and the rise of active ETFs

Volatility early in the year may have encouraged a “flight to quality.” VanEck's quality-focused ETFs, VanEck

MSCI World ex-Australia Quality ETF (QUAL), VanEck MSCI International Quality (AUD Hedged) ETF (QHAL) and VanEck MSCI International Small Companies Quality ETF (QSML), also recorded strong flows attracting a combined \$1.4 billion in inflows.

ETF issuers also broadened their offerings. Roughly half of the new products launched in 2025 were active strategies, ranging from global equities, Australian equities and fixed income. Strong CHESS inflows of over \$3 billion show that active management is gaining traction in the Australian ETF market. Macquarie's Core Australian Equity ETF (MQAE) pulled in \$623 million of inflows, Plato Global Alpha Fund Complex ETF (PGA1) received \$569 million and Macquarie Subordinated Debt Active ETF (MQSD) attracted \$284 million. Notably, the Hyperion Global Growth Companies Fund – Active ETF (HYGG) surpasses \$1 billion in CHESS assets during the year.

### Fixed income and cash: a defensive tilt

An easing cycle and the gradual phase-out of bank hybrid securities drove investors toward fixed-income

ETFs. The Vanguard Global Aggregate Bond Index (Hedged) ETF (VBND) received \$1.9 billion of inflows, the VanEck Subordinated Debt ETF (SUBD) gained \$1.1 billion, and the Vanguard Australian Fixed Interest Index ETF (VAF) attracted \$989 million. Cash ETFs also benefited; the Betashares High Interest Cash ETF (AAA) was popular among investors attracting \$1.1 billion.

### Thematic and alternative investments

Commodity and thematic ETFs captured the imagination of investors this year. Flows into commodity ETFs totaled \$1.7 billion in the last 12 months. Silver ETFs enjoyed steady buying, while gold-backed ETFs experienced one of their fastest accelerations in inflows on record attracting \$1.3 billion. Gold ETFs offer a convenient way to own bullion and remain attractive amid geopolitical uncertainty, record bullion

prices and expectations for US Federal Reserve rate cuts.

Thematic ETFs tied to hydrogen, defence, nuclear energy and AI infrastructure were among the year's stand-out performers. The Global X Hydrogen ETF (HGEN) was the best-performing ETF in Australia over the past 12 months returning 108%. Uranium-focused funds like the Global X Uranium ETF (ATOM) rose nearly 85% in the last 12 months.

Cryptocurrency ETFs arguably moved to mainstream in 2025. ASX's first bitcoin ETF was listed in 2024, and by late 2025 bitcoin strategies were closing in on \$500 million of FUM. The VanEck Bitcoin ETF (VBTC) generated \$254 million of flows.

### Outlook: an ecosystem maturing and diversifying

The 25th anniversary of the S&P/ASX index series underscores how far Australia's capital markets have

progressed. With more than 400 ETFs now listed and FUM exceeding A\$300 billion, ETFs have become a mainstream tool for both retail investors and financial advisers. Flows in 2025 highlight several themes: a continued bias toward international equities, enduring support for broad Australian exposures, and a strong rotation into fixed income as investors hunt for yield. The record inflows and accelerating product innovation suggest the market is moving beyond vanilla index tracking strategies into thematic, active and alternative strategies.

Source: All data is sourced from ASX Investment Products October 2025 report. Inflows are CHESF Funds Inflow / Outflow and represents the number of CHESF units changed times by the end of the month close. 12M CHESF Funds Inflow / Outflow represents the cumulative value of monthly reported CHESF inflows and outflows on a rolling twelve month basis.



The graphic features a dark blue background with a complex, glowing network of lines resembling a neural network or a global data map. In the center is a large, stylized eye shape formed by a white ring and a dark blue circle. The word "Schroders" is written in white in the top right corner. At the bottom left, the text "EYES ON THE UPSIDE" is written in large, bold, light blue letters, followed by "Where active sees opportunity in 2026." in white. Below this is the URL "https://schro.link/2026outlook". On the bottom right, there is a QR code and the text "Scan to read our 2026 investment outlooks" in white.

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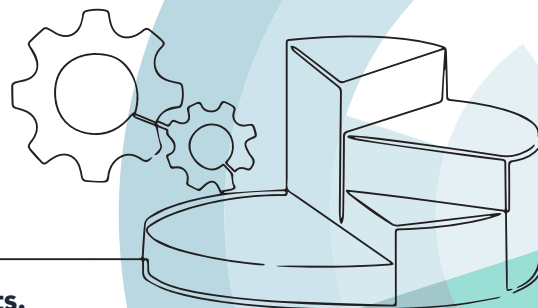
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# CPD EVENTS



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

Webinars are **FREE** for Practitioner members and Affiliates and employees of Principal members.

## SIAA CEO FAREWELL DRINKS

Tuesday 9 December 5.00 to 7.00pm AEDT | Verandah Bar, 55-65 Elizabeth Street, Sydney

Join us in celebrating Judith Fox's remarkable contribution to the Stockbrokers and Investment Advisers Association at a special farewell event at the Verandah Bar. After six years as CEO, Judith will retire at the end of 2025, leaving a lasting legacy of strong advocacy, sector-wide collaboration and leadership. This is a wonderful opportunity for members and colleagues to thank Judith for her dedication to the industry and wish her well for the future.

Members \$10pp | Non-members \$10pp – includes drinks and canapes

BOOKINGS ESSENTIAL.



JUDITH FOX  
SIAA

## Investment characteristics of renewable energy infrastructure

Wednesday 10 December from 1.00 to 2.00pm AEDT

Darren Brown will examine the investment characteristics of renewable energy infrastructure, focusing on how solar, wind and storage assets generate returns within Australia's evolving energy landscape. He will discuss valuation, risk management, and policy considerations, and outline the diversification benefits of renewables.

Professional Standards CPD: Technical competence 1.0

ASIC Knowledge Area: Generic knowledge 1.0



DARREN BROWN  
Octopus Investments

## Superannuation tax changes – What advisers and clients need to know

Wednesday 11 February from 1.00 to 2.00pm AEDT

JBWere's Kym Bailey will outline the Federal Government's revised plan to tax super balances above \$3 million, covering the proposed calculation, likely impact and timing. She will also highlight strategic and practical considerations to help advisers prepare ahead of the expected 1 July 2026 commencement.

Professional Standards CPD: Tax (financial) advice 0.5 | Client care and practice 0.5

ASIC Knowledge Area: Generic knowledge 1.0



KYM BAILEY  
JBWere

## Introduction to stockbroking workshop

Thursday 5 March from 11.00 to 1.15pm AEDT

This workshop offers an overview of Australia's financial markets and the vital role stockbrokers play across retail and institutional sectors. It covers core stockbroking and advisory operations—including order taking, transactions and settlement—and outlines key systems and business models that support efficient market functioning.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0 | Technical competence 0.5 | Professionalism and ethics 0.5

ASIC Knowledge Area: Generic knowledge 2.0



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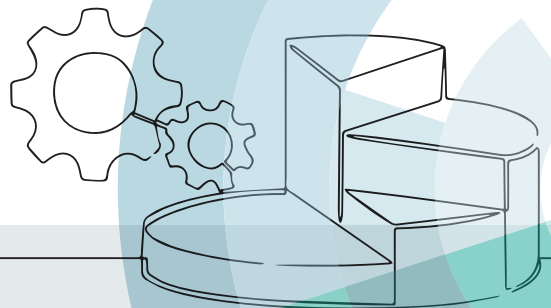
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# CPD EVENTS cont



## A day in the life of a trade workshop

Monday 9 March from 11.00 to 12.30pm AEDT

Ideal for experienced and auxiliary staff in legal, IT, HR, and related roles, this workshop explores the trade lifecycle. Gain insights into client onboarding, share and derivative trade processes, settlement, sponsorship/HINS, CHES messaging, and registries.

Professional Standards CPD: Regulatory compliance and consumer protection 0.75 | Technical competence 0.75

ASIC Knowledge Area: Generic knowledge 1.5



ROB TALEVSKI  
Webull

## Market manipulation and other prohibited conduct workshop

Tuesday 10 March from 11.00 to 1.30pm AEDT

This workshop examines the prohibition on creating or maintaining artificial prices in financial products, outlining key obligations and the consequences of breaches. Suitable for front and back office professionals, it clarifies the line between manipulation and normal market behaviour and helps participants understand how to meet their responsibilities.

Professional Standards CPD: Regulatory compliance and consumer protection 1.25 | Professionalism and ethics 1.0

ASIC Knowledge Area: Generic knowledge 2.25



PROFESSOR  
MICHAEL ADAMS

## CSLR – where to now?

Wednesday 11 March from 1.00 to 2.00pm AEDT

With the CSLR's FY27 levy estimate now at \$137 million—and further claims expected from the Shield and First Guardian collapses—the outlook continues to worsen. Michelle Huckel will outline the drivers of the estimate and discuss whether any relief may be available for those facing the levy.

Professional Standards CPD: Professionalism and ethics 0.5 | Regulatory compliance and consumer protection 0.5

ASIC Knowledge Area: Generic knowledge 1.0



MICHELLE HUCKEL  
SIAA

WEBINARS: Member **FREE** | Non-member \$75

WORKSHOPS: Young professional \$55 | Student Affiliate \$55

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The **Women in Wealth Awards 2026** is back, shining a spotlight on the women leading, innovating and inspiring across Australia's wealth management industry.

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Nominations close COB Monday, 23 February 2026 – don't wait until the last minute to celebrate the women shaping the future of our industry... and remember, self-nominations are very welcome!

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# Artificial Intelligence – Boom or bubble?

By David Steinthal, CIO of L1 Capital International

The rapid development of Artificial Intelligence (AI) has been one of the dominant themes in global markets throughout 2025. The share-price outperformance of leading AI companies has driven major indices higher, with FOMO (fear of missing out) rife among both professional and retail investors. Almost daily, there are new headlines announcing tens or hundreds of billions of dollars being invested in datacentre infrastructure to support AI – often linked to OpenAI and other frontier model developers.



At its heart, the debate on AI comes down to whether all this investment will ultimately be justified. Will the companies making these enormous capital commitments generate an economic return? Are the public and private market valuations of leading AI companies supported by fundamentals? Or, to bookend the discussion more colourfully – is AI only good enough to turn your portfolio manager's golden retriever

into a superhero, or will AI cure cancer and better humankind?

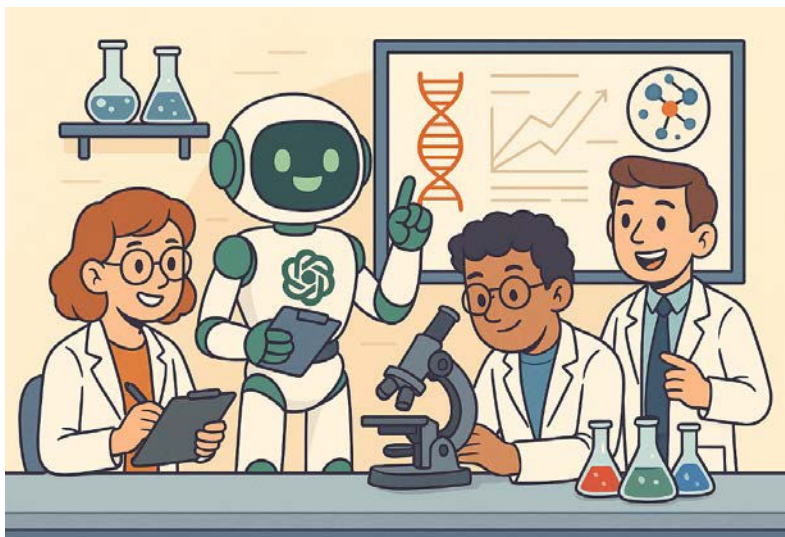
If that were the only question to answer, investment decisions would be simple. It is highly likely AI will have a material impact on almost every industry, sooner than expected and drive significant improvements in productivity. Recognising the source is potentially biased, a recent study comparing the outputs of leading AI models to

Figure 1



Source: ChatGPT, L1 Capital International

Figure 2



Source: ChatGPT, L1 Capital International



tasks completed by experts across 44 occupations and nine sectors found that the best models achieved results approaching parity with industry experts, with performance improving rapidly as new models are released.

Successive generations of frontier AI models have achieved rapidly higher benchmark performance, underscoring the pace of technological improvement.

Yet many questions remain unanswered:

- How quickly will AI develop?
- How much will it cost to build and scale AI use-cases and will those costs fall over time?
- Will there be enough power and other physical inputs to support the industry's growth?
- How will proprietary data be protected in an AI-centric world?
- Will today's leaders remain dominant or will new technologies overtake them?
- How much will providers of AI be able to charge and will customers derive enough productivity and economic benefit to justify paying those charges?
- Will AI become "table stakes" for most industries, with competitive advantages competed away?
- And how will geopolitics influence access, regulation and disruption?

These questions cannot be answered with certainty today, if ever. However, concluding that AI-centric

businesses are uninventable would be a mistake. There are many signs that AI will be far-reaching and create substantial value for a wide range of industry participants. Returning to the words of Intuit CEO Sasan Goodarzi, "Every SaaS company, anybody that makes software, is either going to get disrupted or they're going to be the disruptors. And that's because of what's possible with AI."

Across our company meetings this year, investing in AI initiatives is a key priority for almost every management team we speak with. Businesses across industries are already seeing tangible benefits from incorporating AI into their products, services and day-to-day operations.

At L1 Capital International, we approach AI investments through our established scenario-analysis framework. We think in ranges of outcomes rather than point estimates, spanning operating performance, financial returns, and valuation scenarios. The same process applies to companies in the AI ecosystem, though the degree of uncertainty is higher and the range of potential outcomes wider.

The market value of many AI-centric businesses has increased significantly, meaning that "what you need to believe" to justify attractive returns from current prices has also increased. While there are clearly areas of froth and exuberance, the level of investment

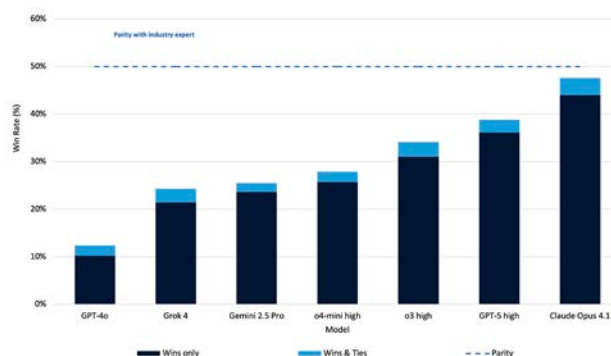
in AI, and the potential benefits from it, are unprecedented.

It is simplistic to say that current AI conditions represent a bubble akin to the final stages of the dot-com boom. There are certainly parallels, but also meaningful differences. The underlying technologies are already driving measurable productivity and efficiency gains across the economy. Nevertheless, prudence and judgement are required when investing in AI-centric businesses today.

In our view, the AI revolution is real and accelerating. The challenge for investors is not whether AI will reshape industries, it already is, but how to assess which companies will create durable economic value from it. For professional investors and advisers, balancing conviction with discipline will be key: recognising AI's transformative potential while maintaining a focus on quality, valuation and risk-adjusted returns.

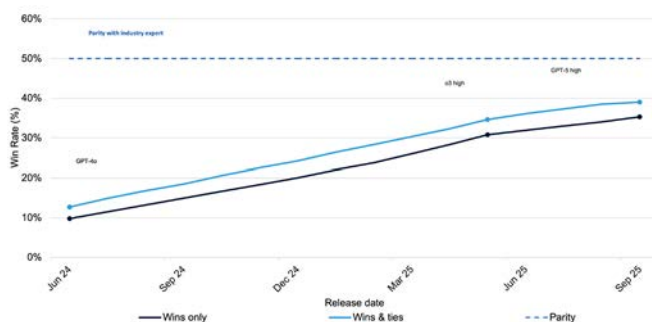
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Figure 3: AI models are rapidly approaching parity with human experts across a range of real-world, economically valuable tasks.



Source: GDPVal, Evaluating AI model performance on real-world economically valuable tasks, L1 Capital International (September 2025).

Figure 4: Successive generations of frontier AI models have achieved rapidly higher benchmark performance, underscoring the pace of technological improvement.



Source: GDPVal, Evaluating AI model performance on real-world economically valuable tasks, L1 Capital International (September 2025).



# HOW TO BUILD REGULATORY TRUST:

## Five questions every senior leader should ask about their regulatory reporting

By James Dickson, Managing Director, Oceanic Consulting Group

Regulatory trust isn't built in a meeting with ASIC. It's built – quietly, consistently – in the accuracy of the data firms submit every day.

Across Australia's markets, regulators are becoming increasingly explicit about what they expect from firms' reporting: reliable data governance, clear ownership of issues, credible remediation plans, and notifications that explain what happened, how far it went, and how it will be fixed. These aren't technical preferences; they are signals that a firm takes its regulatory reporting responsibilities seriously.

For senior leaders in broking and investment advice, the real question is simple to articulate and harder to answer:

*Can your reporting be relied on – by regulators, clients, and your own board?*

You don't need to be a reporting specialist to get comfortable with this. But you do need to ask the right questions.

Below are five practical, senior-level questions designed to probe whether

your firm's reporting genuinely earns regulatory trust – not just compliance.

### 1. When something goes wrong, whose responsibility is it – and how quickly are issues resolved?

When a reporting issue is found, regulators pay attention to speed, ownership, and structure. Reporting errors happen everywhere; what matters is how fast a firm identifies and escalates the issue and begins fixing what went wrong.

And the truth is: reporting failures rarely come from a single mistake. They emerge from a mix of weak change management, fragmented responsibilities, inconsistent logic, and poor cross-functional communication.

When accountability is unclear, delays multiply.

Questions for senior leaders:

- *If a material reporting issue were discovered today, who is accountable for it at executive level – from investigation to closure?*
- *Do remediation plans have clear objectives, decision points, and risk-based prioritisation? Or are they open-ended projects that quietly slip month after month?*
- *Is remediation resourced properly, or are teams already at capacity expected to "fit it in"?*
- *Would ASIC see the response as responsible, transparent, and proportionate?*

Clear ownership sends a powerful message inside and outside the firm. Regulatory trust starts with leadership that moves quickly, not defensively.

## 2. Are root causes fixed – with complete back-reporting – or are symptoms just patched?

Most firms can “fix forward.” Far fewer can confidently say they have:

- Identified the full population of affected reports
- Corrected historic submissions where needed
- Addressed upstream weaknesses so the issue doesn’t reappear
- Explained the scale and impact in a way that stands up to regulatory scrutiny

Regulators don’t just want errors corrected; they want confidence that firms understand why they occurred. Many failures trace back to issues such as:

- Logic designs that no longer match how the business actually operates
- Impacts of system upgrades or product changes that weren’t fully assessed
- Unclear data lineage that makes it difficult to pinpoint where a value came from
- Weak oversight that lets small inconsistencies evolve into large reporting gaps

This is where many firms discover they lack the data access, documentation and tooling to perform reliable back-reporting – especially across multiple systems or older platforms.

Questions for senior leaders:

- *When an error is found, how is the true scope determined – across all products, dates, clients, and venues?*
- *Are spreadsheets and manual detective work relied on, or proper*

*tools that allow full-population analysis?*

- *Are fixes prioritised based on risk, not convenience?*
- *Is there evidence that the underlying cause has been permanently addressed?*

Regulators are increasingly sophisticated in using data analytics to spot patterns of inconsistent reporting. Firms that get ahead of this – through deeper root-cause analysis and complete historical correction – place themselves in a much stronger position.

## 3. Do breach and incident reports genuinely help ASIC understand what happened?

Under Australia’s reportable situations regime, ASIC expects licensees to report significant issues promptly – and with meaningful substance. That means:

- Clear, plain-language explanation of the issue
- Transparent quantification of affected clients, trades, or time periods
- Root-cause analysis that goes beyond superficial symptoms
- Evidence of governance and oversight, not just operational activity
- Forward plans that are time-bound, specific, and credible

ASIC has repeatedly noted that many reports they receive are vague, incomplete, or light on detail. That undermines confidence. Bare-bones notifications may meet a technical requirement but do nothing to build trust.

Questions for senior leaders:

- *If ASIC reads a recent incident*

*report, would it clearly understand what happened, why, and what is being done about it?*

- *Is impact quantified rigorously – how much, for how long, and to whom?*
- *Are weaknesses in systems, processes, or governance accurately represented – and does documentation show how they will be strengthened?*
- *Are updates treated as a compliance obligation or an opportunity to demonstrate progress and maturity?*

High-quality notifications aren’t just a regulatory requirement. They are a direct reflection of a firm’s transparency and integrity.

## 4. Is data architecture strong enough to support both daily reporting and long-term scrutiny?

Regulatory reporting is, at its core, a data management challenge.

Most firms’ architectures weren’t built with modern regulatory reporting in mind. They’ve grown through acquisitions, system migrations, new products, front-office innovations, and outsourced or third-party components. The result is predictable:

- Data sits across multiple systems with inconsistent definitions
  - Logic is documented poorly or not at all
  - Change management doesn’t fully assess downstream reporting impacts
  - Historic data becomes difficult to retrieve, reconcile, or re-create
  - Exceptions are identified but not properly traced back to root causes
- Regulators increasingly look at how firms manage, govern, and access their data – particularly when back-reporting is required.

Questions for senior leaders:

- *Is there clear ownership of each data element used in reporting, with a shared dictionary and consistent definitions?*
- *Is data lineage understood end-to-end, from trade capture to submission?*
- *Can historic data be retrieved*

“

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accurately and quickly when needed, or does it require manual reconstruction?

- Are eligibility and completeness controls regularly tested front-to-back, not just on samples or ad hoc?
- When system changes, new products or external fees are implemented, are structured reporting impact assessments conducted?

Data governance is not about eliminating every error. It's about having the visibility and traceability needed to respond quickly and confidently when something does go wrong.

## 5. Is there an independent, data-driven view of reporting quality – not just internal reassurance?

Policies and controls matter. But they don't guarantee that the data ASIC receives is complete, correct, and timely.

Relying solely on internal checks leaves blind spots:

- Controls reflect how the firm thinks the data flows, not how it actually flows
- Sample-based testing misses rare but important errors
- Teams that built the processes often test them
- Exception reports tell you what you expected to go wrong – not what is going wrong

This is why many firms are turning to independent analysis to validate their reporting end-to-end. Full-population testing and external challenge can reveal inconsistencies and data gaps that internal teams simply cannot see.

A number of global firms – including Kaizen, which specialises in independent reporting data quality assurance – provide objective evidence that complements internal controls and gives boards greater confidence.

Questions for senior leaders:

- Can data evidence show that our reporting across all regimes is accurate and complete?
- Are assumptions challenged through external perspectives or analytics?



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These five questions all point to a single truth: regulatory trust is built through integration, not isolation.

- Does the board receive structured, independent reporting on data quality trends and themes?
- When issues are found, are systemic causes tracked and addressed rather than treating them as isolated exceptions?

This isn't about adding bureaucracy. It's about showing – with evidence – that your reporting can be relied upon.

## Bringing it together: turning questions into trust

These five questions all point to a single truth: regulatory trust is built through integration, not isolation.

Accurate reporting is the result of well-managed systems, sensible logic, strong data governance, effective controls, and active leadership. Weakness in any one area compromises the rest.

For Australian brokers and investment advisers, that means:

- Clear ownership and credible timelines when issues arise
- Root-cause remediation and complete back-reporting
- Incident notifications that genuinely enlighten regulators
- Data governance that supports both daily reporting and long-term scrutiny
- Independent, data-driven assurance to complement internal controls

Regulators will always expect accuracy. But they also look for maturity – leadership that demonstrates accountability, transparency, and continuous improvement.

You don't need to have every answer immediately. But you can start by taking these questions to your next board or risk committee meeting and asking:

*If ASIC viewed our reporting through this lens, how confident would we be?*

That's where regulatory trust begins – not with perfection, but with honest assessment and decisive action.

Your next steps: contact the industry risk and compliance experts

OCG works with brokers and wealth providers across Australia to strengthen regulatory preparedness. From data readiness and lineage mapping, to governance uplift and back reporting capability. If you would like support assessing your current reporting posture or building a roadmap to address the risks highlighted in this article, OCG can help you prepare with confidence – please reach out to James Dickson, the Managing Director of OCG.

### About Kaizen

Kaizen is a multi-award winning RegTech company, providing independent, full-coverage data quality assurance for regulatory reporting, helping firms achieve accurate, complete and timely regulatory reporting submissions. [www.kaizenreporting.com](http://www.kaizenreporting.com)



# The intersection of corporate actions and managed services

By Gagan Arora, S&P Global Market Intelligence

The evolution of managed services has been a dynamic journey marked by continued expansion and innovation. Initially, financial service providers used traditional technologies and break-fix services to cater to customers' needs. However, as businesses became more reliant on technology, the need for proactive support grew, giving birth to managed services.

Recent years, particularly shaped by the pandemic, have witnessed a rapid transformation, with a heightened focus on continuous innovation, remote work, and agility. In response, the adoption of managed services has intensified within the financial sector as firms continue to look for strategies to safeguard their operations and define a growth-oriented approach in the ever-changing economy.

Corporate actions operations teams, working with highly manual processes lacking automation, are taking steps to alleviate this pressure and control infrastructure costs, all while striving to reduce the risk and disruptions caused by staff attrition resulting in a shortage of expertise.

This three-part blog series focuses on our experience working with our corporate actions clients and supporting them as they move from on-premises to managed services. Utilising our full end-to-end workflow solutions can relieve their operations teams from day-to-day management to focus on the core business.

## Use case: Cloud Managed Services – Empowering institutions with enhanced efficiency

In the past, financial institutions operated their own data centers, acquiring hardware and managing applications

within their premises. They would often need to invest in additional hardware to either expand existing applications or accommodate new ones. This approach posed several challenges for organizations in terms of:

- **Initial capital investment:** Financial institutions faced the burden of significant upfront costs when setting up and maintaining their own data centers and hardware infrastructure.
- **Scalability concerns:** The challenge of adapting to fluctuating demands and expanding operations while managing on-premise systems often led to scalability limitations and delays in growth.
- **Compliance and Security:** Financial institutions must ensure compliance

with regulatory mandates and adhere to security protocols, encompassing physical security measures and the implementation of access controls as specified.

- Maintenance and support responsibilities: Financial institutions were tasked with the ongoing maintenance and support of their on-premise applications, requiring dedicated resources and expertise to ensure optimal performance and reliability.

In recent years, the landscape of information technology infrastructure has undergone significant transformation. The focus has shifted from traditional on-premise deployment — once the cornerstone of enterprise IT strategies — to Cloud managed services managed by a service provider. This shift is fueled by a multitude of factors including technological advancements, evolving business needs, enhancing operational efficiency, and staying ahead in an ever-evolving technological landscape. In this era of digital transformation, more organisations are considering moving away from on-premise deployments to cloud managed services as a strategic imperative. Cloud managed services, as opposed to traditional on-premise deployments, offer a myriad of advantages that significantly expedite the time it takes for businesses to go from ideation to execution.

## S&P Global Market Intelligence Cloud Managed Service

In line with market trends, more financial institutions are adopting S&P Global Market Intelligence's Cloud Managed Services for corporate actions, entrusting S&P's experts to manage their technology and infrastructure transformation, enabling them to focus on core business operations for corporate actions processing. These services encompass a wide array of offerings, spanning from infrastructure provisioning to continuous maintenance and seamless application upgrades. Leveraging the power of automation for provisioning resources and



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In recent years, the landscape of information technology infrastructure has undergone significant transformation. The focus has shifted from traditional on-premise deployment — once the cornerstone of enterprise IT strategies — to Cloud managed services managed by a service provider.

deployments enables faster upgrade cycles and seamless deployment of new features and multiple releases. This streamlined approach has improved time-to-market by threefold.

The Cloud Managed Services consists of a shared pool of subject matter experts (SME) in services and domain capabilities. This shared pool of SMEs helps in lowering the total cost of ownership of maintaining teams by 50%.

Traditionally, the procurement time for on-premise hardware typically spans between 3-6 months, contingent upon the scale of requirements. However, with S&P Global Market Intelligence Cloud Managed Services and the utilisation of cloud elasticity, this procurement cycle is condensed to mere hours, facilitating instant scalability to address the fluctuating demands of corporate actions events. In the conventional setup, once hardware is procured, it remains in use for extended periods due to the absence of scaling-down options. Nevertheless, with on-demand scaling out and scaling in capabilities, the surge in hardware

demand becomes temporary and can be downsized once requirements are met. This eliminates the need for the initial purchase or refresh costs associated with physical infrastructure. Furthermore, there are no expenses related to data centers, such as: facility maintenance, security, cooling, and ongoing upkeep. Consequently, this results in a substantial cost reduction of up to 40%.

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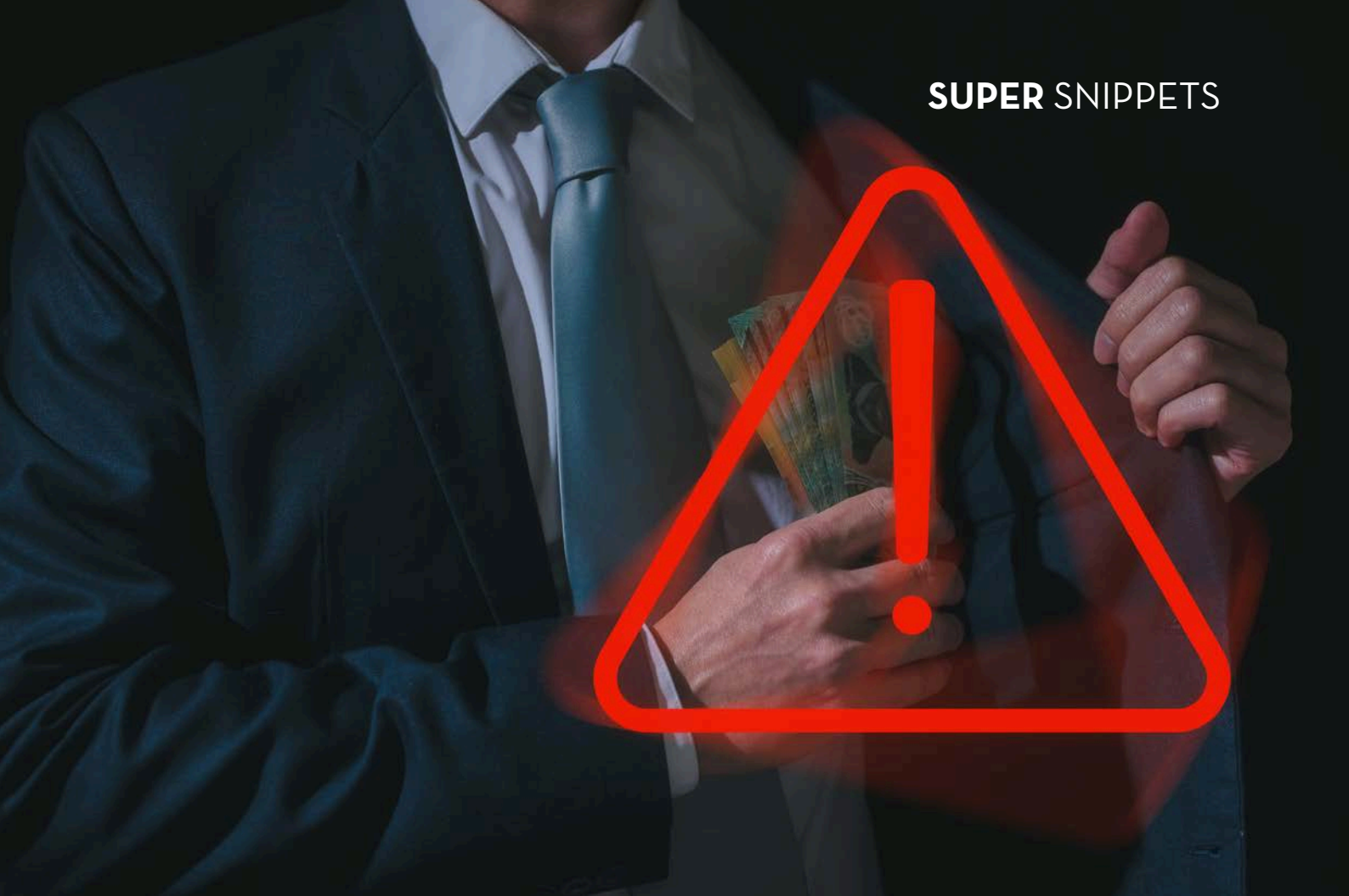


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Serving the interests of investors



# A whole-of-industry approach needed

By Darin Tyson-Chan, Editor, *selfmanagedsuper*

Over the past 12 to 18 months, the Australian financial services industry has unfortunately witnessed some significant product failures that have cost investors millions of dollars. These product collapses include that of United Global Capital (UGC), which is currently in liquidation.

The loss of any savings is never acceptable, but it is even more abhorrent when it involves people's superannuation. The distasteful nature of losing retirement savings is that much more severe because those who have retired have limited capacity to claw back these losses.

And the situation overlaps with a malaise that runs deeper through the superannuation system itself – the

increasing presence of scams and illegal schemes. Unfortunately, bad actors associated with this sort of activity have identified the significant pool of money sitting in the country's retirement savings system and targeted it for their unlawful activities.

To all of our detriment these incidences seem to be too easily passed off and framed in a manner potentially hindering the superannuation community from properly addressing the issue.

A case in point was the recent release of "Report 824 – Review of SMSF Establishment Advice" from the Australian Securities and Investments Commission (ASIC). The key findings showed that out of 100 advice files it examined, 62 failed to demonstrate

compliance with the best interests duty and 27 raised concerns about client detriment relating to the recommendation to set up a fund.

Upon the report's release, the corporate regulator stated: "The key issues identified included not basing all judgments on clients' relevant circumstances, including inappropriately using the notion of control to justify recommending self-managed super funds (SMSF) without exploring what control meant to the clients."

It added financial advisers seemed to be acting as order-takers rather than conducting a proper investigation into other financial products and not taking into account what was in the interest of



the client where there were conflicts of interest evident.

On the surface it would be easy to conclude this is an SMSF problem and that the sector needs to lift its game in preventing poor establishment advice from occurring. But nothing could be further from the truth.

Firstly, the alarming findings were probably predictable seeing the sample of advisers ASIC used was not random and consisted of practitioners it knew had provided elements of poor advice between 1 May 2023 and 30 April 2024. That's a bit like the police using a sample of people who have been convicted of drug use and finding a further examination showed they were in possession of drugs. To ASIC's credit this was acknowledged. It's just a matter of whether the wider cohort of industry stakeholders recognise this fact.

But the more pertinent point is the advisers in question are not actually

specialist SMSF advisers. At best they are generalist advisers and in the instance of UGC investors, where an SMSF was established to receive current benefit rollovers and subsequently invested into the particular managed fund, it was doubtful whether the 'advisers' were actually that.

So what the results actually suggest is for the wider advisory community to do its best in ensuring these types of scams are eradicated from financial services.

Further, the situation demands action from the industry and retail funds to do everything they can to avert member balances from being exited into an SMSF for the purposes of illegal or nefarious behaviour.

I know some public offer funds are doing this to the best of their ability already. I'm also not naive enough to think this is an easy process to undertake. To this end, the more rigour that is applied to rollovers, the

more Australian Prudential Regulation Authority-regulated funds might be accused of deliberately holding onto member money to prevent their own outflows of assets. It's definitely a fine line that needs to be walked.

However, it is an area that desperately needs addressing and it will only take a whole-of-industry effort to get the job done as opposed to conveniently believing the problem is completely confined to just one segment of the superannuation sector.

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