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Why finance
is about to
catch up to
the rest of
the world



A maturing US\$3 trillion
asset class: what's under
the hood is what matters

Anatomy of an
almost bubble

Four realistic surprise
fixed income
predictions for 2026

Super snippets:
A serious overhaul
with real worries

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Every year, we publish our realistic surprise predictions for the year ahead. We believe these predictions have at least a 1-in-3 probability of materialising – making them realistic, while not necessarily our base case, and may surprise investors based on current market positions and prices. Let's see what the year brings!

18 Super snippets: A serious overhaul with real worries

Come 1 July this year, the Australian superannuation system is to undergo one of its most significant changes in decades – the introduction of Payday Super. You may have heard discussions about this concept over the past few years, but with around four months before its implementation everything about it has become quite real.



Why finance is about to catch up to the rest of the world

By Dan Jowett, Chief Executive Officer, Openmarkets Group

As markets shift from analogue rails to tokenised infrastructure, instant settlement and 24/7 trading will redefine what we call finance.

As consumers we think nothing of accessing our favourite food, movie or travel destination through a transaction that takes just seconds. Almost every part of our daily lives exists in this instant, digital lane. But finance hasn't kept up. If you want to move money between accounts, settle a trade or finalise a property transaction you're still looking at processes

that take days, not seconds. Banking apps can look slick, but the truth is the processes behind them mostly run on analogue time.

And this is true for much of modern finance: for all its seeming sophistication, the pipes underneath remain surprisingly analogue. Each transaction must pass through brokers, registries, clearing houses, and custodians before

it is final. In fact, the average time for international SWIFT transactions still sits at around 18 hours. It's a process designed around paper certificates and predictable office hours and not one for digital markets that never sleep.

That gap between our digital expectations and the existing financial reality is now impossible to ignore and it's exactly where the next great

shift in markets is unfolding. Across the industry, a new generation of market-infrastructure providers are laying the groundwork to allow digital and traditional assets to trade on the same compliant rails. Institutions are developing tokenisation infrastructure for real-world assets, and building institutional-grade digital-asset platforms, recognising that these capabilities are part of the same evolution.

For years these worlds of 'old' and 'new' money barely touched. But as regulation evolves and demand grows for faster, easier access to assets, the convergence has begun. This shift is being driven not by any single platform but by collective pressure across the ecosystem: asset managers seeking broader distribution, exchanges exploring new models of settlement, and intermediaries rethinking how to deliver speed and transparency. Traditional finance works, but it's clunky and manual in ways consumers no longer tolerate. The direction is clear: markets are moving towards infrastructure where investors can connect once, move seamlessly across asset classes, and access both traditional and decentralised products on equal footing.

As these structural pressures build, the mechanism enabling this shift has become clearer: tokenisation – the process of turning a real-world asset into a digital token that can be traded, tracked and settled on a blockchain. In simple terms, a token becomes a digital representation of ownership: when you buy the token, you buy the asset. That shift matters because it removes layers of friction that have long slowed down financial markets. Settlement can be instantaneous. Reporting can be automated. Compliance can be built directly into code rather than checked after the fact. And assets that were once difficult to access such as private credit, commercial property, or infrastructure can be fractionalised and traded in far smaller units, expanding participation and, ultimately, enabling a more efficient allocation of capital. The new world this creates is predictable, programmable and liquid and one open to more investors.

This is not theoretical – the scale of this opportunity is immense. Boston



Looking ahead and the outlines of the 2035 financial system are already visible. Settlement will be effectively instantaneous. Markets will operate 24/7, not just during local trading hours.

Consulting Group estimates that as much as US\$16 trillion in assets could be tokenised by 2030, up from a few hundred billion today. Some of the prime drivers in this growth are private markets, fixed income, and real-estate-backed assets. And some of the world's largest institutions have already begun issuing tokenised funds and bonds

Tokenisation is not a fringe concept or a crypto experiment. This momentum is now being matched by regulatory action. Multiple jurisdictions, including Singapore and Switzerland, have introduced, or in the process of introducing, dedicated regulatory regimes for tokenised assets and digital securities. Regulators in the UK, EU and Hong Kong are also testing digital asset sandboxes and pilot regimes, signalling the direction of tokenised market infrastructure is moving firmly towards the mainstream. It is the next logical stage of market evolution and a way to rebuild financial infrastructure so that ownership, settlement and value transfer happen in real time, across borders, and with the level of trust and oversight regulators expect. This industry-wide shift represents a structural modernisation of the old financial plumbing – replacing slow, analogue rails with digital ones that finally match the speed of the world we live in.

If these trends continue, the impact on market structure will be profound. Looking ahead and the outlines of the 2035 financial system are already visible. Settlement will be effectively instantaneous. Markets will operate 24/7, not just during local trading hours. Investors will hold a tokenised version of almost every asset from equities and bonds to property interests, each updated in real time. Private markets will be far more accessible, with

fractional ownership the norm rather than the exception. And compliance will shift from manual checks to embedded, automated verification written directly into code.

The shift is already well underway. TradFi is transforming into DeFi, not overnight, but irrevocably, and the companies that can stitch together the old and new worlds will lead the next generation of financial markets. The change won't happen overnight. Regulation must evolve; trust must be earned; interoperability between blockchains must improve. But the direction is irreversible. Once investors experience instant settlement, transparency, and fractional access, there's no going back to cheques, faxes and overnight clearing. Eventually – and not that far into the future – we'll also stop calling it "crypto" or "traditional"; it will simply be digital finance, or even just 'finance' as we know it – governed by code, backed by regulation, and open to all.

Tokenisation won't replace the financial system, but it will reveal what it always could have been: faster, fairer, and frictionless. And when we look back in 10 years' time, the way we once moved money and managed markets may feel as distant as dial-up internet.



Dan will be taking part in the panel session on 'Digital assets, stablecoins and tokenisation', scheduled for Tuesday 19 May at the SIAA2026 conference.

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A maturing US\$3 trillion asset class: what's under the hood is what matters

By Frank Danieli, Managing Director, Head of Global Credit Solutions, MA Financial Group

Private credit continues its rapid expansion and is now firmly established as a core allocation for global investors. The asset class now exceeds US\$3 trillion globally and is expected to grow beyond US\$5 trillion within the next three years.¹

That growth has been well earned. Private credit has evolved from a niche, high-risk alternative with only US\$40 billion in total global allocations at the turn of the century,² to a genuine alternative form of fixed income focused on providing real world financing. Today, much of what sits within 'private credit' resembles lending

banks historically undertook but now cannot, or choose not to, due to capital constraints, speed, regulation, or operating inefficiencies. This structural shift has elevated the asset class into a meaningful pillar of investor portfolios.

Private credit has continued to outperform traditional fixed income over three, five and 10-year time horizons.

Investors have benefited from direct access to lending opportunities with structural protections, asset-backing or defensive characteristics that can generate income with capital preservation features.

In any environment where many investors remain cautious about duration risk and volatility, especially in the

more defensive part of their portfolios, private credit – when executed well – has delivered on its core promise: regular income and capital stability.

As the asset class matures however, growth and headline returns alone are no longer sufficient points of differentiation. In 2026, the defining question for investors is no longer “Do I have exposure to private credit?” but rather “What do I own – and how resilient is it?” In simpler terms, the focus has shifted to what lies under the hood.

Beneath similar labels lie materially different portfolios

As private credit has evolved from opportunistic lending toward higher quality, performing credit, it has become increasingly clear that not all private credit is created equal.

The proliferation of funds, strategies and structures has led to a widening dispersion of potential investor outcomes. Beneath superficially similar labels sit materially different portfolios with significant variation across:

- Investment and portfolio management practices
- Asset quality
- Portfolio construction and granularity
- Risk tolerance and management
- Transparency, governance and alignment.

In benign market environments these differences can be masked. Over a full market cycle however, they cannot. As Warren Buffett has famously observed, it’s only when the tide goes out that you see who’s been swimming naked.

Transparency, governance and alignment now front and centre

As private credit has scaled, so too has regulatory and investor focus on disclosure, governance and valuation practices. This scrutiny is healthy and necessary for the long-term credibility and sustainability of the asset class.

In 2026 what matters is not simply reported performance, but how that performance is generated, monitored



As private credit has evolved from opportunistic lending toward higher quality, performing credit, it has become increasingly clear that not all private credit is created equal.

and protected. For investors, this means a clear understanding of:

- How loans are structured and where they sit in the capital structure
- What must occur for the first dollar of capital loss to be incurred
- How portfolios are monitored, stress-tested and managed through change
- Whether reported valuations stand up to scrutiny and reflect economic reality
- And critically, whether the manager is truly aligned with investors to deliver targeted outcomes through different market conditions.

At MA Financial, we have long believed transparency is not a checkbox exercise, but rather a core responsibility of capital stewardship. Our investment process, portfolio reporting and governance frameworks are designed to enable investors to answer the hard questions before they are asked.

That is not to say we cannot do more. We are always looking for ways to improve not only our processes and credit strategies, but also our approach to investor communication and disclosure.

In this spirit, we undertook a substantial refresh of our disclosure frameworks in 2025. For example, in our flagship Credit Income Fund suite, our December 2025 quarterly report is 37 pages long. This report supplements our monthly portfolio, investment and performance reporting with detailed disclosure on asset composition, investment characteristics, counterparty exposures, fees, leverage, credit risks, liquidity and other information we believe matters to investors. Similarly, our real estate credit fund since launch in early 2018 has provided investors with details of the portfolio construction and

assets that sit within the ‘Watch List’ – traditionally an uncommon disclosure in the sector.

Alignment and downside management still matter most

In prior outlooks, we emphasised that success in private credit investing is about avoiding losers, not picking winners. This principle remains unchanged.

The most effective way to achieve this is through alignment of interests. Managers with meaningful skin in the game, robust governance and genuine workout capability behave differently when conditions tighten. They structure loans more conservatively, monitor portfolios more actively, and intervene earlier when risks emerge.

As at the end of 2025, MA Financial and its staff had over \$230 million³ invested alongside clients across our private credit strategies. This level of co-investment reinforces an owner’s mindset and our philosophical belief that managers should have their capital at risk, aligned with their investors across all market cycles.

Low-probability events still happen and markets inevitably change. While timing cannot be predicted, it doesn’t need to be – what matters most is that portfolios are built, and managed, to withstand them.

Looking ahead: disciplined growth, not blind expansion

Private credit will continue to play a vital role in capital formation, particularly as banks further rationalise

balance sheets and regulatory frameworks remain tight.

We expect continued growth in areas such as asset-backed lending, speciality finance and bank partnership opportunities, where structure and diversification provide resilience.

However, we remain cautious on undifferentiated capital chasing yield, loose underwriting, and strategies that rely on favourable conditions rather than structural protection.

In 2026, the opportunity set remains attractive – but selectivity, transparency and discipline are paramount.

As the saying goes, anyone can polish the bonnet. What ultimately matters is what sits under the hood – and whether it's built to last.

¹ Pitchbook, May 2025. Morgan Stanley, October 2025.

² Preqin, 2024.

³ As at December 2024.

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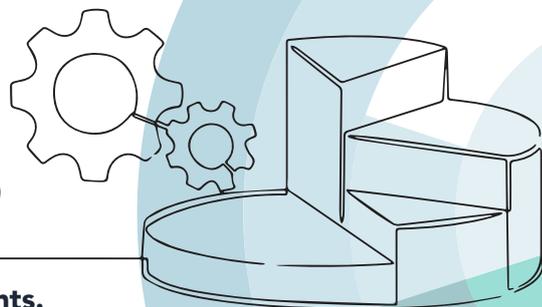
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A day in the life of a trade workshop

Monday 9 March from 11.00 to 12.30pm AEDT

Ideal as a refresher or for those in supporting roles, this workshop walks through a trade from start to finish. It covers client onboarding, order placement, execution, settlement, sponsorship/HINs, CHES messaging and registries, giving participants a clear understanding of the full trade lifecycle.

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

ASIC Knowledge Area: Generic knowledge 1.5



ROB TALEVSKI
Webull

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

Estate planning under the new super rules

Wednesday 25 March from 1.00 to 2.00pm AEDT

This webinar explores how Division 296 impacts superannuation estate planning, including death benefit nominations, reversionary pensions and taxation outcomes. Kym Bailey will outline practical considerations, common pitfalls and key client conversations to help advisers navigate risks and opportunities.

Professional Standards CPD: Client care and practice 1.0

ASIC Knowledge Area: Generic knowledge 1.0



KYM BAILEY
JBWere

Introduction to stockbroking workshop

Wednesday 15 April 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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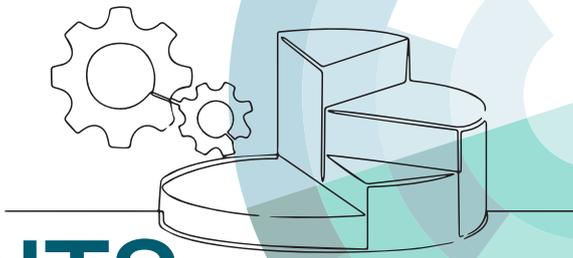


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CPD EVENTS cont



Market manipulation and other prohibited conduct workshop

Tuesday 28 April 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.



PROFESSOR
MICHAEL ADAMS

Professional Standards CPD: Regulatory compliance and consumer protection 1.25 | Professionalism and ethics 1.0
ASIC Knowledge Area: Generic knowledge 2.25

The SIAA2026 logo features a stylized globe with a network of lines and dots, and a red arrow pointing right. The text 'SIAA2026' is in a large, blue, sans-serif font.

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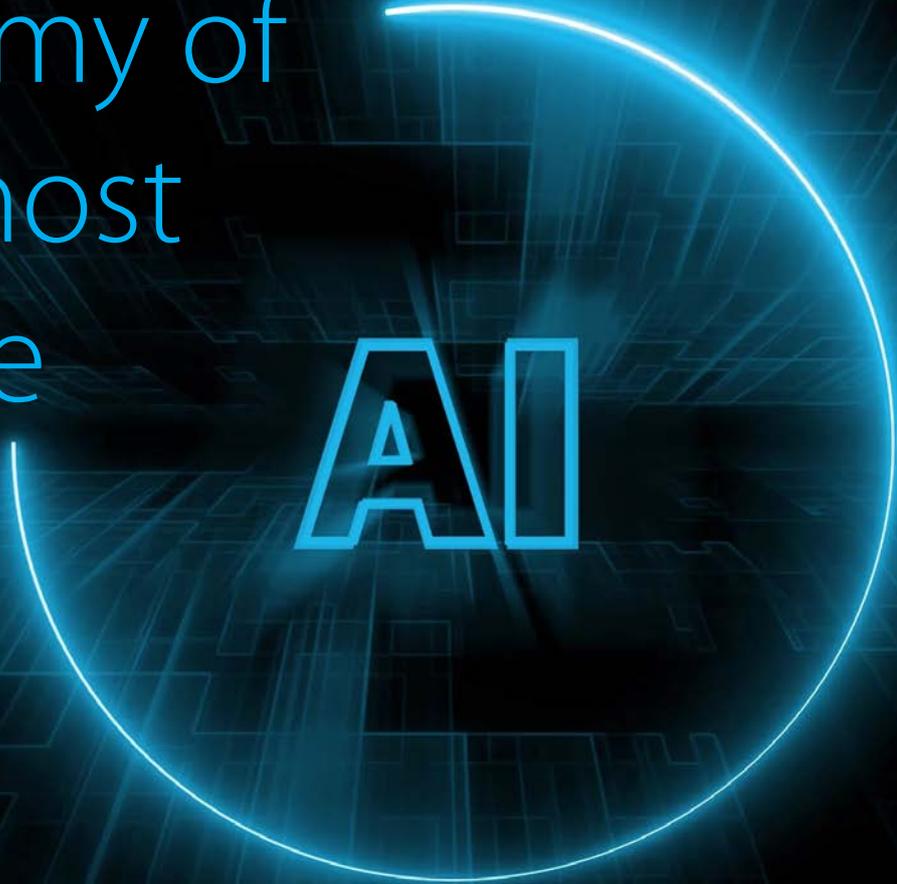
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Anatomy of an almost bubble

A large, glowing blue circle with a thick outline, resembling a bubble. Inside the circle, the letters 'AI' are written in a bold, blue, sans-serif font. The background is dark with a grid of glowing blue lines and a central light source creating a lens flare effect.

AI

Provided by the Schroders QEP Equities Team

Whilst geopolitical uncertainty continues to create short term volatility, investors currently seem quite sanguine about the state of the global economy and, by extension, the resilience of their stock markets. This shouldn't be a surprise as the playbook of the past few years has been simple: ignore the noise and stay on the bandwagon.

Nevertheless, some cracks in the big tech momentum trade started to appear towards the close of last year and it's easy to overlook the fact that there were many other ways to make money than owning seven massive US stocks. At the time of writing (late-Jan), the cooling in speculative enthusiasm that was evident towards the end of last year appears to have carried through to 2026 even as equities continue to edge tentatively higher. This broadening in participation is encouraging,

supporting the idea of an orderly rotation away from the dominant winners of recent years rather than rupture.

Despite these positive signals, we have always side stepped the temptation to forecast the year ahead. Instead, we spend more time attempting to back-out what is already priced in and what could go wrong. A year ago, we were concerned about a bubble building (it didn't, although more on that later), geopolitics and Trump's tariffs. 2025 instead offered a salutary

reminder that investors ultimately care about transmission mechanisms more than headlines. In other words, markets can tolerate political noise as long as macro conditions – growth, inflation, and liquidity – remain supportive. That framing sets up the year ahead as an exercise in scenario analysis rather than narrative prediction.

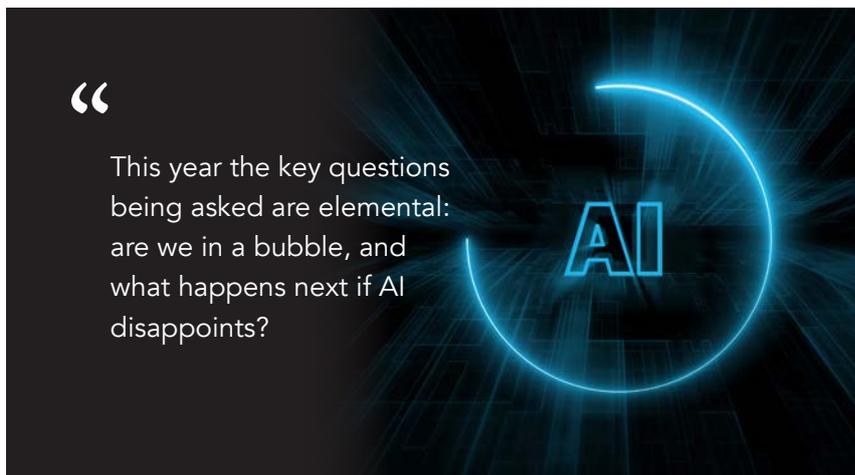
This year the key questions being asked are elemental: are we in a bubble, and what happens next if AI disappoints? On the bubble question, the

consensus tone is “probably not and certainly not in the broad, system-wide way that typically matters.” On the “what next?” question, we would similarly offer the anti-climactic response that it also doesn’t matter, because the opportunity set is now sufficiently wide that there is “something for everyone”. This should not be regarded as complacency. It is instead a reframing of how risk may be expressed in the year ahead – less as a single market crash narrative, more as a contest between regimes, leadership rotations, and the ability of portfolios to absorb shocks without forfeiting upside.

Looking in the rear-view mirror is not very helpful in terms of offering a prescriptive timetable for what may happen in 2026 but it does provide some broad guidance:

- In past episodes where equity markets exhibited simultaneously high valuations and extreme concentration in a dominant growth narrative, the subsequent 5–15 years have rarely (or never?) rewarded continued concentration in the same leaders.
- Global equity markets have nevertheless still generated acceptable long-run returns, but via rotation toward different sectors, styles and regions – Value over Growth, defensives and real assets over glamour sectors, EM and ex-US over the prior centre of exuberance.
- During the unwind phase itself, defensive sectors such as staples, healthcare and utilities have tended to fall less or even outperform, cushioning portfolio drawdowns.

It is well understood that the main difference today versus the most relevant historical bubbles is that the market leaders now are highly profitable incumbents, not loss-making start-ups. On that dimension, they resemble the Nifty Fifty more than the average dot-com IPO. History shows that such companies can ultimately vindicate optimistic narratives at the business level – but that starting valuations still matter. For investors who bought Nifty names or Japanese blue chips at peak prices, the next decade delivered low or negative real returns despite the survival of many franchises. Leading



“ This year the key questions being asked are elemental: are we in a bubble, and what happens next if AI disappoints?

AI companies act like they are in an arms race but the real winners in the long run will also be the AI adopters.

It’s tempting to assume that past winners will continue to lead, but history suggests that turning points emerge when leadership concentration reaches extremes. However, the average correlation between members of the Magnificent-7 has recently fallen towards zero and performance dispersion is high. This is a healthy sign that investors are differentiating. Fundamentals matter.

Resilience in 2026 may depend less on ‘calling the top’ and more on managing exposures that work across regimes – those priced for realism, not perfection. Historically, investors have been rewarded for not blinking when the market is at an all-time high, although this does not preclude rotation in leadership.

We suspect that 2026 will reward investors who treat “bubble risk” as a reason to diversify exposures, not a reason to abandon equity risk. The market may not be in a classic bubble, but it has some of the hallmarks: elevated expectations and crowded positioning. But it need not be all or nothing. One strategy would be to maintain a foothold in the AI/US leaders while actively building resilience through breadth: cheaper non-US equities and deep value exposures alongside and sectors with either policy tailwinds or idiosyncratic catalysts. Even if the AI trade continues to perform, investors can rebalance toward more attractively priced opportunities. This strategy

not only preserves return potential – it may also strengthen portfolios against volatility if AI leadership does indeed falter.

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Four realistic surprise fixed income predictions for 2026

By Bob Michele, Chief Investment Officer and Head of Global Fixed Income, Currency & Commodities Group, J.P. Morgan Asset Management

- In our 2026 realistic but surprise predictions, we highlight the probability of shifts in yields – a flatter US yield curve, rise in emerging market (EM) bonds with negative spreads to US Treasuries, and a stronger US dollar (USD).
- In a changing market, active management and flexibility are key—high-quality active bond exchange-traded funds (ETFs) may help investors adapt and manage risk.
- J.P. Morgan Asset Management’s active fixed income ETFs, like JPMorgan Global Bond Active ETF (JPGB) and JPMorgan Income (Hedged) Active ETF (JPHE), seek to provide regular income, strong credit quality and global expertise.

What are our realistic but surprise fixed income predictions for 2026?

Every year, we publish our realistic surprise predictions for the year ahead. We believe these predictions have at least a 1-in-3 probability of materializing – making them realistic, while not necessarily our base case, and may surprise investors based on current market positions and prices. Let’s see what the year brings!

1. The US Treasury yield curve is flat out to the 10-year maturity point at a sub-3% yield

In 2025, the yield curve steepened, with 10-year US Treasury yields trading just above the US Federal Reserve’s

(Fed) funds rate and the gap between 2- and 10-year yields widening by over 60 basis points (bps). However, 2-year yields traded below the Fed funds rate¹.

Several developments could help these realistic surprises materialise:

- The Fed cuts interest rates to around 2.5%–3% as inflation settles, helped by tariffs fading away.
- After stopping quantitative tightening in December, the Fed starts buying US Treasury bills again to match the growth in cash in the system. The rise of USD stablecoins may also contribute to demand for these bills.
- At the same time, the US Treasury could focus on lowering long-term rates by issuing fewer long-dated bonds and more short-term bills, knowing there are plenty of buyers like the Fed, money market funds, and stablecoins. The aim is to make mortgages more affordable and support the housing market.

2. Spreads in the US high-yield market reach a new record low

The all time low in spreads for the Bloomberg US Corporate High Yield Index was 233 bps back in 2007. The local low for this cycle was 253 bps and occurred in November 2024². Looking ahead, the credit markets look past the negative headwinds of tariffs and on to the positive tailwinds of the One Big Beautiful Bill Act, a cornerstone legislation of US President Donald Trump’s economic agenda. Policy measures include making 2017 tax cuts permanent, allowing immediate 100% bonus depreciation for business investments, and boosting border security funding³.

High yield is likely to be supported by strong corporate fundamentals and positive technicals. Maturity walls have been extended well past 2026, and the dominant driver of supply has been refinancing. In addition, a rising share of the capital stack is secured, and defaults remain low. The index continues to skew toward high quality as the emergence of private credit

has absorbed the marginal borrowers that typically finance themselves in the public high yield market at this point in the cycle².

3. The share of the Emerging Market Sovereign Bond index (EMBIG) with negative spreads to Treasuries could triple in size.

Currently, less than 2% of the J.P. Morgan EMBIG index trades at a negative spread to US Treasuries, with only a few issuers like China and the United Arab Emirates reaching similar level⁴. About 12% of the index trades with a spread between 0 and 50 bps. If a third of these move into negative territory as the global economy grows, the share of bonds with negative spreads could rise from nearly 2% to 6%⁴.

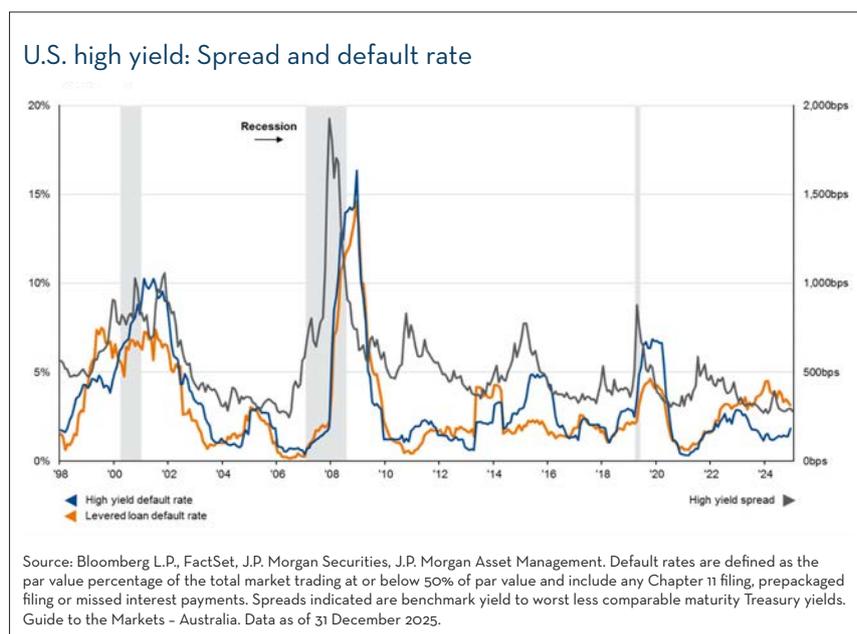
Middle Eastern issuers appear to be the likely candidates, thanks to strong local demand, solid fundamentals from oil revenues, and a desire to match China’s achievement of bonds trading through Treasuries. Technical factors are supportive and investor positioning is still cautious. However, if this trend does not continue, some EM investors may be reluctant to buy bonds at yields below those of the US.

4. The US dollar (DXY) could reach a new cycle high

Fears of a “Sell America” trend in early 2025 did not come to pass. US capital markets remain the world’s most liquid and diverse. Although foreign investor interest in unhedged dollar assets may have peaked for now, the shift towards hedging back to home currencies has slowed. The so-called “dollar smirk” was brief, and the “dollar smile” has returned, with the dollar strengthening even during risk-off periods, especially when driven by US artificial intelligence stocks. Historically, the DXY index hit an all-time high above 160 in 1985, peaked above 120 in 2001, and reached a local high of 114 in September 2022—about 14% higher than current levels and a useful benchmark⁵.

Tap into an actively managed high-quality bond portfolio with an ETF wrapper

As we look ahead to 2026, the market environment remains dynamic—whether it’s shifts in the yield curve, credit spreads, or evolving trends in emerging markets and the USD. In such an environment, flexibility and active



decision-making are more important than ever.

An actively managed, high-quality bond ETF provides investors the ability to adapt to changing conditions, capture opportunities across global fixed income markets, and manage risk in real time.

By combining the expertise of active management with the efficiency and transparency of the ETF structure, investors are well positioned to navigate whatever surprises the year may bring—unlocking the full potential of fixed income in their portfolios.

Investors can access this through high-quality global fixed income assets with strong credit ratings and a fixed income strategy with a focus on generating regular income.

The JPMorgan Global Bond Active ETF (Cboe: JRGB) is one such strategy that employs a quality-biased approach to construct a high-quality portfolio. The strategy primarily seeks exposure to (at least 80%⁶) investment-grade (IG) bonds across the globe including emerging markets. It seeks to actively shift its allocation towards areas with stronger fundamental outlook. In addition, the strategy actively seeks to manage duration and currency risks through a disciplined yet dynamic risk management approach⁷.

The JPMorgan Income (Hedged) Active ETF (Cboe: JPIE) is another example. This is a high-conviction fixed

income strategy focused on delivering regular, distributable income with careful risk management. JPIE invests opportunistically across a diverse range of debt securities with strong income potential and low correlations globally, enhancing diversification. The strategy is highly flexible, enabling allocation shifts in response to changing market conditions. The portfolio's largest allocation is to agency mortgage-backed securities and also includes investment grade and high yield credit, as well as USD-denominated emerging market debt⁸.

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.

¹ Source: J.P. Morgan Asset Management, Bloomberg as of 31.12.2025

² Source: Bloomberg US Corporate High Yield Index as of 31.12.2025

³ Source: One Big Beautiful Act (OBBBA) of 2025 as of 04.07.2025

⁴ Source: J.P. Morgan EMBI Global Diversified Index as of 31.1.2025

⁵ Source: US Dollar Index as of 31.12.2025

⁶ Please refer to the fund's offering documents

for further details on its objectives. The manager seeks to achieve its stated objectives and there is no guarantee they will be met.

7. The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

8. Source: J.P. Morgan Asset Management as of 31.12.2025. Please refer to the fund's offering documents for further details.

The fees and costs are comprised of a management fee, fund expenses and indirect costs. Please refer to the Fees and Cost section of the relevant Product Disclosure Statement for more information.

All investments contain risk and may lose value. Before investing, obtain and review the Product Disclosure Statement of the Fund and Target Market Determination which have been issued by Perpetual Trust Services Limited, ABN 48 000 142 049, AFSL 236648, as the responsible entity of the fund available on <https://am.jpmorgan.com/au> to understand the various risks associated with investing in the Fund and in making any investment decision and for more detailed information relating to the risks of the Fund, the type of customer (target market) it has been designed for and any distribution conditions. Past performance is not a reliable indicator of future performance and investors may not get back the full amount invested. Future performance and return of capital is not guaranteed. Information is considered correct at the time of issue but no liability for errors or omissions will be accepted by JPMorgan Asset Management (Australia) Limited or its affiliates. This document is intended solely for the person to whom it is provided by the issuer. Positive yield does not imply positive returns. Yields are not guaranteed. Fund holdings and performance are likely to have changed since the report date. No provider of information presented here, including index and ratings information, is liable for damages or losses of any type arising from use of their information.

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

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Features of the JPMorgan Global Bond Active ETF (JRGB)

Quality bond investing



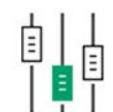
Focusing on IG fixed income securities, the strategy seeks to exhibit lower volatility relative to single-sector fixed income or equity portfolios.

Globally diversified



With exposure to a broad range of IG fixed income securities, the portfolio is diversified across sectors and markets. This helps the strategy achieve strong risk-adjusted returns.

Active management with multiple levers



The strategy adopts a flexible approach to harness opportunities across different sources of alpha within the IG universe, spanning countries, sectors, issuers, duration and currencies.

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A serious overhaul with real worries



By Darin Tyson-Chan, Editor, *selfmanagedsuper*

Come 1 July this year, the Australian superannuation system is to undergo one of its most significant changes in decades – the introduction of Payday Super. You may have heard discussions about this concept over the past few years, but with around four months before its implementation everything about it has become quite real.

What is Payday Super? It's a new framework whereby employers will have to make the superannuation guarantee (SG) contributions for their employees each payday. It's been designed to significantly reduce the amount of unpaid super within the Australian workforce.

Under the new regime, employers will be required to ensure all SG contributions are received by an employee's super fund and can be allocated within seven working days of the organisation's payday.

Sounds good in theory doesn't it, but as they say in the classics, "the proof is in the pudding", and to tell you the truth I'm expecting quite a bit of chaos come implementation day. The greatest amount of pain is likely to be experienced by smaller groups.

When you look at what will happen over the next few months in the lead-up to Payday Super, it's hard not to believe the government has done everything in its power to make the transition as difficult as possible.

For instance, Canberra has made the decision to shut down the Australian Taxation Office (ATO) Small Business Superannuation Clearing House (SBSCH) facility. Right now around 250,000 employers use this service, but it will be no longer operating from 30 June 2026.

This is problematic for a few reasons. Firstly, it exacerbates the change employers will need to undergo to comply with Payday Super as they will need to move away from a reliable payment platform and switch to a new

one that is untried. There's a way to build confidence.

Secondly, the SBSCH will be unavailable for employers to make their final SG payments under the old system, further complicating the changeover to Payday Super. I'm not really sure what the logic is to exclude normal practice for the last contributions made under the existing system.

Related to this development are new terms that will become part of the superannuation lexicon, such as member verification request or MVR, which is a new SuperStream message allowing employers to instantly confirm an employee's super fund details are valid and active before making payments. Another new term will be the new payments platform or NPP the Payday Super regime will use for

faster, real-time tracking. So get ready for those references.

There are many areas for concern that may lead to the new framework breaking down to a degree and prevent it from achieving what it has been designed to do. One of these is the unreasonable onus it puts on employers.

Until now an organisation had fulfilled its SG payment obligation the moment a payment was made to a clearing house facility. Under Payday Super, the employer is not off the hook until the contributions are received and allocated by the superannuation fund. That means employers will be responsible for the operational shortcomings of a service provider if the SG payment is not made within seven business days.

To demonstrate the egregious nature of this arrangement, if you are an employer and the clearing house has some failure of its operational infrastructure, meaning the contribution

payment misses the seven-day deadline, then you will be up for any penalties associated with the late payment.

Errors in employee records present another issue. I have been told anecdotally that one incorrect record preventing one member's SG payment from being allocated to them means the entire SG payment becomes invalid. To this end, I have already had discussions with practitioners and employers as to how to resolve this issue. The worry is will it mean paying the SG for every person on the payroll individually. Inconvenient for a small employer, but a complete nightmare for any organisation that has more than even 10 staff on its books.

But perhaps the biggest worry for smaller employers is the cash flow needed to ensure compliance with the new framework. It is very different to ensure you have enough cash to make SG contributions on a quarterly basis versus making them in line with the salary cycle.

And if you think this is not a massive concern, one organisation has told me it is changing from a weekly pay cycle to a monthly one purely to accommodate the liquidity demands of Payday Super. I wonder how many more employees will have to stomach a change in the frequency of their remuneration payments in this manner and we're not even contemplating the flow-on effects of having to amend automatic payment arrangements for elements such as home loans.

These are the obvious problems that are going to arise from the introduction of Payday Super and there are many others I have not had the space to discuss. For me the key takeaway message is to prepare for a turbulent time from 1 July with regard to superannuation and remuneration arrangements.

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