Transcript
The Ideas Exchange - Episode 49

Investing made simple: goals, asset classes and biases

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Aaron Viscayno (00:00):
Hello and welcome to The Ideas Exchange, ASX's regular podcast where we cover investment trends, market updates, and ideas for your portfolio. My name's Aaron Viscayno, business development associate from the investment products team here at ASX, and it is our mission to deliver to you the latest in market updates and ideas through the conversations we have with investment experts.

Speaker 2 (00:23):
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Aaron Viscayno (00:50):
Hi, and thank you for tuning into this month's Ideas Exchange. I'm your host, Rory Cunningham. Actually, no, that's a lie. My name's Aaron Viscayno, business development associate with the investment products team here at ASX. Rory's taking a bit of a hiatus away from the podcast, so it will be myself and Jacinta alternating between the episodes. For all you Rory fans out there, don't despair, he's still around. You'll be able to catch him in the flesh at our [inaudible 00:01:16] series which we run in the major capital cities every May and November. Make sure you keep an eye out for that.

(01:23):
A little bit about me. I've been with the company for just over two years now in the investment product space, working with a lot of fund managers and brokers. Hobbies include basketball, swimming, and firing up the grill. All very boring stuff. What isn't boring is how excited I am to be here on the podcast with you all to talk all things investing. Our guest today is Marc Jocum, senior project and investment strategist at Global X ETFs. A little bit about Global X, they are one of Australia's premier ETF fund

managers offering a lineup covering disruptive technology, equity income, commodities and more. Welcome to the podcast, Marc.

Marc Jocum (02:01):
Thanks for having me, Aaron. Great to be here.

Aaron Viscayno (02:02):
First things first, how would you rate the pronunciation of the surname?

Marc Jocum (02:06):
10 out of 10. I've heard a range of different pronunciations of that, but to me that's that's top of the crop.

Aaron Viscayno (02:10):
And what's the origin? Is it a ...

Marc Jocum (02:11):
So I'm originally South African, but I've got a family history going to Eastern Europe, hence where that name came from. But yeah, I immigrated here just after the turn of the millennium, just after the Olympics in 2001.

Aaron Viscayno (02:22):
There you go. And my understanding, you are also a big sports fan as well. Did you come down with a bout of Super Bowl fever this past week?

Marc Jocum (02:28):
Yes, I'm a big NFL fantasy, well particularly [inaudible 00:02:32] fantasy football fan, but we hosted a Super Bowl event, which I encourage any listener to reach out to one of our teams to come to. It was a great event. I've got family over in Philadelphia, so to see the Eagles get over the Kansas City Chiefs, I was particularly happy with that and it was a great day. Probably one of the biggest Super Bowl victories we've seen in a long time. So yeah, I'm the same with you. Huge sporting fan. It's very hard to keep up to date, but a great NFL season to wrap it all up.

Aaron Viscayno (02:57):
There you go. And it really was pretty a shutout by halftime. When it comes to the NFL, I'm a bit more fair-weather. I mean, I'll tune into one game every year and that would be the Super Bowl. Big Kendrick Lamar fan though. So I was a big fan of the-

Marc Jocum (03:10):
Great halftime show.

Aaron Viscayno (03:11):
Yeah, of the halftime show. Definitely not a great day for Kansas City fans. Also, not a great day for Drake fans either.

Marc Jocum (03:18):
No. I enjoyed Serena Williams' little cameo at the-

Aaron Viscayno (03:22):
Yeah, absolutely.

Marc Jocum (03:22):
That was great.

Aaron Viscayno (03:22):
Absolutely. Yeah, it was all going on. Samuel L. Jackson as well, making an appearance. It was really good. Just to canvas it all there, this is going to be part two of our Beginner's Guide to Investing, and we are going to be looking to build on the framework that Jacinta and Laura set from last month's episode. So for any listeners out there that are new to investing, do be sure to give it a listen if you haven't done so already. They did cover topics such as the difference between investing directly in a share or in a fund via ETF, how to buy and sell, what are dividends and distributions plus much, much more.

(03:56):
So Marc, I did want to start off with what I think really sets the foundation to an investment portfolio, and that's just all about setting goals. Now we all know that everyone's financial situation is going to be different. For example, you might be someone straight out of high school looking to save up for your first car. You might be someone in the twilight of your working career and looking to solidify your income just moving forward. What do I need to take into consideration before I start my investing journey?

Marc Jocum (04:23):
I think that's a great question, Aaron. And to start off with using your car analogy, it's like going on a road trip and you want to know where you're heading towards. There might be some bumps along the road, but as long as you have a destination of where you're looking to get to go, you kind of know the right steps to take in order to get there. And a lot of people come to me and ask me, "Well Marc, what should I be investing in? What's the latest ETF? What's the latest stock?" And I always strip it back and go back to that fundamental question that you talked to about is what is your end goal? And what's your timeframe? Because that'll dictate not just what you should be investing in the asset allocation, but really how you should have a framework around investing.

(04:58):
And you can break that down into first off your time horizon. So when you're talking about your time horizon, you're looking at how many years, or even shorter term if you're talking about months you want to be investing for. And that can dictate the types of assets you should invest in. So for example, if you have a short timeframe that's anything that I would say probably about less than a year or two, you really can't afford to take too much risk. And that's where you want to look at pretty much very low risk things like cash, just in case there is a market drawdown.

(05:25):
Once you start getting into the medium and long-term goals where you're looking at 2 to 5 years, 7 years plus, 10 years plus, that can really then dictate, "Well hang on, I'm going to be around for a long time. I can afford a little bit of risk so I can actually take that on." And then it's really important, as you mentioned, for different people to have potentially different goals and that's where you can actually use a bucketing strategy to frame your portfolio. You could have a short-term savings goal, like for me as an example, I'm getting married in September, so I want to have a little bit of a short-term savings goal, but then I've also got my long-term goal, which is about pretty much thinking about retirement, and just building my wealth over time.

(05:59):
So once you have those defined goals, I think it's really important to set that in stone, then speak to someone about, or if you can do it yourself, work out the building blocks, whether it's income, whether it's capital growth, whether it's risk preservation, there's a range of different products out there that you can invest in to meet those particular goals. But like I said, it comes down to the fundamental question, what's the purpose? What are you trying to achieve? And then building around that.

Aaron Viscayno (06:22):
Absolutely. So set those goals and building up that portfolio based around those asset classes, which I'd like to move to now. Now, I mean there are a lot of asset classes that are available to an investor, largely due to products such as ETFs making them much more accessible than they ever have been. Could you give us a brief overview of what these asset classes are? What do we need to know about the different asset classes available? And what are their pros and cons?

Marc Jocum (06:46):
Yeah, and it's a great thing that you've got things like exchange-traded funds, ETFs to access a range of asset classes, and all an asset class means is it's a way to categorize a group of investments based on similar characteristics. A lot of the time we talk about risk, and going back to your

first question, you really need to define, I guess, how much risk you are willing to take. And a lot of people think of risk as volatility, as in how much a certain thing will move over time. But for me, a lot of investors think of risk as the loss of permanent capital or losing their money. And that's where you have to find that intersection between your risk tolerance, the risk required to take, and also your risk capacity as well. And then you can start thinking about it using the different asset classes. And we start off with things that are quite defensive or quite low risk in nature.

(07:32):
So that could be things like cash. So you're investing money in a bank account, in a term deposit. One of the issues with that is that that could actually be eroded by inflation over time. So you could lose your purchasing power. But again, for short-term goals, going back to your first question Aaron, that's where that asset class makes a lot of sense.

(07:48):
Then you can start moving up the risk curve. So taking a little bit more risk, particularly as your time horizon starts to extend so we can move into things like bonds. So these are pretty much IOUs that are issued from governments or from companies to investors, and they promise to pay a coupon payment or like an interest payment to the investor and return the principle at the end. They tend to be quite defensive in nature because when share markets fall, bond prices normally rise, particularly fixed rate bonds. So a lot of investors could use them as I guess a bit of a defensive cushion in their portfolios.

(08:19):
You've also got a bit more of the alternative defensive assets such as gold, and Global X is one of the leaders in gold ETFs. We launched the first gold ETF back in 2003, and that is also a good way to play a bit of a defensive hedge, even though it doesn't generate any income, you can look at that as a more defensive asset as well.

(08:37):
Then we start moving into more the riskier stuff, but it's all within I guess a function of risk and return because generally over time things like equities or shares have tended to rise above the price of bonds or cash, but does come with more volatility. And with that you have to be willing to stomach 20, 30, 40, 50% falls in your portfolio, but in the long run it's really shares that have outperformed bonds over time. Not every time. And then you can get into things like real estate, infrastructure, a lot of illiquid things as well. You're seeing a lot of the rise in alternative assets, cryptocurrencies. There's a range of different asset classes that you can use as building blocks for your portfolio based on your defined goals.

Aaron Viscayno (09:18):
Sure. I mean it really is a mix of those asset classes that is going to build that diversification. You did also mention as well with the movement of fixed interest and equities as well, you've got that correlation or that negative correlation. Could you build on that as well?

Marc Jocum (09:33):
Yeah, definitely. So the key to building a portfolio is while you've got all these asset classes, there's been some great studies that show just by adding all these different asset classes, it doesn't really improve the risk adjusted returns as much in terms of adding heaps and heaps of layers. And I always think that when it comes to investing, the simpler the better. So I believe you only need a handful of asset classes in your portfolio. And generally the most important thing is if you have a bunch of asset classes that all move in the same direction, what you were talking about, the correlation before, you're not going to have that well-defensive portfolio and that protection that you need because your portfolio's job is to handle all market conditions. Whether it's raining outside, whether it's snowing, whether it's sunny, it's really about building all those little core allocations to handle the different market environments.

(10:17):
And generally, historically speaking, bonds and shares have had a negative correlation. That means when the prices of shares go down, bond prices rise, but that's not always the case. And we saw that over the last few years, particularly in 2022 and 2023, where bonds and shares exhibited positive correlation and that's where other asset classes like gold or looking at other alternatives can actually be a nice blend in your portfolio. So it's really important to monitor those correlations over time because they tend to revert back to their long-term historical average, but it's really about the mix and the movement. And if you can get that right, that's how you can sleep easy at night.

Aaron Viscayno (10:52):
Fantastic. And I mean just keeping you on that, adding together our first point of setting goals and the second point of mixing those asset classes together, also really important as well, just to rebalance and keeping track of your portfolio. As you know, as you get older, your investment kind of opportunities or goals will change in the future. So rebalancing definitely a must.

Marc Jocum (11:12):
Yeah, and I think when it comes to rebalancing, I've read a lot of great studies because a lot of people ask, "Well, Marc, what is the right way to rebalance? Should it be done every few weeks? Should it be done every six months? Every year? Should it be threshold-based where it moves, where you rebalance based on a certain percentage once it reaches that

limit?" And my answer to that is it doesn't matter what rebalancing policy you have as long as you have one. Because then going back to your first point, Aaron, around the function of risk, let's say that you were in a simple portfolio of shares and bonds, I mentioned that shares did really well and they've gone up over time. If you don't rebalance, you are now taking more risk in your portfolio.

(11:48):
And again, what you can do, especially with the use of liquid trading instruments like ETFs is you can constantly rebalance them if you need to, not too much to get them back to that long-term strategic asset allocation. You can have what's called tactical tilts. So having a bit more of a tactical play if you have conviction in a particular area. But having that rebalancing framework in place is really a great systematic way of keeping you in check and not letting your emotions drive the decision-making.

Aaron Viscayno (12:15):
Well, there you have it folks, rebalance your portfolios regularly. Ploughing ahead here, you also did mention investing for capital growth and investing for income. Could you just touch on the difference between the two?

Marc Jocum (12:26):
Yeah, definitely. When you talk about investing returns, it's usually a function of those two things, both the capital growth, which is the price appreciation that you get from the capital side, but then also the income. And a lot of people don't think about how much income actually contributes to your total return. I was having a look at the data of the ASX 200 index. If you have a look over the long-term, it's appreciated from a total return perspective around about 8 or 9% per year. But if you only include just the price return alone, you're only looking at about 4 to 5% per year. So that shows the benefit of income in your portfolio and taking what I call a total return approach to investing, both the capital side and the income side. And certain markets have different drivers. So when you look at something like the U.S. market, a lot of companies don't pay a lot of income. There's something called a payout ratio, which is I guess how much of the profit you tend to pay to your shareholders. It's actually quite low, it's about 20 or 30%.

(13:22):
Whereas in Australia you've got payout ratios in the 80 to 90% range, which to me, a lot of Aussie investors like investing in Australia for income gains. And if you look at some of the major banks as an example, looking over the last 10, 15 years, with the exception of the likes of maybe Macquarie and CBA, a lot of the banks have actually delivered negative

price returns. But when you incorporate their dividends and their income, you get a positive total return.

(13:47):
So for a lot of investors, particularly young accumulators, they tend to, I guess gravitate towards more the capital growth side of things, but they can also use the income to meet cashflow needs or to reinvest those proceeds into the underlying instruments themselves and to benefit and to compound that capital base. Whereas a lot of retirees or those in drawdown phase, capital return is still important, but it's more about capital preservation and making sure they have an income stream from a diversified set of asset classes to meet their retirement goals. And that's where investors need to balance out both the capital side and the income side to build out a total return approach to investing.

Aaron Viscayno (14:24):
Great. Thanks so much. And just a bit of a pivot here as well, I did want to touch on this too because I do believe it's one of the more understated parts of investing and that has to do with psychology. I mean we're all human and I think one of the main challenges when starting is battling with things such as loss aversion. What should investors prepare themselves for? And what are the best way to mitigate these biases?

Marc Jocum (14:45):
It's a great question, Aaron, and I think one of my favourite quotes is pretty much that says that, "An investor's worst enemy is themselves." And that is why investing is so hard. A lot of people believe that investing is rational, logical, but it's not. And behavioural finance cut right through that towards the back end of the 20th century through the likes of Daniel Kahneman who pretty much popularized all these human biases that we have. And generally it's fear and greed that drives markets a lot of the time. In the long-term, earnings growth does a lot of the heavy lifting, but in the short-term, all the news headlines, it's very hard. We are so ingrained in checking our phones every day, what's going on in the news, listening to armageddonists. And the news rhetoric has always preyed on people's emotions. And that's where you have things like loss aversion where we feel the pain of losses more than we feel the benefit of having gains, and that could make us hold onto our loss-making investments for longer or sell winners a little bit early.

(15:47):
Then you've got other things like herding where we might all gravitate towards a particular trade or a particular asset class because no one likes seeing their friend getting richer than them. So everyone gravitates towards that same trade. You've got things like overconfidence bias or even confirmation bias where we only want to restrict the information we're seeing to things that confirm our original assumptions and we're not

being humble enough to accept new information. And then it leads to things like the Dunning-Kruger effect, which talks about how you attribute your potential gains that you've made in a particular investment to skill, when a lot of the times it could be just luck overall. And that's where I feel a lot of the time, an investor needs to protect themselves. And one of the best ways to do that is to build a diversified portfolio using those asset classes we spoke about earlier, Aaron, and then having a systematic way of investing.

(16:35):
A lot of people talking about Netflix and chill, you can actually invest in chill and not worry too much about the day-to-day movements. Every day people are going to say, "Look, this is what's happened with markets. These prices are up, these prices are down." I think investors could actually do a lot better by just zooming out and actually turning off. And one of the best studies that I saw was by I think Charles Schwab, one of the big broker houses in the U.S. They did a study of all their investors and tried to work out which demographic actually did the best. Was it male? Was it female? Was it young versus old? And what they found was the most successful investors were the ones who either sadly passed away or the ones who forgot their passwords. And that tells me that people who don't actually check their portfolios daily because you don't have to check it daily, are the ones who tend to do a little bit better.

(17:25):
So my advice to people is to try tune out the noise, try and use some of the portfolio building blocks to protect you from these human biases because that is what ends up leading to better outcomes in the long-term. Less trading, better after-tax outcomes just by controlling your behavior.

Aaron Viscayno (17:42):
Absolutely. Look, build that knowledge base up, but do your best just to try not to get in your own way.

Marc Jocum (17:47):
And it's hard. I mean, you're constantly bombarded by news and economists and I work in the financial industry and even I think that there's too much jargon that's used to make investors feel inferior, feeling like they need to be doing something. Right now, Trump's come in, there's trade wars, there's concerns around fiscal deficits. And a lot of the time, the best thing to do is to just let your portfolio do its job. If you've got those correlations right, those asset classes right, you don't need to be making a lot of changes. And that's what leads to worse outcomes. If you were to sell during the COVID-19 drawdown and not get back into the market, you wouldn't have seen this massive growth. The share market's

pretty much doubled since the bottom of COVID-19. So there's always going to be a reason to sell, but that doesn't mean you need to sell.

Aaron Viscayno (18:32):
Perfect, thank you. And look, our next question here, coming from an ETF manager as prestigious as Global X, it would be remiss of me to not ask you this next one. What should an investor consider when they're picking an ETF? What do they need to know about and what parts of the ETF do they need to be tuned into?

Marc Jocum (18:49):
It's a great question. And now there's over 400 ETFs, I think 370 or 380 listed on the ASX at the moment that investors can choose from. And it can seem quite daunting because there's so many different options. But that being said, I don't think a lot of investors need to over-complicate their decision-making when choosing an ETF because once you build those initial foundations in terms of those asset classes, you probably only need a handful of ETFs in your portfolio to really achieve that. And then you can kind of play with a few more to add as a bit of spice in your portfolio as a satellite. So I think for a lot of investors, they will tend to be driven by cost, and I think that's important for long-term investors, particularly for those who ... I mean, fees are like termites. They nibble at your returns every single day. So the more that you can exterminate these termites, the better or the more money you're going to have in your back pocket.

(19:37):
But let's say you actually have a short-term time horizon or you're trading on a short-term particular thematic, maybe sometimes cost isn't the most important thing and you need to think about things like liquidity. How much can you pretty much get in and out in terms of crossing those spreads? Not just that, you want to look at the track record of the underlying index, you want to look at who's behind the index, you want to look at other measures such as the volatility, the historical track record, the size of an ETF is important. So there's a range of different things that investors can look at, but it's really a function of your investing timeframe. And I think the most important thing for investors to look at is when you want to buy an ETF, go to the ETF issuer's website. So you can come to globalxetfs.com.au, go to one of our 40 plus ETFs and have a look at the underlying holdings.

(20:21):
If I'm investing in ... So we've got a semiconductor ETF as an example, which is obviously a big exposure in terms of the artificial intelligence train that we've seen at the moment. Have a look at all the underlying holdings. It's the great thing about an ETF over a managed fund, which doesn't have that same level of transparency. Do those holdings actually

align with that investment goal and the asset exposure that you're looking to get that exposure to? If the answer is yes, then great, you can actually look at that ETF as a building block. If you're not 100% sure on it, then it probably is better just to put it aside.

(20:51):
So with ETFs, I think simplicity is usually the best thing when it comes to these sort of things. You can have a bit of fun with ETFs on the side, but I think the best thing to do is to not overthink it, particularly when you're looking for low cost exposure to a broad asset class, Australian shares, getting exposure to the ASX 200. There's about four or five different ETFs out there. Instead of picking and choosing and trying to pinpoint then which one is going to be better, just pick one and focus on other important things in your lives.

Aaron Viscayno (21:17):
Yeah, look, it is getting to a point where there are so many funds available. Paralysis by analysis, I believe they call it, is a real thing. And then going back to what you were saying before, just try not to get in your own way.

Marc Jocum (21:28):
And the good thing is there's a lot of good tools out there, and I know that the ASX have some great things on their website around providing information, transparency on the underlying holdings. What's the exposures? The sectors? The countries? Go to the ETF issuer's website, ask them for information. They'll usually have breakdowns of the underlying holdings. And you don't want to get, like you said, just bombarded by all these nitpicky analysis paralysis type of thing. The best thing is just to pick your core building blocks, pick an ETF for it, and then move on. Because the incremental benefit you can get from particularly switching an ETF or going for one ETF over another is really minor when it comes to the more important things in your life where you can focus on the insurances, the estate planning side of things. Those are way more important than picking those granular exposures and choosing between two ETFs.

Aaron Viscayno (22:15):
Absolutely. Look, last point I wanted to talk on before we get out of here. I think it's all well and good for us to sit down and share our thoughts on investing and build that foundation, but I did want to ask you as well, in terms of a financial advisor, what kind of value can their services add to someone who may not be as inclined to do a lot of investing themselves?

Marc Jocum (22:39):
Yeah, I think very similar to when you want to go to the gym, you want to get in shape, sometimes people need personal training. They need someone to guide them on where they need to go and to do the right

things. And that's where I think a financial advisor can really play a big part. And you're seeing in Australia at the moment, there is this need for financial advice and there's this demand for financial advice. The issue is around the cost of financial advice. It's quite prohibitive here in Australia in terms of the regulatory hoops and compliance hoops that a lot of financial advisors need to jump through. And I think we've seen a decline in the number of financial advisors going back to I think 2018, 2019, where we saw about 26,000 or 28,000 advisors there were. Now it's down to about 15, 16,000 advisors. That's six years on.

(23:24):
But there's a lot of really good high quality advisors out there. And I think for a lot of investors who don't know where to start, they may be listening to us, Aaron, and think, "Oh, this is all just too much for me." And I really hope that's not the case because investing is one of the few things in life where the less you do, the more you can actually get. So you can simplify it. But if you just need a bit of hand holding, and that's why I think financial advisors have a real important role to play. Before it was about them picking stocks or picking particular investments. Now it's about coaching their particular clients and really to your point, helping them overcome those human biases. And I think a financial advisor's most important job is during the hard times, and we've probably seen over the last ... Probably since the GFC, it's just been a raging bull market. So financial advisors are probably very happy. They've made great returns for their clients.

(24:11):
It's really when it comes to when it's pouring outside or when it's hailing outside, that's when a financial advisor's job is to really coach their client and to really protect them from making a bad decision. And I think more and more you're seeing ETFs being used as very plain, vanilla core building blocks, and you don't have to worry about picking an active fund manager and the financial advisor can focus on more important things. We talked about insurances, we talked about estate planning, looking at that entire whole of financial advice, that broader scope of financial advice where they can outsource the investment management to an ETF provider like Global X and not worry too much about what's BHP doing today? What's Commonwealth Bank doing today? That's where I feel ETFs, particularly amongst financial advisors, and most of the flows that are going into ETFs are from financial advisors.

(24:59):
So I think there is this dire need for financial advice, particularly within Australia. And if you don't feel comfortable by engaging with a financial advisor, and let's say you can't afford to pay for a statement of advice or pay thousands of dollars, there's low cost automated solutions, digital advice, robo-advisors, my former employer, Stockspot, there's a lot of

good companies out there that are doing great things to democratize investing and make financial advice more accessible to Australians. And now we're even seeing the superannuation providers having a look at them, being able to provide financial advice. There's a bit of reform going on, and I think people shouldn't be scared of getting financial advice. And there's got to be a way that Australian investors can feel comfortable but also meet that low cost threshold because for a lot of investors, they might think it's too expensive.

(25:44):
That being said, I still see the value of financial advice. Do your due diligence. There's some great resources from the government to talk through, who are the financial advisors out there? Go have a chat with them and have a feel whether they could actually work with you and help you meet your long-term goals.

Aaron Viscayno (26:00):
Fantastic. Well, there you have it folks. I think we've touched on quite a bit in this episode, covering the importance of setting goals, learning a bit about the different asset classes, covering the psychological parts of investing, as well as the importance of a financial advisor. It's been a real treat. Thanks for coming in today, Marc.

Marc Jocum (26:16):
Thanks for having me, Aaron.

Aaron Viscayno (26:17):
Over to you. Were there any key takeaways or closing comments that you'd like to share?

Marc Jocum (26:21):
No, I think when it comes to ETFs, particularly working for an ETF issuing Global X, I feel that for a lot of people who are looking to build their portfolios, ETFs are a natural fit for that. And you can get exposure to a range of different asset classes, whether you're looking at things like your very vanilla stuff, so your basic Australian shares, global shares, to something more exciting, gold or cryptocurrency. There really is an ETF that is going to really satisfy particularly any asset class you're looking for. Maybe not so much on the illiquid side per se, although there's a bit of innovation happening in that space.

(26:56):
So if I had to leave your listeners with some closing comments is that investing doesn't have to be sexy. I know that people want the lavish thing or whatever is the most exciting thing. Really, borifying your investment portfolio through the use of ETFs is probably the best way to do it. And that's where I've got a lot of friends myself who ask me for stock tips, and

I'm the worst person to ask for stock tips. I've had a few great stock wins, but I've also had some pretty terrible blunders as well. So my advice is to literally just invest in a diversified set of ETFs, dollar-classed average, so incrementally add over time and just focus on other more important things in your life. And I think for a lot of investors, they don't have to be weeded into the complexity around investing. Simplifying your investments tends to be the best investing outcome.

Aaron Viscayno (27:44):
There you go. Keep it boring. And look, for me, working at the ASX, I have that same struggle as well. [inaudible 00:27:52] hot stocks and stuff like that. Luckily for me, I've got a good kind of out for that discussion. And that being, if I tell you the stock, they're going to throw you in jail and they're going to throw me in jail.

Marc Jocum (28:03):
But that's the thing. Stock picking is a bit of a loser's game because if you get your stock pick right, well it's great, you made the right call, but if you get the stock pick wrong, well, they might not trust you again.

(28:13):
So for me, the great thing you can actually use Aaron about ETFs is if you want to have 80 to 90% of your portfolio in the boring part of the ETF side, and you want to have a bit of fun because investing can be fun and you can invest in these more speculative natures, having a 10 to 20% allocation to whether it's thematic ETFs, such as things like artificial intelligence, semiconductors, cybersecurity, or your particular [inaudible 00:28:36] stock pick. If playing around with that 10 to 20% prevents you from touching the 80% of your portfolio, we talked about protecting against behavioural biases and human biases. Well, that's a natural hack in itself to protect you against touching the boring part of your portfolio. So you can add a little bit of spice or a little bit of hot sauce to your portfolio, but the most of it should just be a very boring vanilla soup or something that can be very simple to implement.

Aaron Viscayno (28:59):
Fantastic. Marc, it's been a pleasure.

Marc Jocum (29:01):
Thanks again, Aaron.

Aaron Viscayno (29:02):
And thank you to the listeners. If you've enjoyed this episode, do be sure to share it. More information about Global X, as Marc said, can be found on their website globalxetfs.com.au. Tune in next month for our third and final episode of the Beginner's Guide to Investing. Until then, bye for now.

Speaker 2 (29:23):
Want to test market strategies? Sign up to participate in the ASX Sharemarket Game and receive $50,000 in virtual cash to invest in a range of stocks and ETFs. Visit asx.com.au/smg to register today.