



Looking back, thinking ahead: The Ideas Exchange year-end special

December 2025

Jacinta King (00:00):

Welcome to The Ideas Exchange by ASX, connecting you with investment experts, market updates, and ideas. I'm Jacinta King, senior business development manager, investment products at ASX.

Aaron Viscayno (00:11):

My name is Aaron Viscayno, business development associate from the investment products team here at ASX.

Jacinta King (00:16):

And this is our regular podcast covering everything from investment trends through to different ways to invest using a variety of products.

Speaker 3 (00:23):

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Jacinta King (00:49):

Hi, it's Jacinta here. Today's episode is a look back at some of our best conversations and most insightful guests from the year. Enjoy. Grady Wulff joins us from Bell Direct where she is senior market analyst. From looking at all that information, can you please start with an overview of the Australian market sectors more broadly and perhaps some of the key takeaways that you've drawn from this research, Grady?

Australian market sectors: A 10-year review

Grady Wulff (01:13):

Of course, Jacinta. Now obviously blood, sweat, and tears went into this research. I think I spent about two weeks analyzing charts, looking at different key market events, and how the markets have performed over the last 10 years. And to be honest, I was very surprised. Different sectors have

been outperforming. And in the eye of the investor, you look at the materials in energy sectors and you just assume that they've done really well, because of obviously the industrial and commodities boom back in the day that within this 10 year period, China's strength at the early part of this period and high demand for housing and building in Australia, steel demand going through the roof, input prices going up.

(01:51):

But, we were actually wrong. Energy has underperformed the whole entire market over this period. And so, it's really interesting. Sometimes, you need to, as you said, look back before you can go forward and think, "Am I taking on too high risk by jumping into this sector for not much return?" So, that's really what the focus of this was, to see where the gaps in the market are, how you can play the market, and what are the best sectors to get opportunity to match your investment profile. So the key trends that I took away from analysing charts in detail from 2015 to 2025, so the benchmark, the ASX 200 rose 45.92% over the 10 years. The key events that hit the market were COVID, obviously, where every single sector literally plummeted except healthcare.

(02:38):

And I think this was a sign of the times. A lot of healthcare companies in that time stopped what they were doing and they focused on creating this vaccine and creating these supplementary products to really get us through this pandemic that no one had any idea what was happening. And then we saw sectors rebound like your tech sector, because obviously sports stopped, where were people going to gamble, people jumping in the market, all these new investors, retail investors jumped into the market because their friends said, "Jump into AMC or jump into these meme stocks." And all of a sudden, people were investors who had never even dropped a dollar on the stock market before. And so that sent the tech sector flying.

Understanding Markets: Performance, analysis and getting started

Jacinta King (03:22):

Two special guests from Firetrial. And Firetrial are high conviction investment experts. And I'm in studio with portfolio managers, Eleanor Swanson. Hi, Eleanor.

Eleanor Swanson (03:32):

Hi, Jacinta.

Jacinta King (03:33):

And James Millar. Welcome, James.

James Millar (03:35):

Hi, Jacinta. Excited to be here.

Jacinta King (03:37):

Eleanor, if I can start with you, how did you first get interested in markets and investing?

Eleanor Swanson (03:42):

Yes. So I actually didn't know much about investing at school. The first time I got exposure to equity markets and valuations was at university. And at the time, I had to do a case study on Blackmores, which is actually no longer listed, that was acquired recently. That was my first time actually getting really into the nitty-gritty of understanding a business, understanding the earnings, and understanding how to think about valuation. And that really piqued my interest, ended up majoring in finance, and here I am now 10 years into a career in equity investing.

Jacinta King (04:15):

Isn't that interesting? I remember those moments too in my uni days where you might not have planned that path, but organically it draws you in because of that interest. And I remember when Blackmores was doing really well in those early stages.

Eleanor Swanson (04:27):

Yes.

Jacinta King (04:27):

So I'm not surprised that you have landed where you are. James, what is one of the most memorable or biggest things you learnt at the beginning of your investment journey?

James Millar (04:35):

Jacinta, the start of my career was just before the GFC, which are those long memories back in-

Jacinta King (04:42):

Oh, goodness.

James Millar (04:42):

... 2007. So it was a very volatile time in markets clearly, but it was also a time where you could learn a lot of lessons. And if you remember the GFC, it's all started because there was an overheated US housing market. I started my career, like Eleanor, investing in small-caps. So you've got one thing going on in one part of the world, one thing going on in another part of the world where I was investing in small-caps. And you learn a lot of lessons like there's a lot of things you can't control, but there's things you can control like spend our time looking at earnings and also think about the

timeframe for investing. And that's something I like to reiterate a lot to our clients. When you're investing, think about timeframes and have longer timeframes when you invest. That's one lesson I learned back then.

Jacinta King (05:24):

I like it because that's something I think I've learned and probably am still remembering how to remind myself of that.

James Millar (05:31):

Every day is noisy out there, and taking the longer timeframe if you have that seven, 10, 15, yeah, even realistically, most people are investing for 30 years plus, that timeframe relaxes the mind a bit.

Jacinta King (05:44):

Because you can get distracted, but you have to anchor back to those decisions that you made and the reasons why. Yeah.

James Millar (05:49):

That's right.

Jacinta King (05:50):

Good foundations.

Investing made simple: goals, asset classes and biases

Aaron Viscayno (05:52):

Our guest today is Marc Jocum, senior project and investment strategist at Global X ETFs. 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 (06:16):

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 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. And you can break that down into first off your time horizon.

(06:54):

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. Once you start getting into the medium and long-term goals where you're looking at two to five years, seven 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."

(07:30):

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. 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.

Beyond hybrids - Navigating APRA's changes and portfolio alternatives

Aaron Viscayno (08:15):

Joining me on the podcast today to talk about APRA's rulings on hybrids, what it means for investors and suitable alternatives to hybrids to supplement your portfolio is the head of ETFs here in Australia for Macquarie Asset Management. So let's set the scene for the audience. Could you give a brief overview of hybrids as an investment? What are they and what about them was so attractive to investors?

Blair Hannon (08:35):

Yeah, let's do a hark back. And they've been around for I think decades. And it's really the tips in the name, hybrid, with the intention being it had components of equity, and it had components of debt or bonds. I think a lot

of investors probably had this concept that the equity component to a certain degree was that it was traded on the ASX and that made it very accessible. And that's true to a certain part. The other part of it was more around the fact that it had a convertibility clause in it that in times of distress, in particular where we're going to dive into this and you mentioned it earlier in APRA, for the banks, in times of distress, it could convert to equity. That was really the core premise of it.

(09:16):

So, look, I think hybrids as a solution for many investors were great. They certainly served a purpose for those investors who were looking for income and usually getting a higher level of income. Again, we're going to probably center around the banks here a little bit, but bank hybrids, higher level of income from the banks than you would've got necessarily from their shared dividend and likely from the return deposit or an at-call account. The other kicker that was hugely beneficial for these types of instruments that we know that Australian investors love is franking credits. So they had the ability... And this is also the hybrid part of it. They had the ability to pay franking credits.

(09:55):

So you had this bond-like structure you gave whoever the bank was. In the case, we just center around banks. So we'll generalize around banks. But you gave to the bank \$100 for one of their hybrids, the expectation was is that you were going to get this \$100 back in however many years, call it eight years, and you got distributions or payments over that period of time and those payments were then franked. So you had this really good combination of consistency of income. People love that. You had franking credits, that was that little bit of a kicker at the end of the financial year depending on what the tax situation. Investors love that.

(10:29):

And you had this expectation that if the banks were safe and steady and this is what APRA's job is to do, they're going to pay that money back in the end and you can make a decision around what you want to do then. So I think you add all that up and then you go back to that point I made earlier, they were traded on the ASX, so they're accessible to everyone. That package was obviously very, very beneficial for certain types of investors, and that's why I think they were certainly well used.

Building the Future: Investing in Global Listed Infrastructure

Aaron Viscayno (10:54):

And joining me today, hot off the launch of ResCap's second ASX listing in late March this year for the Resolution Capital Global Listed Infrastructure Fund active ETF, that's ticker code RIIF, is portfolio manager Sarah Lau.

Now we want to start from the very basics just to build a case for global listed infrastructure brick by brick. Sarah, how do you define listed infrastructure and how is it different from, say, private infrastructure or real estate?

Sarah Lau (11:20):

There's a couple of things. When we look at infrastructure, there's two things that really cinch it for us. We're clearly looking at hard assets, but that's not the two key characteristics. I think the two key characteristics for us is firstly that it's critical to the economy. And then secondly, it's got very high barriers to entry, monopoly-like if you will. And then these two characteristics put together gives very resilient cashflows to investors. And it's this characteristic, we think, that has driven infrastructure to deliver a superior risk rewards profile over history, in our opinion. So over the course of 19 years or so, which is as far back as this asset class, as we can see, it's delivered a return that's on par with general equities globally with a risk profile that's between bonds and equities. So for us, it's really that resiliency of cashflows that's delivered that.

(12:27):

And on top of that, because infrastructure is essential to society and the economy and society's needs are constantly changing, there needs to be investment in this infrastructure. With balance sheets of governments where they are at this moment in time, there's a real opportunity for private capital. So for us, the companies that we look at in the listed space hold these resilient, high-quality, hard assets as an underlying asset that generates all the cashflows. And the benefits of this is that you can access this at any point in time. So investors have daily liquidity to these high-quality assets.

The art of disruption

Jacinta King (13:11):

And today, we're pleased that Alex Pollak, chief investment officer and co-founder of Loftus Peak could join us. He is a great speaker and mind in the disruptive investing space. So welcome, Alex.

Alex Pollak (13:24):

Jacinta, thank you very much.

Jacinta King (13:24):

So arguably, there's probably not too many people doing exactly what you're doing, that is investing specifically in those disruptive businesses. And for our listeners, would you please tell us what disruption is and a bit about the work you do?

Alex Pollak (13:36):

Yes. So disruption is different to growth. Everyone thinks that disruption is growth or technology, et cetera, but it's neither of those two things, although it can utilize elements of those philosophies, investment thematics. But we always talk about it in respect of the car because it's an easy one for people to get their heads around. So if you think about the car a hundred years ago, four wheels, an engine, pretty rudimentary. You might make it, you might not make it. Noisy, smelly, dirty, open topped, et cetera, et cetera. And over a period of a hundred years of innovation, the car changed significantly. Automatic gearboxes and great sound systems and anti-lock brakes and satellite navigation, et cetera, et cetera. And all of those things are part of innovation in the car. And the car supply chains and sales chains remain the same, so to speak. I mean, they get amended, et cetera, over time a little bit, but they're fundamentally the same businesses.

(14:41):

The electric car comes along, and by changing the actual motive power from fossil fuels into battery is massively disruptive. Why is it disruptive? Well, first of all, the engine, such as it is, isn't an engine. It goes from being an internal combustion engine, which is pistons and gearboxes and crankshafts and all those 10,000 moving parts that make up an internal combustion engine. And simply by making them battery-powered, it's just literally a battery on four wheels and the motive power is generated by the bushes in the battery, the generator running off the battery and driving the car. That disrupts all that group of manufacturers of 10,000 different kinds of auto parts. It also, of course, massively disrupts the petroleum value chain.

(15:34):

So you go from a hundred years of innovation and all of the bits and pieces of the cars are swept away, and all you get left with is a battery and the four wheels and the steering wheel and... Well, the gearbox is gone as well because the electric cars effectively don't have them. And that's the difference between innovation and disruption. And you see it in industry after industry.

High conviction, long-term value: Inside NAOS' portfolio

Aaron Viscayno (16:00):

Joining me on the podcast today to talk about NAOS's investment philosophy and process is portfolio manager Robert Miller. So what are your core values and what is it that you provide to investors?

Robert Miller (16:10):

Yeah, sure. So the way to probably think about our business, I know there's a bit of a mouthful there with the three different LICs, but the way we think about it and the way it's run, it's all one investment philosophy, one investment process, one investment style across all of the different investment entities that we do hold. We're a small, for want of a better word, boutique funds management business. We're based out of Sydney and we run... Pretty much all we do is in this space, as I said. So where our investment beliefs and philosophies, if I was going to summarize in three words, it's conviction, long-term, and aligned. There's four because I threw a and in there. But they're our three main overarching principles for what we do. And if I can elaborate on them a little bit further, firstly around conviction, we're all about quality over quantity.

(16:56):

So where we differ from a lot of other investment managers and certainly an index fund out there is we would only hold a concentrated portfolio of between 10 and 20 positions. So you're not going to look to us to get any sort of index like return. It's going to be a very different return profile from what you would expect from potentially others. We're long-term focused. So any business that we look to invest in, we're thinking on a five-year time horizon at the very minimum. And some of the businesses that we've held, we've held for the best part of a decade and see no reason why we wouldn't continue to be holders in some of those businesses for the next significant period of time.

(17:32):

So I think that is a key focus of what we do is when you're thinking emerging companies, they're living and breathing things. Nothing happens overnight and it's certainly an investment process and strategy can take a while to play out. So that's why we think the long-term nature of what we do is important and important for the investors to know that upfront coming in. And then thirdly around the alignment. So alignment covers probably a broad base. It's a broad-based word to cover a few key topics. Firstly, it's around the skin-in-the-game type profile that you would expect from the management team, the board from the investee companies. We want to be aligned with them, so we want to see them with reasonably significant shareholdings and remunerated in the right way. So the right incentive structures in place. And I'll talk about a company later on that we think has a good one of them.

(18:21):

But it's also around alignment of people, alignment with our beliefs. We're a certified B Corp business, so we want to be aligned with the ESG principles that we've set up that we adopt and follow, and we think that's certainly

important for our investee companies as well. So that does have a bit of a slant on how we do look at things and there's a lot of alignment across what we do as well.

Beyond buy and hold - A guide to long/short strategies

Aaron Viscayno (18:43):

Today, I'm glad to be joined by the head of Long Short Strategies and the portfolio manager of the Plato Global Alpha Fund at Plato Investment Management, Dr. David Allen. On the short side, are there any war stories that you'd like to...

Dr. David Allen (18:55):

Sure. So a great short. So what we're looking for on the short side, the red flags is a really important driver. So we've got 150 red flags that are fully systematized and allow us to really identify companies that can come under pressure. So yeah, there's so many great shorts from over the years. Some recent ones that were interesting was Liontown. We were short. It already had a dozen red flags. And then the CEO sold about a million dollars worth of stock right around after the stock price had already come under huge pressure. That's unusual.

(19:40):

Normally, CEOs will sell stock for a variety of reasons. They might be shares vesting, or they're profit taking after the stock's done really well. It's statistically less common for them to sell large parcels of stock after the stock prices really come under pressure. It likely tells you they know something and there's more bad news on the horizon. In this particular case, a few months I believe after that point, they're forced to disclose to the market their entire financing syndicate had collapsed. We're already short at that stage and the stock fell another 25% on the back of it.

(20:18):

Another name that we were short a year or two ago was a company called... Another Australian company actually called BrainChip. They had 22 red flags, the second-highest number of red flags that we'd ever seen globally. And they had this amazing narrative how they were going to revolutionize semiconductors. But there's one problem. They had a market capitalization of almost three billion and they didn't have much more revenue than your local coffee shop.

Alpha beyond the Magnificent Seven

Jacinta King (20:49):

Today, we welcome to the studio a very special guest who joins us from Schroders, a British-based company founded in 1804. Few can match the breadth and global extent of their capabilities. Frank Thormann is portfolio manager at Global Equities, and he's based in Germany, but joins us today in Sydney. So in your role as portfolio manager, can you tell us about Schroders and what sets you apart from your peers in the global investing space?

Frank Thormann (21:15):

So the strategy that I'm responsible for is a concentrated global equity strategy. So concentrated in our language means roughly 40 to 60 companies equities only, with the intention to outperform the broad global equity indices. And we do that in a way where we look for companies where we have really high conviction in their ability to surprise positively, usually over the medium to long-term, versus consensus expectations. And it's that conviction that companies that on average surprise positively, that those are on average rewarded by investors and on average outperform. And really, the entire philosophy is based on the premise that over the at least medium to longer-term, stock prices follow earnings, if we spend all of our attention trying to have really sharp and differentiated views on companies' forward-looking earnings.

Jacinta King (22:11):

We hope you enjoyed our highlights episode that brings 2025 to a close. Thank you to our many contributors, those who work behind the scenes, and of course our listeners. We look forward to you tuning in again next year for The Ideas Exchange.

Speaker 3 (22:27):

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