SIAA monthly

www.stockbrokers.org.au | April 2026

AI looks different now

Post-trade in an age of real-time markets

Valuing Australian commodities in a narrative-driven market

Market data as a valuable strategic asset

The halo trade: When heavy assets matter again

Breaking down barriers: How smaller parcel sizes are transforming fixed income investing in Australia

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Stockbrokers and Investment Advisers Association
Serving the interests of investors

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MESSAGE FROM THE CEO

Board visit to Canberra

In the week of 2 March 2026, the SIAA board and I travelled to Canberra to meet with the Minister and Treasury to discuss key advocacy matters. The meetings were productive and provided clarity on the priorities of the Government and its legislative agenda. Specifically, the conversations centred around the Education Standards, DBFO, CSLR and the ASIC industry levy, the wholesale test and current position of AFCA and the current events impacting capital markets.

Pleasingly within two weeks of our visit, Treasury issued a consultation paper that provides details of the proposed new qualification standard, implementation considerations and how it is intended to work for new entrants and industry. The consultation finally progresses the reform of the education standard for financial advisers that was announced in February 2025 – reform that is needed to address the current shortage of financial advisers and meet the demand for financial advice.

The Board also used this visit to have one of their quarterly Board meetings and to discuss the future strategy of SIAA. I presented a new strategy that was approved by the Board which I look forward to sharing with you at SIAA2026 in May. This will cover an updated vision and purpose as well as strategic pillars and initiatives for the next three years.

SIAA Board and executive visit Parliament to discuss a range of proposed legislative and regulatory reforms

New additions to our SIAA Monthly

At SIAA, we are extremely lucky to have the valuable input of our principal and practitioner members across our various Committees and Working Groups. So, we thought it was important to start sharing these contributions with our broader member community. This month, we have two new additions to our monthly newsletter – Committee Spotlight and Scam Brief. Each month, we will start to share the role and impact of our committees starting this month with the Compliance Committee in the Spotlight. Through our new Scam Brief, we will start to share the latest scams and frauds that our members are seeing to raise awareness and allow our members to protect their investors and themselves.

Maria Lykouras, CEO

Welcome MooMoo Securities to our community

We are pleased to welcome MooMoo Securities as a new Principal Member of the Association.

We also extend a warm welcome to Michael McCarthy, who joins our Derivatives Committee, Steven Yang, who joins our Compliance Committee, and Sherie Fang, who joins our Operations and Technical Committee.

On a final note, I would like to extend my sincere thanks to the Principal members who so generously welcomed me into their offices and shared their support, advice, and recommendations for the future of SIAA. It has been invaluable to gain insight into what differentiates each of your businesses, and inspiring to experience the strong optimism that exists for the continued growth of our industry.

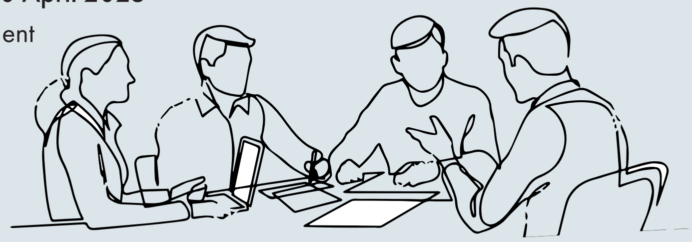
COMMITTEE NEWS – APRIL 2026

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

Compliance Committee, Thursday 9 April 2026
Chair: Melissa Nolan MSIAA, Ord Minnett

Diversity, Equity & Inclusion Committee, Monday 20 April 2026
Chair: Michelle Inns MSIAA, LGT Wealth Management

Profession Committee, Wednesday 6 May 2026
Chair: Jane Tandy MSIAA, Leeuwin Wealth



New Principal Member

Moomoo Securities Australia Ltd

New Student Affiliate StuAfSIAA

Thomas O'Connor, The University of Sydney

COMMITTEE SPOTLIGHT

Compliance Committee

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

SIAA's Compliance Committee meets monthly and is the driving force of our policy and advocacy work. It is chaired by Melissa Nolan MSIAA of Ord Minnett and is made up of representatives of SIAAs 29 principal member firms. Together, members discuss the most pressing legal, regulatory and compliance issues facing the industry including the Compensation Scheme of Last Resort, the Delivering Better Financial Outcomes reforms, AFCA's decisions and the ASX CHESS replacement program. Committee members form working groups to respond to consultations undertaken by Treasury and ASIC and their engagement extends to attending Treasury roundtables and meetings with regulators to put forward the views of members.

A tangible result of this work is the current consultation on how to implement the new education standard. This reform has been a continuous focus of the Committee for many years. SIAA has welcomed the consultation as an important step in finally addressing the failed approach to the education pathway.

The Committee has also been engaging regularly with ASIC over the last year on behalf of members on matters such as the need for changes to the Market Integrity Rules including changes required for buy backs. The Committee further gets involved when ASIC reaches out to SIAA for input on proposed changes to information sheets, guidance and Market Integrity Rules as it knows that our Compliance Committee members are the ones responsible for operationalising regulatory change. One issue that the Compliance Committee has been involved in recently has been ASIC's consultation on trading systems and automated trading. Committee members have been meeting with ASIC to highlight the important role that DTRs play in our members' businesses.

Due to the valuable work of the Committee, our members' voice is heard by the government and regulators when issues are debated and legislation is developed.

Treasury consults on education reform for financial advisers

Treasury has issued a consultation paper that provides details of the proposed new qualification standard, implementation considerations and how it is intended to work for new entrants and industry. The consultation finally progresses the reform of the education standard for financial advisers that was announced in February 2025 – reform that is needed to address the current shortage of financial advisers and meet the demand for financial advice.

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

- **A bachelor degree or higher:** a new entrant must hold a completed bachelor degree at Australian Qualifications Framework (AQF) level 7 or higher in any discipline from an Australian Higher Education Provider. This means that all financial advisers will be required to have a university degree.
- **Four financial concept subjects**: They must complete at least four subjects at an AQF level 7 or higher in financial concepts drawn from a proposed list. This reflects feedback that different financial concepts can be covered across a broad range of subjects from different disciplines. The financial concept subjects will not be included in a prescriptive determination but will include:
  - Economics/Econometrics
  - Agribusiness/Agricultural economics
  - Accounting
  - Financial Advice Principles and Construction
  - Superannuation and Retirement Planning
  - Estate Planning and Estate Law
  - Taxation and Taxation Law
  - Business Law and Commercial Law
  - Finance and Finance Law
  - Banking and Investments

  How easy it is for licensees to assess the four financial concept subjects will be key to the efficacy of the proposal.
- **Four accredited financial advice subjects**: These are:
  - Ethics for Professional Advisers
  - Financial Advice Regulatory and Legal Obligations
  - Client and Consumer Behaviour
  - Financial Advice Fundamentals.

Completion of these four accredited financial advice subjects cannot be counted towards the four financial concepts study requirement. The first three subjects are existing bridging units and already exist. The new Financial Advice Fundamentals subject will need to be developed by Higher Education Providers. Treasury will establish a working group of Higher Education Providers to finalise the curriculum details for this subject.

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

Taxation and Commercial Law subjects will be removed from the current curriculum because not all financial advisers provide tax (financial) advice. However, as these subjects remain mandatory for Tax Agents and Qualified Tax Relevant Providers at an AQF Level 5, if a financial adviser wants to provide tax (financial) advice they will have to complete the mandatory Taxation and Commercial Law courses before doing so.

Key benefits

The consultation paper states that key benefits of the new education standard will be:

- Recognition of prior education and experience that reduces barriers for new entrants with backgrounds in related fields such as Accounting and Finance.
- New entrants with existing degrees in Commerce or Economics, for example, may only need to complete four accredited subjects, potentially enabling them to begin their professional year sooner.
- By accrediting new entrant subjects rather than entire degrees, the new standard provides clarity and flexibility for new entrants to navigate their education requirements.

Transition

Treasury is seeking feedback on how to implement a smooth transition to the new education standard. SIAA will be asking for the new standard to come into effect as soon as possible so that candidates can rely on their Commerce, Finance, Economics and Finance degrees to enter the new entrant pathway.

Accreditation of the four financial advice subjects

The four financial advice subjects will need to be approved by the Minister, potentially with the option for the relevant Minister to delegate this power to Treasury. Accreditation will apply to the individual subjects rather than entire degrees or programs.

It is anticipated that Treasury will use a public online list of accredited financial advice subjects similar to the TPB register for Tax Agents and Qualified Tax Relevant Providers. We consider that this is a good idea as the current TPB system works well.

It is expected legislative amendments will be required to support these changes. If this is the case, we urge the government to pass the amendments quickly.

As licensees will be required to assess qualifications against the new requirements, guidance will be needed to help them assess whether subjects satisfy the financial concepts requirement.

Feedback is due to be provided by 17 April 2026 and SIAA will be responding to the consultation.

The link to the Treasury consultation paper is here.

SCAM BRIEF

Through our committees and working groups we become aware of current scam and fraud activity in the industry. Based on a recent suggestion from one of our members, SIAA wanted to share this for your awareness. Please take note of the following:

- An increase in the use of stolen Medicare cards sourced from the dark web to create accounts. The documents are improving in quality and are being used to apply for bank loans.
- An increase in the use of malware by fraudsters to gain control of share accounts, particularly those holding international stocks.
- Fraudsters gaining access to customer identities through careless disposal of mobile phones. The customer fails to properly wipe the phone on disposal and the fraudsters are able to access their banking and share account details via their apps.
- Hacking of emails when account holders use free wi-fi on cruise ships. The fraudsters commence the ID takeover process while the customer is on the cruise by changing their account passwords, email and physical address.
- Scammers taking over the bank accounts of customers who provide their bank details while using the 'Gumtree' website.

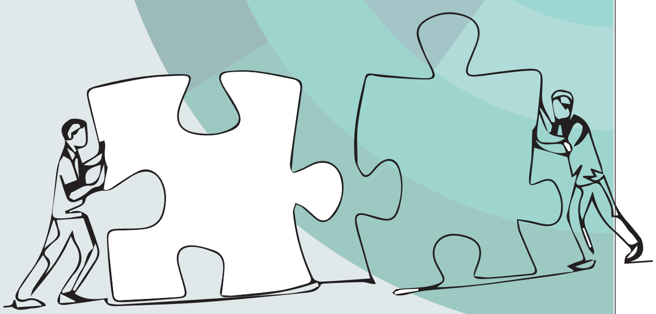
There has also been a number of incidents of share sale fraud in the shares of Kinetiko Energy Ltd (ASX: KKO) relating to shareholders in South Africa. Participants have been recommended to contact KKO to check transfer requests for this stock and to undertake enhanced due diligence.

MEMBERS CAN VIEW SUBMISSIONS **HERE**

ACTING **FOR YOU**

SIAA exists to represent our members and work in their interests. Below are the key issues we are currently working on:

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



AI looks different now

By David Steinthal, Chief Investment Officer, L1 Capital International

One of the many things that's changed dramatically in 2026 – along with the world trading rules, the shape of the Middle East and the leadership of Venezuela – is how we talk about technology.

For years we celebrated the ascent of the Magnificent Seven (Nvidia, Google, Microsoft, Apple, Netflix, Tesla and Amazon) and the transformative potential of A.I. Now doubts have crept in and that's reflected on the markets. In February, the Magnificent Seven fell sharply.

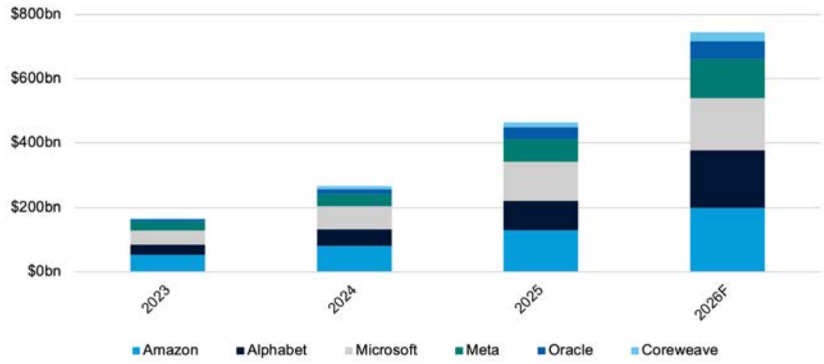
Those AI-related doubts centre on three areas:

1. Can tech companies continue their vast capital expenditure (capex) spending?
2. What happens to companies that AI disrupts?
3. Who wins from the AI revolution?

1. Capex – you've got to spend money to make money

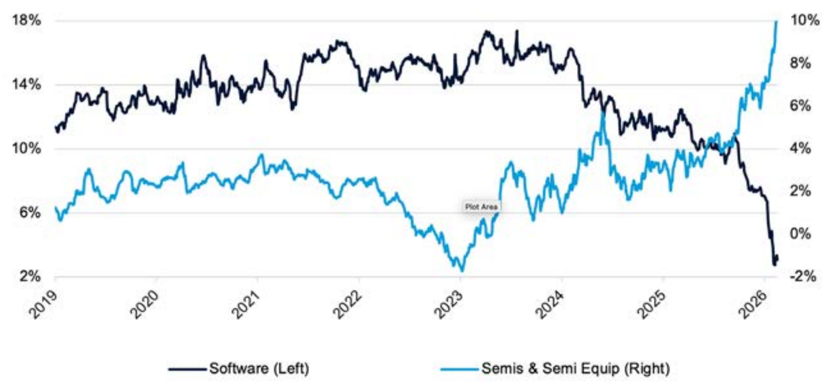
Recently, Amazon shocked the market by announcing they would spend two hundred billion dollars on capex in 2026. That's one company, in one year, spending more than every single

Chart 1: Capex spending (US$)



Source: FactSet, L1 Capital International

Chart 2: Hedge fund exposure to software and semis (% of total US net exposure)



Source: Goldman Sachs

Australian company and every single government entity over the same period. The growth in capex spend is staggering.

Today, the level of return companies like Amazon will make on these investments is uncertain. But history provides some guidance.

- When developing its cloud service, AWS, Amazon spent ten years and two hundred billion dollars. They've made a 20% return on that capital.
- During Covid lockdowns, we had nothing to do but shop. Amazon doubled their fulfillment capacity between 2019-2022 and hired 800,000 staff in two years. They lost money in 2022 but now their retail business runs with record profitability.

The lesson? It's not the absolute spend that matters but the return you generate. In any business, it's unrealistic to expect your big capex outlay to synchronise perfectly with demand. That's especially true when you're dealing with new technology.

It's also unrealistic to think these very well managed companies will keep spending if they're not getting a return on their capital. The timeframe is key. Today the market is judging this massive investment and what it does to valuations on a short-term basis. We think the sell-off is creating great opportunities to invest in high quality businesses[1].

2. Who gets disrupted?

In recent weeks we've seen many high-quality software companies marked down sharply. Software is changing. You don't need vast swathes of brilliant software engineers to develop code. In fact, coding is a perfect use case for AI.

Yet it's also simplistic to believe every software company is going to be automatically and equally disrupted. When a software is deeply embedded in customers' workplaces and business models it's extremely hard to replace.

Anthropic, one of the most impressive LLM businesses, launched their enterprise offering by saying they want to work with leading software companies, building their AI models into their software.

3. Who wins from the AI revolution?

When we assess the investment potential of AI, we focus on:

- How much value will be created by AI technology?
- At what cost?
- Who retains this value?

There are multiple layers of firms that could capture the value created by AI. Will it be Nvidia designing the chips or TSMC manufacturing them? The data centres owners or LLM companies like Anthropic? Will it be the software layer, or the application layer that delivers services (think Canva or Siri)? We think it'll be a mix.

Right now, the market is concerned about capex and disruption. As you can see in Chart 2, hedge funds are dumping software companies and buying the short-term winners like semiconductor companies.

We think that's causing some unjustified price dispersion. It's true software businesses are under pressure. It's also true the pick and the shovel

> There are multiple layers of firms that could capture the value created by AI. Will it be Nvidia designing the chips or TSMC manufacturing them? The data centres owners or LLM companies like Anthropic? Will it be the software layer, or the application layer that delivers services (think Canva or Siri)? We think it'll be a mix.

providers – semiconductor companies, power providers and the like – will do very well. But valuations are starting to stretch.

We think if you research deeply enough, you can distinguish between companies that will adapt and those going to be disrupted.

Once again, the Magnificent Seven is a guide to this. They're not homogeneous – Nvidia is not Netflix. But most of them have underperformed the market year-to-date as investors moved towards semiconductors, consumer staples and hard assets.

They are still some of the best companies in the world and may come out of this period much stronger. Take Microsoft. It used to be a software business but now it's investing hundreds of billions in hard assets like the data centres that drive Azure (their cloud solution) to provide the infrastructure that supports AI.

It's incongruous to think AI is going to take over the world, but that the companies enabling the revolution are not going to generate a return on their capital. That's why we believe taking a medium-term view of AI – and a medium-term investment horizon – will allow you to generate stronger returns over time.

[1] From a risk management view, we note that the bulk of this capex spend is from cashflow – not debt.

David Steinthal is the Portfolio Manager for the following Funds: L1 Capital International (Unhedged) Active ETF (ASX: L1IF); L1 Capital International (Hedged) Active ETF (ASX: L1HI); Platinum International Fund (APIR: PLA0002AU) and Platinum International Fund Active ETF (ASX: PIXX).

Post-trade in an age of real-time markets

By Gaurav Mehta, Chief Commercial Officer, NOVA Capital Markets (NOVA CMX)

We've spent billions turning the trading desk into a Formula 1 cockpit. It's time someone asked why the pit crew is still using a horse and cart.

Here is a thought experiment I'd like you to sit with over your morning flat white. Imagine you've just built the fastest racing car the world has ever seen – zero to one hundred in 1.8 seconds, aerodynamics tuned by artificial intelligence, lap times that would make Max Verstappen weep. Now imagine you've bolted that engineering marvel onto a chassis from 1987. Welcome to the reality of capital markets in 2026.

Our front-office technology is extraordinary. Real-time order matching. Algorithmic execution at microsecond latency. We've invested hundreds of millions of dollars making the act of trading as fast and intelligent as possible.

And then the trade is handed to the back office.

A bullet train running on a steam engine

The contrast is stark. The front office operates like a bullet train; post-trade is the engine room still burning coal. The latency gap between execution and settlement has become one of the most expensive silences in financial services.

Consider what happens the nanosecond after a trade is matched on ASX. The front-end has done its job – beautifully, efficiently, at machine speed. What follows is a procession through old legacy systems. Trade capture, confirmation, matching, clearing, settlement, reconciliation: each step is a potential point of delay, manual intervention, or outright failure.

The picture below (The Modern Trade Lifecycle: Where Speed Goes to Die) isn't unique to Australia, but the market has particular exposure. The push to T+1 settlement, already implemented in the US in May 2024 and on the radar for the Australian regulator, compresses the window for every manual process in that pipeline.

US$2.1B	**65%**	**US$ 35M**
Estimated annual cost of post-trade failures & inefficiencies globally	Operations executives say legacy back-office systems are their #1 strategic risk	Median settlement failure cost per ASX-listed broker annually, including penalties & rework

The modern trade lifecycle: Where speed goes to die

Order Execution	**Trade Capture**	**Confirmation**	**Reconciliation**	**Settlement**
Microseconds	*Minutes / Hour*	*Hours / T+1*	*Manual*	*T+1 / T+2*

Modern/Automated — Legacy Systems — Manual Operations

You cannot have a 24-hour settlement cycle if your reconciliation team is still running Excel macros at 6pm and praying they finish before the cut-off.

> “It’s like texting someone at 5G speed and waiting for a carrier pigeon to deliver their reply.

The numbers that should keep you awake at night

According to research by DTCC, settlement failures cost the global industry approximately US$2.1 billion annually, and that’s before you account for operational overhead, regulatory penalties, and the reputational damage of a client whose DRP hinges on an asset that hasn’t actually settled.

ASX’s settlement data for 2024–25 recorded a fail rate that, while improving, remains a persistent drag (see Chart 1).

A 2025 Oliver Wyman study found that firms operating legacy post-trade infrastructure experienced 3.4× more settlement exceptions per million dollars of AuM than those on modern platforms; and spent 2.1× more FTE hours resolving them. That’s not a technology gap. That’s a competitive disadvantage hiding in plain sight on the balance sheet.

ASIC, T+1, and the compression of forgiveness

ASIC’s 2024–25 market surveillance priorities make explicitly clear that settlement discipline, reporting accuracy, and operational resilience are not optional extras, they are supervisory expectations. Meanwhile, the global trajectory toward T+1 is not slowing down. The SEC’s May 2024 move was the opening act. Canada followed. The UK has signalled. And when the Australian regulator moves, the window for graceful transformation will have closed.

What does T+1 actually mean for post-trade operations running legacy infrastructure? It means the 18-hour confirmation window becomes 6. The overnight batch reconciliation becomes intraday. The “we’ll fix it tomorrow” culture of manual fail resolution simply ceases to be viable.

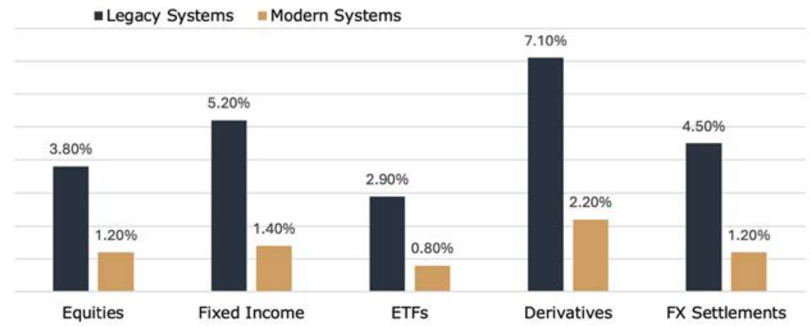
When risk control is a spreadsheet and a prayer

There’s another dimension to this: people.

Post-trade operations remain heavily reliant on people performing repetitive, high-pressure tasks with outdated tools. The global financial services industry is facing a structural talent shortage in operations. Data consistently shows that operations roles, particularly in post-trade processing, rank among the least attractive entry points into financial services for the generation of talent we need most.

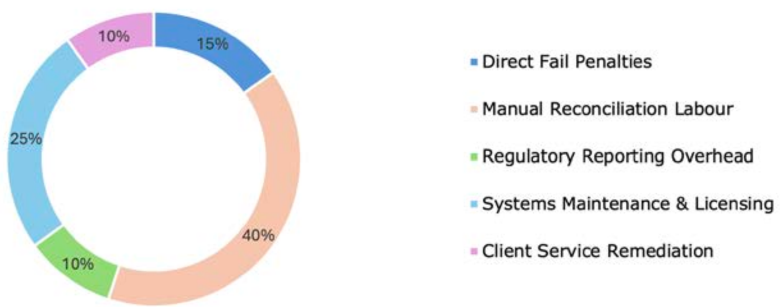
The irony is almost Shakespearean. We are relying on expensive, increasingly hard-to-hire human capital to compensate for technology debt, while simultaneously creating an environment that drives that talent away. A 2025 PwC financial services workforce survey found that 41% of Australian capital markets operations professionals cited “repetitive manual processes and legacy tools” as their primary reason for considering leaving their role within 12 months.

Chart 1: Settlement fail rate vs. operational technology age



Source: DTCC Settlement Efficiency Report 2024

Chart 2: Where post-trade costs are hiding



Source: Oliver Wyman Operations Cost Study 2025; KPMG Australian Financial Services Benchmarking 2024

THE HARD TRUTH: The front-office AI revolution is creating a paradox: the faster and smarter execution becomes, the more it exposes the inadequacy of everything downstream. A 10-millisecond execution feeding into a 24-hour manual reconciliation process.

What “Modern” actually means

The good news is that the industry increasingly knows what good looks like. The firms that navigated the US T+1 transition had several things in common: real-time data architectures feeding post-trade systems directly from execution; API-driven platforms that integrate seamlessly with custodians, clearing houses, and regulators; exception-based workflows that handle STP automatically and surface only genuine breaks for human review; and single source of truth position and cash management that eliminates the reconciliation-between-reconciliations farce that plagues legacy environments.

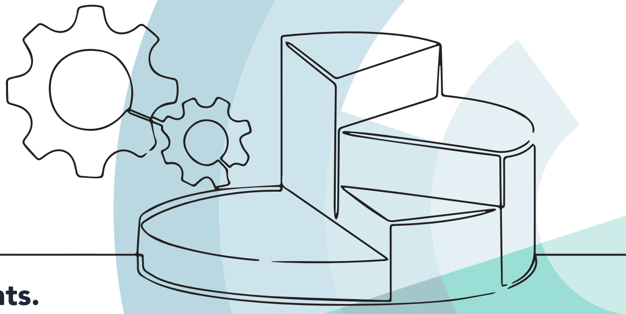
None of this is science fiction. It exists today. The question is not capability. It’s will. And increasingly, it’s urgency.

Firms that have modernised their post-trade infrastructure report settlement fail rates down by 68%, operational cost reductions of 35–55% over three years, and a material improvement in staff engagement and retention.

Finally, here’s the challenge I put to the industry: When you look at your post-trade architecture today, are you confident it can handle T+1? Can it absorb the next market volatility event without weekend operations war room? Can it support the volume growth your front office is generating without proportionally growing your headcount? If the honest answer to any of these questions is “probably not”, then this isn’t a technology project. It’s a strategic priority.

Discuss your post-trade modernisation strategy with our experts. Write to us at info@novacmx.com. Or visit our website novacmx.com.

CPD EVENTS



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

The gold standard of advice pricing: Strategy, ethics and profit

Wednesday 8 April from 1.00–2.00pm AEST

JULIE MATHESON
Finwise Leadership

This webinar explores strategic pricing for advice businesses, moving beyond cost-plus models. Julie Matheson will examine ethical pricing, revenue leaks and fee negotiation, providing practical strategies to reprice services, improve profitability and build confident, compliant teams.

Professional Standards CPD: Professionalism and ethics 1.0
ASIC Knowledge Area: Generic knowledge 1.0

Introduction to stockbroking workshop

Wednesday 15 April from 11.00–1.15pm AEST

RUSSELL MCKIMM

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

Small and midcap companies

Wednesday 22 April from 1.00–2.00pm AEST

KIERAN KENNEDY
Mirrabooka

Join Kieran Kennedy, Portfolio Manager at Mirrabooka Investments, for an insightful webinar exploring opportunities in ASX small and midcap stocks. Gain expert perspectives on market trends, stock selection, and growth potential across emerging companies.

Professional Standards CPD: Technical competence 1.0
ASIC Knowledge Area: Specialist knowledge – Securities 1.0

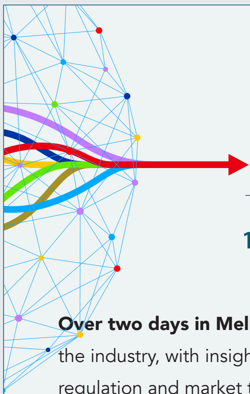
Market manipulation and other prohibited conduct workshop

Tuesday 28 April from 11.00–1.30pm AEDT

PROFESSOR
MICHAEL ADAMS

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



SIAA2026

Investing in **growth & resilience**

19–20 May 2026 Park Hyatt Melbourne
(1 Parliament Place)

Over two days in Melbourne, delegates will explore forces shaping the industry, with insights on professionalism, ethics, education, policy, regulation and market trends. The conference also offers valuable networking opportunities, celebrating the vital role advisers and brokers play in Australia's capital markets.

Register four or more (Organisation Member or Non-member) and receive a $200pp discount. Email info@stockbrokers.org.au to register four or more.

REGISTER TODAY @
www.stockbrokers.org.au/SIAA2026

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WORKSHOPS:
Young Professional $55 | Student Affiliate $55 Practitioner $100 | Organisation $150 | Non-member $200

Register four or more to receive a $50pp discount – Organisation and Non-members

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Valuing Australian commodities in a narrative-driven market

By Justin Halliwell, Head of Research, Australian Equities, Schroders Australia

Volatility has a habit of making investors feel as though they must do something. In resources, that impulse can be costly, because commodity cycles punish overconfidence – particularly when prices are being propelled as much by narratives as by fundamentals.

Today, investors are being pulled in several directions at once: excitement about electrification and AI-linked infrastructure; a renewed appetite for "real assets"; and fresh geopolitical risk flowing through energy markets, most visibly now with the conflict in Iran.

At the same time, Australia's recent equities reporting season reminded us (again) how aggressively markets can react to incremental data, often amplifying momentum rather than durable value.

Drawing on the current market hype around copper, this paper will delve into how and why we anchor our commodities exposure to first principles rather than headlines. Namely: where are we on the cost curve, what is the incentive price, what is the asset life, and what am I paying for each tonne of sustainable production?

It's less about demand, more about supply

Commodity commentary often leads with demand forecasts: electrification, AI, data centres, reshoring, defence spending. Many of these themes are real. The problem is that markets tend to overpay for the story and underplay the mechanism that actually sets commodity prices over time: the supply response.

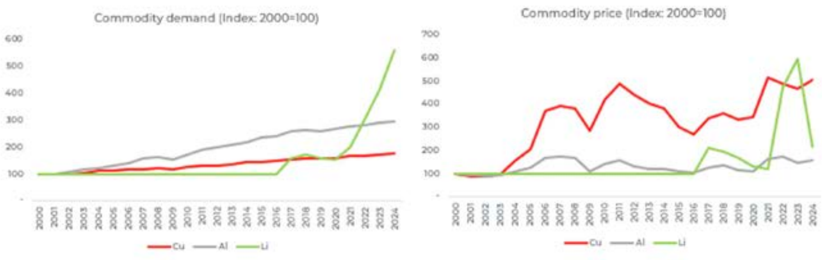
Even where demand growth is strong in total terms, it often looks far less dramatic when annualised. A headline touting "70% copper demand growth over 25 years" sounds extraordinary, yet translates to an annual growth rate of roughly 2%.

That is meaningful but not magical. Prices are ultimately determined by the marginal unit of supply required to balance the market.

And markets must clear at some point. Persistent deficits on paper

Chart 1: Commodities: Importance of demand growth overplayed

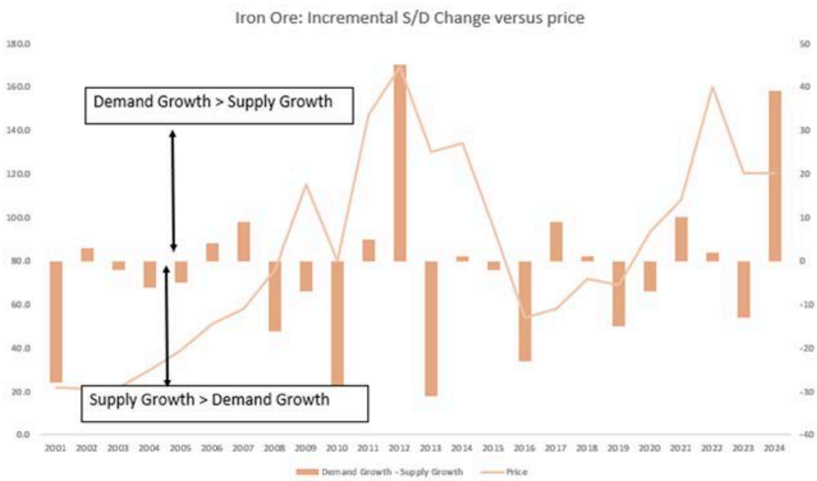
Stable demand but volatile prices – Supply is typically the critical driver of commodity price information



Source: Barrenjoey, Schroders

Chart 2: Commodities: Supply drives price cycles

Oversupply leads to falling prices and vice versa



Source: Barrenjoey, Schroders

cannot persist in reality as once any inventories are consumed, demand has to equal supply. The price moves until demand moderates, substitution emerges, scrap flows change, and new supply becomes viable.

While demand is somewhat cyclical, the volatility and size of commodity price cycles are almost always driven by supply-side factors – particularly the sector's near-universal tendency to act procyclically and mining companies' historically poor capital allocation. This tends to lead to over and underinvestment at exactly the wrong points in the cycle.

Looking at copper, aluminium and lithium above, two obvious conclusions emerge.

First, demand – particularly for the more mature commodities such as aluminium and copper – follows a relatively steady path and is not especially cyclical. Second, the rate of demand growth shows little correlation with price movements: copper prices have significantly outperformed aluminium despite much lower demand growth. Even with exponential growth in lithium demand, prices still fell sharply as new supply came on stream, with the industry's small scale and relative immaturity amplifying the price impact.

Iron ore also provides a classic case study, with a volatile commodity price chart through a period where demand growth was positive and relatively consistent. However because mining companies tend to act procyclically – investing when prices are high – and because new supply often comes on stream in large increments, this investment frequently results in oversupply and the resulting downward pressure on prices.

Chart 2 clearly demonstrates the correlation between price direction and the supply demand balance, with the latter typically being due to supply decisions from the miners.

The "pure play" copper trap

It sometimes feels that anyone presenting anything but an extremely bullish view on copper is likely to be put in a straight jacket and taken to the padded cell but we do believe bringing some balance to the debate is worthwhile. As with any other sector or security, the price you pay is far more important than whether the current dynamics or "story" are positive.

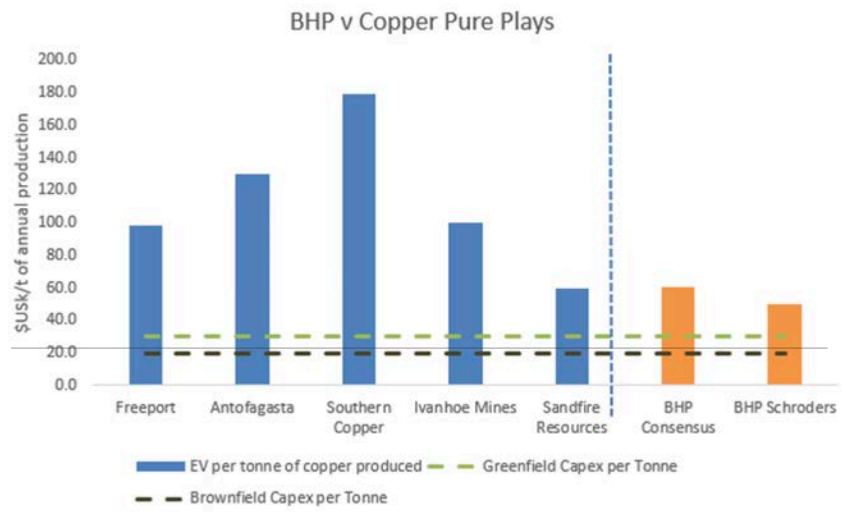
A good analogue is the technology stocks in the middle of 2025, when businesses that we had and still have a lot of admiration for were trading at considerably higher levels in large part due to supposedly bullet proof uber bullish projections. It has been a good reminder that positive fundamentals can be mispriced on hubris and the price you pay is always the ultimate arbiter.

In no way is our view on copper bearish. We see a relatively positive supply demand dynamic prospec-

"It sometimes feels that anyone presenting anything but an extremely bullish view on copper is likely to be put in a straight jacket and taken to the padded cell but we do believe bringing some balance to the debate is worthwhile.

Chart 3: BHP: A comparison to copper pure plays

Trading at a substantial discount to peers and marginal premium to replacement cost



Source: Schroders, Company Reports

tively. However, experience has taught us that commodities by definition are cyclical and do not move in straight upward lines. When markets are only ever reacting positively to news, we believe caution is warranted. Longer term demand drivers such as AI and the associated data centre requirements are heralded as reason to push near term prices up (despite the obvious lag to when any copper will actually be demanded) whereas supply side growth ambitions are largely discounted due to their longer dated impacts.

The highest cost producers in the industry (90th percentile) are making north of 50% cash margins before capex, which is both highly unusual and a signal of pricing very much towards the top of the cycle. Prices can deviate in times of acute tightness (the "fly-up" pricing BHP loves to reference) however with US copper inventories rising aggressively in the past 6 months and Chinese stocks moving in a similar direction in more recent times, it is clear that the copper market is in surplus, rarely an environment for such high pricing.

Whilst our view is the copper price is unjustifiably elevated, we would argue that valuations of pure play copper equities are even more extreme where investors hunting for maximum torque to the commodity price are driving up prices. The problem is that torque works in both directions, and pure plays can become priced for perfection.

A useful shortcut (with caveats) is to look at the implied valuation per tonne of annual sustainable production embedded in a company's market capitalisation. For long-life, high-quality assets this can be informative; for short-life, high-cost or heavily development-dependent assets it can mislead.

But when implied valuations move to levels that dwarf replacement economics, the warning light flashes red.

Investors are currently paying north of US$100k per tonne of annual copper production capacity in equity value, a lofty premium to brownfield expansions which are generally closer to US$20k per tonne and greenfield projects in the order of US$30k per tonne.

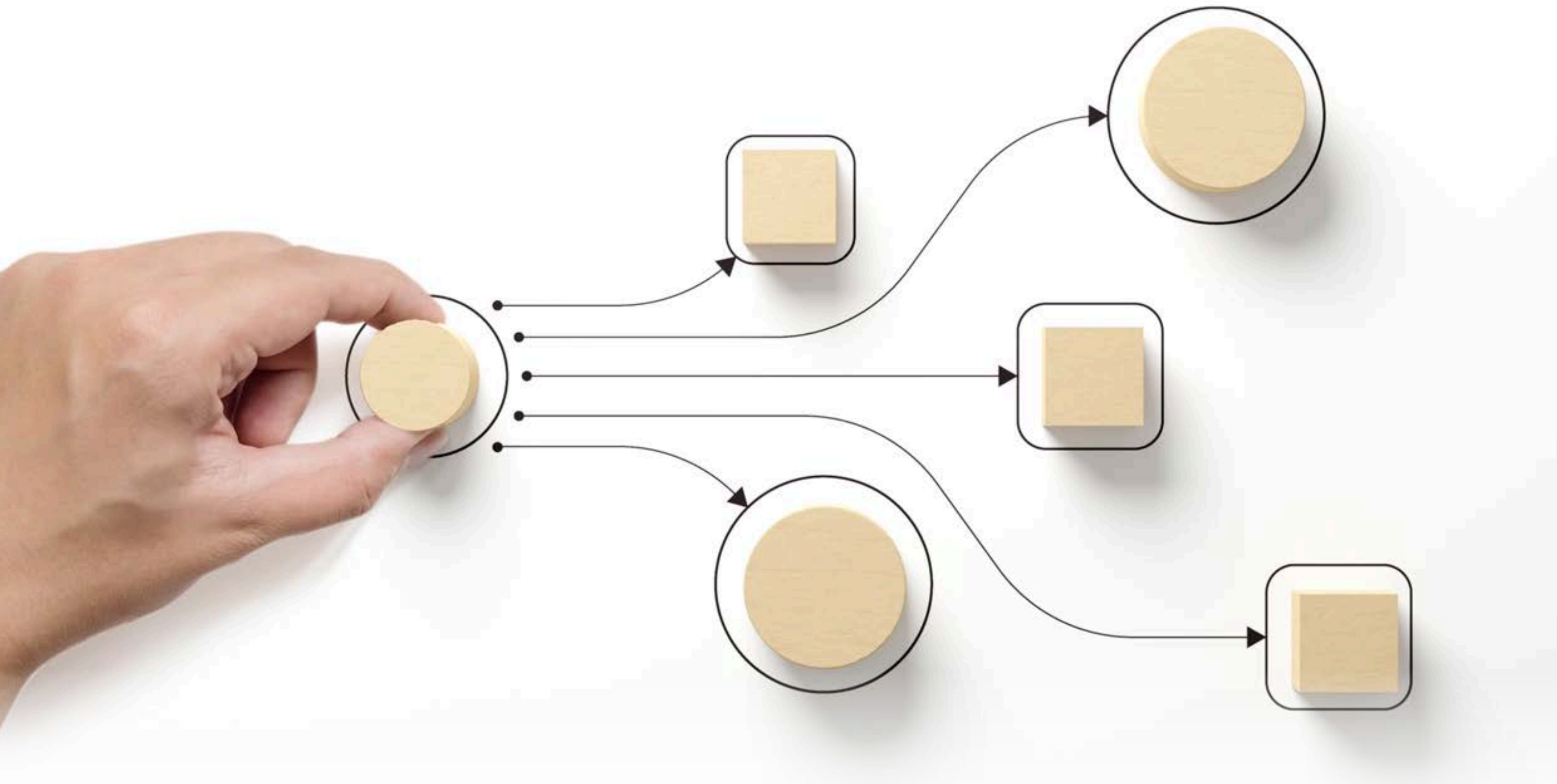
Assuming the same investor would like a 10% return on this investment, the cashflow, after capex, must equate to US$10k per tonne (and higher for the even more aggressively priced equities). Even if one uses the current, and in our view elevated, copper price of around US$13k/tonne, margins approaching about 80% are required – highly unusual in any year but unprecedented as a perpetuity margin in any commodity. That's a precarious assumption once you account for royalties, wage pressure, government take, sustaining capex, and the political economy that tends to emerge when miners earn super-normal profits.

This speaks to the current risk: the market is not only pricing a high spot copper price into perpetuity, it is pricing extraordinary margins into perpetuity.

Conclusion

Markets will keep oscillating between fear (geopolitics, inflation, recession) and excitement (electrification, AI, reindustrialisation). Australian resource companies sit at the centre of that tug-of-war.

The investor's edge is not predicting the next headline. It is staying calm while others extrapolate, and returning to the same questions: where are we on the cost curve, what is the incentive price, what is the asset life, and what am I paying for each tonne of sustainable production?



Market data as a valuable strategic asset

Provided by Iress

As market structure evolves from centralised, venue-based models to more fragmented, network-driven ecosystems, data is seen increasingly as a primary determinant of effective market access, execution quality and competitive differentiation. A recent Markets Unstructured report (March 2025) highlights that alongside connectivity and analytics – control over data is fundamental to liquidity access and price formation in modern markets.

In this environment, the question then is how effectively is data deployed and leveraged across trading lifecycles and associated operational workflows. This approach is a demonstrable shift from straightforward data 'consumption' to proactive data structuring, integration and interrogation.

For firms operating in today's multi-asset, data-driven markets, and subject to growing "information asymmetry", this distinction is critical: Those able to transform data into decision-ready intelligence are better positioned to navigate fragmented market liquidity, manage risk and deliver consistent outcomes.

As Andrew Jappy, EGM APAC at Iress TMD, notes: "At Iress TMD we don't simply redistribute raw market data… we're enabling an open environment where clients can access their own trading and market data securely, and interrogate – and use – it however they choose. As such, value extends beyond the data itself to the ease with which firms can access, combine and apply it across their own cross-enterprise workflows."

Raw data to decision-ready intelligence

Historically, market data infrastructure focused on delivering raw information – prices, quotes, order book updates,

> “
>
> Many financial firms commit significant resources to data, yet are challenged with translating that investment into consistent and valuable decision-ready insights. Fragmented internal ‘data ownership’, duplicated permissions and entitlements and disconnected platforms and systems mean that organisations often lack a single, trusted view of their data.

streamed directly from exchanges. But raw data does not necessarily support efficient trading and confident investment decisions.

Modern trading and advisory environments rely increasingly on more integrated datasets that combine price data with other data, such as reference, corporate actions, historical records and alternative data. Collectively, these data sets enable decision-ready intelligence that can be analysed, contextualised and acted upon in real time.

This shift also underscores a broader transformation across financial markets. Data is no longer something simply displayed on a screen; it is embedded directly within trading workflows, analytics and client interactions.

Conflicting pressures on data resources

Firms today face a complex set of pressures with respect to data sourcing and resource allocation.

On one hand, the scope and importance of data is expanding continuously. Supporting modern trading and advisory workflows demands broader coverage across asset classes, deeper historical datasets and new data sources, including alternative data and derived analytics.

On the other, execution venue fragmentation and inconsistent data standards make it difficult to build – and maintain – a comprehensive and complete and reliable view of the market. As highlighted in the *Markets Unstructured* report, market participants may be having to source, cleanse and reconcile data from multiple providers to construct a usable dataset – creating duplication, workflow inefficiency and uneven outcomes for firms across the industry.

Many financial firms commit significant resources to data, yet are challenged with translating that investment into consistent and valuable decision-ready insights. Fragmented internal ‘data ownership’, duplicated permissions and entitlements and disconnected platforms and systems mean that organisations often lack a single, trusted view of their data.

This dynamic is contributing to increasing information asymmetry across markets. Firms with the capability to normalise and analyse large datasets efficiently are better able to generate a comprehensive view of liquidity and pricing.

As Andrew Jappy observes: “More and more, we’re seeing that clients want to work with their data in their own environments – combining it with other sources, applying their own analytics and extracting insights specific to their workflows.”

This represents a clear shift from fragmented, desk-level consumption toward enterprise-wide data capability, where information is accessed and utilised actively (and proactively) across trading, compliance and client engagement workflows.

Data quality, latency and normalisation as differentiators

As trading environments become more sophisticated, the value of market data lies not only in access, but in quality, timeliness and structure. Inaccurate and inconsistent data can quickly lead to operational friction – from valuation errors to reconciliation breaks and compliance risk. At the same time, delays in data delivery undermine execution decisions and client communication.

Perhaps most critically, data must be structured consistently. Without normalisation across markets and venues, firms cannot effectively compare execution outcomes, generate analytics or integrate data into trading workflows.

High-quality data is therefore not simply a technical requirement – it is a critical foundation for decision-making, risk management and client service.

Integrating insight into trading decisions

Another important shift is the way data insights are integrated into the trading workflow itself. Traditionally, analytics were consulted after the fact, through reports and in dashboards separated from the trading environment. Increasingly, however, insights are embedded directly within execution and advisory workflows, for example:

- Real-time analytics during order entry
- Alerts identifying unusual trading behaviour
- Cross-venue execution comparisons
- Integrated audit trails and performance monitoring.

This approach ensures that insights are delivered at the moment decisions are made, rather than after trades have occurred. For advisers and brokers supporting retail and wholesale investors, this integration strengthens both decision quality and accountability.

Data accessibility and regulatory readiness

Another driver behind evolving market data strategies is regulatory scrutiny.

Across jurisdictions, regulators expect firms to maintain detailed records of trading activity and to be able to retrieve that information quickly if required.

Historically, the available window of accessible data in trading ecosystems has been limited, and accessing older data has been slow and resource-heavy. Andrew Jappy observes: "Depending on the size and type of user firm, data might only be available for a month or at most perhaps twelve months. If the regulator asks for data outside of this limited window, and indeed from several years ago, our customers would have to request that we locate and restore it, which is time-consuming and expensive."

Cloud-based data environments (data lakes and warehouses) help address this challenge by enabling longer-term storage and faster retrieval of trading records, improving both compliance readiness and operational efficiency.

Supporting a data-first industry model

These developments reflect a broader shift toward data-first infrastructure strategies across the trading industry. Rather than treating market data as a secondary input, firms are designing environments where data accessibility, integration and analytics are built into the core architecture.

A data-first strategy would typically embrace:

- Centralised data environments across trading and reporting systems
- Cloud-enabled storage and analytics capabilities
- Integration with data lake technologies and third-party tools
- Open frameworks that allow firms to interrogate their own data.

According to Andrew Jappy, this approach ultimately empowers clients to determine how their data delivers value: "Our intention is to create a more open environment where clients can securely access their own data and decide how they want to use it – whether through our dashboards, their own analytics tools or third-party providers."

Turning information into advantage

Handled strategically, market data becomes a highly valuable strategic asset – a whole that is significantly greater than the sum of its individual parts. It lays the foundation for better decision-making, stronger compliance, faster time to market and more resilient participation in increasingly complex financial markets.

The firms that succeed will not necessarily be those that invest the most in data, but those able to extract the greatest value from it.

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THE HALO TRADE:
When heavy assets matter again

By Billy Leung, Senior Investment Strategist, Global X

For much of the past decade, equity markets rewarded companies that required relatively little physical capital. Software platforms and digital businesses demonstrated how scale could be achieved without extensive infrastructure, allowing revenue growth to accelerate faster than investment. Asset-light models became associated with high returns on capital, rapid scalability and structural market leadership[1].

KEY TAKEAWAYS

- HALO investing focuses on companies with heavy assets and low obsolescence, where infrastructure, capital intensity and long development timelines create durable barriers to entry.
- Structural forces including higher real yields, supply chain realignment and industrial policy are increasing the strategic importance of physical capacity.
- Industries built on infrastructure, industrial systems and critical materials may attract renewed investor attention as markets reassess the value of tangible assets.

A different set of economic forces is now drawing attention to industries built on physical capacity. Rising real interest rates increase the cost of capital and change how markets value long-duration growth. At the same time, geopolitical fragmentation and supply chain restructuring are forcing governments and corporations to reconsider how critical systems are built and maintained. Energy networks must expand, industrial production is being reshored across multiple regions, and infrastructure once taken for granted is being reassessed as strategically important[2].

This backdrop has brought greater attention to what some investors describe as the HALO trade, short for Heavy Assets, Low Obsolescence[3]. The concept focuses on companies built around substantial physical infrastructure and long-lived capital assets that are difficult to replicate. Their advantage is not based on rapid innovation cycles but on scale, engineering complexity and the time required to build the systems they operate. These assets often sit at the centre of economic activity, quietly supporting the movement of energy, goods and materials across entire economies.

The repricing of physical capacity

The HALO framework reflects a broader repricing taking place across the global economy. For years, capital flowed toward industries capable of scaling rapidly with minimal physical investment. Businesses that could expand through software or digital platforms achieved high margins and strong returns on capital, reinforcing the perception that asset-light models represented the most attractive form of growth. At the same time, advances in artificial intelligence are beginning to challenge the durability of certain software-based business models, particularly those built on seat-based or service-driven pricing, further reinforcing the relative advantage of companies anchored in physical assets that are harder to replicate.

Several structural forces are now shifting that balance. Governments across major economies are investing heavily in energy security, domestic manufacturing capacity and strategic infrastructure. Supply chains that once prioritised efficiency are being redesigned with resilience and redundancy in mind, particularly in sectors linked to energy systems, transportation networks and advanced industrial production[4].

Expanding these systems requires substantial capital and long development horizons. Building a power grid, developing a pipeline network or constructing a large industrial facility involves years of engineering work, regulatory approval and financial investment before it becomes operational. These projects are rarely replicated quickly, which creates structural scarcity once capacity is established.

Assets developed under these conditions often remain embedded in the economy for decades. Their durability stems from the combination of capital intensity, regulatory oversight and the essential services they provide. This dynamic sits at the centre of the HALO concept, where the value of an asset is defined not by rapid technological change but by the scale and permanence of the system it supports.

This shift is also evident within traditional asset-light sectors, where large technology platforms are now allocating significant capital toward data centres, power infrastructure and physical network capacity, reinforcing the growing importance of tangible systems.

Successive estimates of total infrastructure investment required by 2040 have been revised higher over the past decade, reflecting rising energy demand, electrification, digital networks and the rebuilding of industrial capacity.

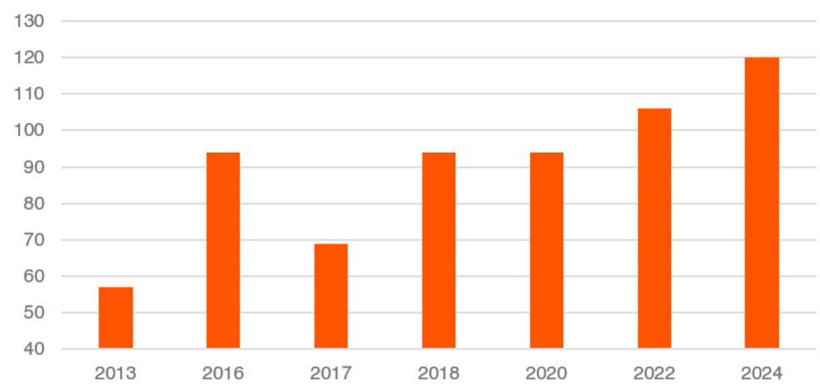
Industries built on heavy assets

HALO businesses typically operate in sectors where economic value is anchored in large physical systems that support national and global supply chains. Energy infrastructure provides one of the clearest examples. Electricity transmission networks, pipelines and large-scale power generation assets require enormous capital investment and complex regulatory approval processes, yet once built they become foundational components of modern economies[5].

Transportation networks exhibit similar characteristics. Rail systems, port infrastructure and freight corridors represent multi-decade investments that facilitate the movement of goods across entire regions. These assets often involve large engineering projects and extensive coordination between governments, utilities and industrial contractors before they can operate efficiently.

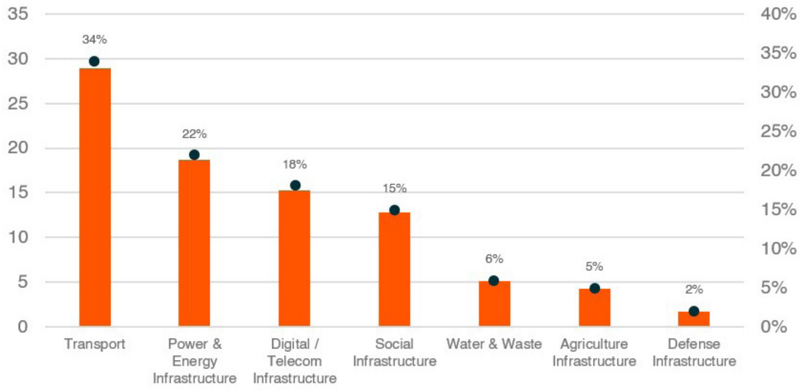
Industrial manufacturing capacity also reflects the HALO framework. Advanced production facilities, heavy machinery and specialised equipment require years of planning, design and construction before reaching operational scale. Once established, however, these systems form the backbone of industrial supply chains and remain difficult for competitors to replicate.

Chart 1: Estimated global infrastructure investment required to 2040 (US$ trillion)



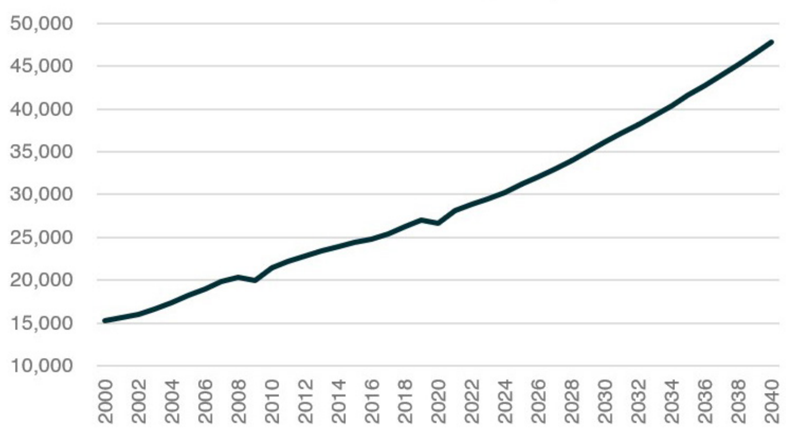
Source: McKinsey Global Institute, IEA, BNEF, Oxford Economics

Chart 2: Global infrastructure investment requirements by sector (2025–2040)



Source: Global Infrastructure Hub (G20), McKinsey Global Institute, World Bank Infrastructure. Forecasts are not guaranteed, and undue reliance should not be placed on them. This information is based on views reasonably held by Global X as at 24/03/2026.

Chart 3: Global power demand (TWh)



Source: International Energy Agency (IEA) Forecasts are not guaranteed, and undue reliance should not be placed on them. This information is based on views reasonably held by Global X as at 24/03/2026..

Another important layer sits upstream in critical materials and industrial inputs. Infrastructure networks and manufacturing systems depend on specialised metals, engineered components and industrial machinery embedded throughout supply chains. These inputs often receive less attention than finished products, yet they are essential for maintaining the operation of energy systems, transportation networks and industrial facilities.

Across these sectors, the defining feature is the same. Economic value is anchored in tangible assets that require substantial investment, engineering expertise and time to build. This concentration is reflected at a global level, where transport and energy infrastructure account for the largest share of total investment needed, highlighting where physical capacity constraints are most pronounced.

A different lens for long-term investing

Viewing markets through the HALO framework highlights a different source of competitive advantage. Instead of focusing exclusively on companies capable of scaling rapidly with minimal capital investment, the approach emphasises industries where value is embedded in infrastructure and physical capacity.

Assets such as power grids, pipelines, rail corridors and industrial facilities cannot be recreated quickly. Their value reflects decades of investment, regulatory frameworks and specialised engineering capabilities. These systems underpin the movement of energy, materials and goods that support broader economic activity[6].

Historical cycles provide some context for this shift. During the early 2000s commodity supercycle, rising demand for infrastructure and industrial inputs drove sustained outperformance across resource and capital-intensive sectors, reflecting a similar repricing of physical capacity.

In an environment where resilience, security and industrial capability are becoming more prominent economic priorities, companies operating within these capital-intensive sectors may command renewed strategic importance. The HALO framework therefore encourages investors to examine markets through a lens that emphasises scale, scarcity and infrastructure as drivers of long-term economic value.

Accessing HALO themes through global markets

Many sectors associated with the HALO framework sit within global infrastructure, industrial and materials industries. The Australian equity market provides strong exposure to certain resource producers but offers more limited representation in global infrastructure operators, specialised industrial manufacturers and advanced equipment producers that underpin many large-scale economic systems.

International markets contain a broader range of companies operating across energy infrastructure, transportation networks, industrial machinery and critical materials supply chains. These businesses often control the physical systems that enable energy distribution, goods movement and industrial production across regions and continents.

For Australian investors, accessing these industries through global thematic exposures provides a way to participate in the physical foundations of the global economy. As markets place greater emphasis on infrastructure, industrial capacity and durable

assets, the HALO framework offers a useful perspective for understanding how heavy-asset industries may shape long-term economic growth.

- **Global X Artificial Intelligence Infrastructure ETF (AINF):** Exposure to companies involved in the physical infrastructure supporting modern computing, including data centres, power systems and network capacity. While HALO is not centred on AI, the fund captures the heavy industrial systems required to build and operate large-scale digital infrastructure.
- **Global X Uranium ETF (ATOM):** Provides exposure to companies across the uranium and nuclear fuel ecosystem supporting nuclear power generation. Nuclear energy systems involve large upfront investment, complex regulation and facilities designed to operate for decades, aligning closely with the HALO concept of heavy assets with long lifecycles.
- **Global X Green Metal Miners ETF (GMTL):** Tracks producers of metals such as copper, nickel and lithium that are essential inputs for infrastructure, energy systems and industrial capacity. These materials sit upstream in supply chains yet remain critical to building and maintaining large physical systems.
- **Global X Hydrogen ETF (HGEN):** Invests in companies involved in hydrogen production, storage and distribution infrastructure. Hydrogen systems require significant capital investment and industrial engineering, reflecting the type of heavy-asset industries associated with the HALO framework.
- **Global X US Infrastructure Development ETF (PAVE):** Tracks companies involved in the construction and development of infrastructure including roads, bridges, engineering systems and construction materials. Infrastructure assets are capital intensive, take years to build and remain embedded in the economy for decades, making them a clear HALO exposure.
- **Global X Silver Miners ETF (SLVM):** Provides exposure to global silver mining companies supplying a metal widely used across industrial applications and energy technologies. While primarily a commodity exposure, silver remains an important input supporting industrial systems and manufacturing supply chains.
- **Global X Copper Miners ETF (WIRE):** Invests in companies producing copper, a foundational industrial metal used in power grids, electrification, transport and infrastructure systems. Copper plays a central role in building and maintaining the physical networks that underpin modern economies.

[1] McKinsey & Company, 9 Sep 2025, Investing in the infrastructure of modern society
[2] J.P. Morgan, 2026 Long-Term Capital Market Assumptions
[3] Roundhill Investments. HALO Stocks: Heavy Assets Low Obsolescence
[4] World Economic Forum. 23 Jan 2026, Global Value Chains Outlook 2026
[5] National Center for Energy Analytics, A Strategy for Financing the Nuclear Future
[6] EY, 18 Feb 2025, The resilience of infrastructure: Understanding valuation considerations

BREAKING DOWN BARRIERS: How smaller parcel sizes are transforming fixed income investing in Australia

By Emily Boden, Head of Institutional Sales and Relationship Management, Perpetual Digital

Direct fixed income investment is gaining momentum across Australia as brokers and investors grow more confident in the asset class. With higher interest rates improving yield opportunities, fixed income is emerging as an attractive option for those seeking stability and predictable returns. Historically, however, barriers such as high minimum investment sizes (often around AUD 500,000) limited investors to a single bond line and prevented true fixed income diversification.

Perpetual Corporate Trust's (PCT) Fixed Income Intelligence (FII) solution removes these obstacles by making access simple, streamlined, and painless. By lowering entry thresholds and enabling diversified exposure to fixed income. FII has reshaped how Australian investors approach fixed income, opening the door to broader participation and more resilient portfolios. As one of the largest users of Euroclear in Australia, FII provides clients with institutional-grade settlement, custody and registration, and global market access, delivering enhanced security, operational efficiency and deeper liquidity benefits typically reserved for large-scale investors.

A market shaped by structural constraints

For many years, access to the Australian fixed income market has been shaped as much by infrastructure as by investor demand. While bonds are widely recognised for their role in portfolio diversification and income generation, structural constraints have historically limited their accessibility, particularly for private wealth clients.

One of the most significant barriers has been the minimum tradable parcel size. In Australia, wholesale fixed income transactions settling via Austraclear have typically required a minimum of around AUD 500,000. This convention emerged as a practical solution to avoid the administrative complexity of classifying every investor as either retail or wholesale, but it has had clear ramifications for the private wealth market.

The impact on investors and liquidity

For private wealth investors, building a diversified bond portfolio often required substantial capital outlays. At the same time, liquidity could be difficult to access. Selling down a position frequently meant waiting until holdings could be aggregated into a AUD 500,000 parcel, sometimes taking months.

In response, market participants developed workarounds, such as executing "round trip" trades to right-size positions, but these approaches added inefficiency, cost and operational friction.

A step change: Smaller parcel sizes via Euroclear

Today, that dynamic is beginning to shift.

The use of Euroclear as a settlement pathway is enabling smaller parcel sizes aligned with the minimum denominations specified in individual bond term sheets, often around AUD 10,000. This represents a meaningful step change in accessibility. Investors can now hold positions in increments such as AUD 50,000 or AUD 100,000, making it far easier to construct diversified portfolios across issuers, credit ratings, duration and sectors.

Equally important, smaller parcel sizes support more flexible portfolio management. Investors can enter and exit positions with greater ease, improving overall liquidity and responsiveness to market conditions.

“ Fixed income allocations within private wealth portfolios are increasing, moving from historically low levels of around 5% to closer to 10% to 15%, with expectations of further growth over the coming five years.

A dual-market approach to settlement

Within this evolving landscape, PCT has adopted a dual-market approach. Institutional trades continue to settle via Austraclear, which remains well suited to large-scale transactions between banks and other institutional participants.

For private wealth and wholesale clients, however, settlement via FII (which uses Euroclear) provides the flexibility required to support smaller holdings and more tailored portfolio construction. Securities can also be transferred between the two settlement platforms on a free-of-payment basis, enabling efficient custody consolidation where needed.

CEO of Asia Pacific Euroclear Philippe Laurensy explains the benefits of using Euroclear “Efficient market access today extends far beyond just settlement, it is about empowering investors of all types to operate with confidence across borders. Our role is to deliver seamless connectivity across regions and asset classes, underpinned by a safe, resilient and efficient settlement infrastructure. Our harmonised post-trade framework enables investors to manage transactions more effectively, enhance portfolio mobility, and maximise liquidity, while reducing complexity and operational risk in cross-border activity.”

Changing investor behaviour

This shift in infrastructure comes at a time when investor behaviour is also evolving. Fixed income allocations within private wealth portfolios are increasing, moving from historically low levels of around 5% to closer to 10% to 15%, with expectations of further growth over the coming five years.

Several factors are contributing to this trend, including the gradual roll-off of listed hybrids and a growing preference among advisers and clients for direct bond exposure over pooled vehicles such as ETFs or managed funds. In many cases, advisers are seeking like-for-like replacements for hybrids, favouring the transparency and predictability of individual securities.

Supporting brokers and advisers

To support this demand, operational models are also adapting. PCT has a separately licensed Perpetual CT Markets team which is an OTC Fixed Income market participant that works alongside advisers and brokers rather than providing direct advice. In a typical transaction, the adviser selects suitable bonds with their client and submits the order to the execution desk. The trade is then executed in the market, settled via Euroclear, and held in custody.

Ongoing administration, including coupon payments, corporate actions, maturity proceeds, daily portfolio valuations and optional tax reporting, is managed within the platform, which also supports multi-currency holdings.

Complementary infrastructure, not competition

Importantly, these developments are not about replacing one system with another. Rather, they reflect a more nuanced use of existing infrastructure, with Austraclear and Euroclear each serving distinct and complementary roles within the market.

The takeaway

For brokers and advisers, the key takeaway is clear: small parcel-size fixed income investing is already achievable in Australia through Perpetual CT’s FII solution. As infrastructure continues to evolve alongside investor demand, access to the direct bond market is becoming more practical, flexible and scalable, opening the door to a broader range of portfolio construction opportunities.

For more information on Perpetual’s Fixed Income Intelligence solution please contact Emily Boden at emily.boden@perpetual.com.au

Every cloud has a silver lining

By Darin Tyson-Chan, Editor, *selfmanagedsuper*

The Australian economy has certainly experienced some trying times recently and just when we thought we were relatively out of the woods, elements such as inflation have once again started to trend in the wrong direction.

But as the old saying goes, every cloud has a silver lining and this has manifested itself in the superannuation sector with two significant bonuses commencing on 1 July.

Seeing we mentioned cost of living first, the consumer price index figures released at the end of last year revealed the rate of inflation increased to 3.8 per cent over the 12 months to December 2025, up from 3.4 per cent in the year to November 2025.

This was bad news, particularly for Australians paying off a mortgage, but the result also confirmed the general transfer balance cap will increase from its current level of $2 million to $2.1 million from the commencement of the new income year.

This means many superannuants, from 1 July, will be able to allocate more money into the pension interest of their retirement savings.

The amount of this increase an individual can access will depend on the percentage of the general transfer balance cap they have already used. For example, if they do not have an existing personal transfer balance cap, they can allocate $2.1 million into a pension interest come 1 July.

However, if they allocated $1.6 million (the maximum amount) into a pension account in the 2018 income year, when the cap was introduced, they would not be entitled to use any of the additional $100,000 of the cap that will eventuate when the new financial year ticks over.

And as we know, everything in the superannuation system seems linked, so an increase in the general transfer balance cap will also have implications for the contribution boundaries and in particular the ability for people to make non-concessional contributions.

In short, after 1 July, if a fund member's total super balance is below $2.1 million, rather than the previous $2 million, they will be eligible to make non-concessional contributions up to the standard cap.

This fact provides a great segue into the next piece of good news for superannuants revealed in February and that is, also due to indexation, the contributions caps will also increase from 1 July.

Unlike the general transfer balance cap, the concessional contributions cap has its indexation measure linked to average weekly ordinary time earnings, commonly referred to as AWOTE, and the numbers published in February confirmed there will be a $2,500 increase in this yearly limit.

So from the beginning of the 2027 income year, the annual concessional contributions cap will jump from its current level of $30,000 to $32,500.

By definition, the non-concessional contributions cap is set at four times the concessional cap. As such, from 1 July the non-concessional contributions cap will rise from $120,000 to $130,000. Of course, this will also affect the bring-forward concessional contribution limits.

It means from 1 July an individual with a total super balance of less than $1.84 million will be entitled to bring forward three years of non-concessional contributions of $390,000. Further, a person with a total super balance greater than $1.84 million but less than $1.97 million will qualify to use two years of bring-forward non-concessional contributions of $260,000. Finally, a member whose total super balance is above $1.97 million and less than $2.1 million will only be allowed to use the single-year cap of $130,000.

Superannuants should be reminded if they have already triggered the bring-forward provision, they will have to wait until that three-year time frame has expired before they can enjoy these higher limits. For example, if the bring-forward rules have been used in the 2025 financial year, they will be unable to use these provisions again until the 2028 income year.

The change being applied to all of these thresholds should prompt a revision of any pension or contribution strategies.

For instance, superannuants who are contemplating commencing an initial income stream will have to weigh up whether it is better to take that action now or wait until after 1 July. They'll have to decide if they would prefer to enjoy the additional $100,000 over the benefits of being able to claim exempt current pension income in the current tax year.

Similarly, individuals contemplating using the non-concessional contributions bring-forward rules will have to assess whether it would be better to wait until after 1 July to do so, enabling them to put more money into their super fund. In doing so they have to take into account when they will have the cash available to actually do so.

So we might be in the economic doldrums at the moment, but some superannuants can at least take a glass-half-full approach to the predicament.

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