

Transcript

The Ideas Exchange

Episode 21: Power up your investment knowledge with ASX

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Disclaimer (00:00):

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Graham (00:27):

Hi, and welcome to this special edition of 'The Ideas Exchange,' where we're celebrating World Investor Week. It's running from the 3rd to the 9th of October and when we're thinking about World Investor Week, it's all about knowledge is power. We're going to take a look at the behind the scenes tools and resources available to all investors on the ASX. I'm Graham O'Brien, Head of Cash Equity Sales and Equity Derivatives at ASX and joining me today is Theresa Lintvelt, Senior Manager Brand and Content, also at ASX.

Theresa, can you tell us a little bit about yourself at ASX?

Theresa (01:02):

Well, I joined ASX about three years ago, and I head up the brand and content team. What that means is that I actually produce a lot of content for investors to provide education, provide some insights, and we work quite closely with a lot of our partners to generate that content.

Graham (01:21):

Fantastic. A busy job, because I know we have lots of resources at ASX. We're talking about World Investor Week during this podcast. Why is ASX involved?

Theresa (01:31):

Well, World Investor Week is actually a global event, so it's actually run across the whole world. It runs from the 3rd of October to the 9th of October, and it's run by IOSCO, which is the International Organization of Securities Commissions, which is an association of organizations that regulate the world securities markets or stock markets in general terms. It's also supported by WFE, which is the World Federation of Exchanges. ASX is actually a member of both organisations and we are very committed to making information and education available to Australian investors directly and also through our market participants, so those are the partners that I mentioned earlier.

We're celebrating World Investor Week through our Knowledge is Power Campaign, which will see us open the markets later in October with the bell ringing for financial literacy, and also a program of content aimed at investors at each stage of their investment journey. So a lot of rich, wonderful content coming through for people starting out, people at mid-level journeys and also more advanced investors.

Graham (02:39):

Fantastic. I know we have a really long history at ASX, starting right back to the '70s. I know people can't see me during this podcast, but I've got plenty of grey hairs. I'm a '70s child. We've been running education for such a long time at ASX, really starting with a share market game back in those '70s and really moving into the investor update, which we've been running for over 10 years now, so a really long history of investor education for investors.

Theresa (03:03):

Yes, indeed. So share market game, still going hot and running at the moment, very, very popular for us. But we've got a whole wealth and a treasure trove of resources sitting on the ASX website. There's lots of different formats so you don't have to necessarily read a long article. We've got this podcast, we've got the share market game, we've got some video content as well. So pretty much if I start off with some of our core content, we've got a blog which we update on a very regular basis that includes articles from Investor Update, but also from other areas within ASX if one's interested in looking at that. The investor update is obviously our premium piece has been going out for over 10 years. That goes to over 300,000 investors and it is highly read, so very, very popular piece, contains a various bits of content, Once again targeted at investors at each stage of the journey.

So if you're a sophisticated investor, you'll go in, you'll find something. If you're just starting out, there'll be content in there for you and that's a subscription based campaign, but you can also look on the blog and find the articles there. In addition to that, we've also got our Usual Ideas Exchange podcast, which goes out on a monthly basis in which Rory Cunningham, who works with both of us, usually interviews a whole bunch of market participants and I actually listen to those because I must say I learn something new every single time I listen to the podcast. Then in addition to that, we've also got regular webcasts and also the Market Wrap, which obviously you run, Graham, so that's a recent addition for us. So tell us a bit more about the Market Wrap. I listen to it, but maybe you can explain what we're hoping for investors to get out of that.

Graham (04:53):

Oh, for sure. It's really just around monthly wrap of what's occurred in the market. We have a delve into the sectors that are performing really well or, unfortunately what we've seen recently, underperforming. We'd take a general view of what some of the big stocks are in the market and how they've been performing over the month as well, but it's really quick, insightful information of what's occurred in the market. Going back to those podcasts that we have on our website and all of those webinars and really great resourceful information that we have on the ASX website, the really good thing is it's all freely accessible. So you mentioned about subscriptions, but it doesn't cost anything to subscribe so it's a really good way for people that are starting out to get involved in their investing journey and start learning about investments.

I know on that podcast Rory does a great job. I'm sorry, I'm sure he does a much better job than we're doing at the moment, but it really is some good information for people to be able to absorb. Moving on from Market Wrap and some of our resources, we've kind of touched on the share market game and it really is a well known source of information for people out there in the investing world to participate in. You want to give us a little bit more information just around that share market game specifically?

Theresa (06:03):

Certainly. So the share market game, really interesting. I actually find it quite uplifting. I've spoken to a few of our market participants who are now very successful in the financial industry and they always say, "You know what? This is how I actually entered into financial services. I started playing the share market game when I was at school." So it really goes back all the way to the '90s and '80s when certain people were playing the share market game and saw that as an entry point. So the share market game is actually, there's two games, there's one for the public, for players over 18, and then there's the school share market game, which is the one that I've just referred to. The game runs twice a year, so the schools game is slightly shorter, about 10 weeks, the public game runs for about 15 weeks and how it works is that players get \$50,000 in virtual cash to invest in a whole bunch of shares.

So we've got over 200 shares in the share market game and most recently we've also started introducing other investment categories that we now have over 40 ETFs. We have some LICs, which are listed investment companies and listed investment trusts as well as some real estate investment trusts. Obviously, it doesn't emulate the market because it plays off over a short period and obviously investing is always for the long term, but it's a great way for investors to test the market to just put a little bit of a watch on certain key stocks or sectors and to see how markets are performing. It was really interesting because during COVID, obviously everyone was in lockdown and the markets were quite volatile. So we saw a huge uptick in people participating in the game at that time and that interest has remained. So we get a lot of people contacting us going, "This is the best game ever," and they keep on coming back to play the game as well.

Graham (07:55):

When people participate in the game, they're actually getting real live market data. It is an off delay so it's fantastic for you to start simulating your actual activities in the marketplace itself.

Theresa (08:04):

Yes, so it does actually use the actual market data. It's obviously T+20, it's not that the live data, but it does give you that very real experience as the market moves. So it enables you to also do your own research in real time and experience what it's like to watch stocks, listen out for announcements, look at the dividends that are coming through that are paid out and when you place a trade, obviously pay the requisite fees and charges as well. But it is a very sort real life experience.

Graham (08:36):

It's really good. You touched on the school's share market game, there's lots of resources for teachers as well in being able to teach their students around commerce subjects and we know lots of people in New South Wales anyway use the game as part

of their Year nine and 10 commerce degrees, so something that's really valuable resource for teachers as well.

Theresa (08:55):

They play it obviously to learn, but there's also prizes involved so that's always a sweetness for our winners, although our winners are always just chuffed that they've managed to win the game. Obviously, there's just no way to game it. We don't see winners coming back. So we'll have a winner in one game and it won't necessarily be a winner in the next game. It is really looking at the market and responding to the market and putting a strategy in place that helps you become the winning portfolio.

Graham (09:24):

Yeah, that's great. You touched on ETFs as one of the products that's been added to the suite of units that you can buy in the game itself. We just hope those short ETFs aren't the winners this year. I know we're operating in a underperforming market at the moment, so we're seeing lots of utilizations of different style products in the game. The game's still underway at the moment. Can people still register if they wanted to get involved in the game?

Theresa (09:47):

The registration is closing mid October but there will be another game, so the game will run a game at the beginning of next year. The first game will start in March, 2023. We don't have a specific date but usually registration opens in about February so people can have a look at that. If they are listening to the podcast before the middle of October, they should still be able to sign up for it, but registrations are closing soon.

Graham (10:11):

Brilliant. You touched on some of the resources that are available to game players. It really is that safe environment that you are talking about. Are there other ways that we can provide resources while the game is actually running within the game itself?

Theresa (10:24):

Well, once again, we partner with various others. Equity Mates has been a partner for us. They produce their own podcast. It's very fun, it is very light but it also very insightful and they've played the game in the past and continued to provide content for us. We've also got NAB Trade who are looking at some of the most frequently bought stocks within the game and how that actually emulates market conditions. So we keep on introducing new content and then there's regular updates. As we go through, we look at the movers and shakers in the game, but we also look at some of the market trends that game players might be thinking about as they navigate the game and try and become the top portfolio within it.

Graham (11:10):

Excellent. Really resourceful tool.

Theresa (11:13):

So Graham, you have been with the ASX for much longer than I have. I won't say how long, but you've also got a view on some of the most useful resources and you and I speak about this on a regular basis and I think we've had a conversation about my

daughter who is 23 years old, has got a little bit of cash that she would like to invest, but she's been finding it quite hard to navigate. So what advice would you give her and what are some of the other resources that she could have a look at?

Graham (11:41):

Look, there's a whole range of resources at ASX. I can mention it. It's over 20 years. I think I'm up to 23 years at ASX. Sometimes that's a life sentence for some people. 23 is a long time, but we have a range of different resources where you can actually connect with people in the market itself. So rather than just as us as the market operator, we have events like Invest Today where we invite a whole range of different brokers from the market, from ETF issuers to listed investment companies for people to hear directly from the people that are involved in the market itself in how they can navigate the new world of equity markets.

Theresa (12:16):

I actually attended the last investor day in Sydney. I had attended it a while ago, but it was a really great event and I was so energized by seeing so many young investors coming in and making copious notes and really engaging with all of our speakers. You had a great session in that one as well, so hopefully presenting at the next one, which I think is in November.

Graham (12:41):

Excellent, thanks. Don't give me too big a head. CEO Connect is another one. We actually get the companies that are actually listed on ASX to come in and talk about their company, give some insights into where the future of that company might be. It really is all about connecting individuals with investment experts across the market. Back to your daughter, I'd really suggest thinking about attending some of those events. I know when I first started in the market we actually used to have some public floats way back when. So Commonwealth Bank was my first share I ever purchased and it was through just reading information on as ASX's website and we didn't have these really good tools that we can utilize and go to events and talk to like-minded investors but also hear from investments experts themselves. So really look at some of our education modules on the ASX website but attend some of the events that we have for free.

Theresa (13:32):

All good. My first year was also a Commonwealth Bank share but that was through an employee share program, but I still hold onto them and they have gained value over the years so I probably won't be getting rid of them anytime soon.

Graham (13:45):

No, they pay me more on a dividend than I actually paid for them in the first place.

Theresa (13:50):

I'm not at that level yet, but hopefully I'll get there soon. So how about more sophisticated investors? We do have a lot of introduction content, we've got education modules, starter out content, but when you get to that more sophisticated

level and you want to do in depth research, what do we offer? I know you have ideas about some of the more sophisticated tools we have available as well.

Graham (14:16):

Yeah, first of all, one of the hardest things you do when investing is actually picking the right stock that might suit your portfolio. We do have a range of brokers that actually provide their research free of charge via the ASX website. A really good tool is getting some understanding of what brokers think about stocks themselves, so coming on looking at that broken research scheme and really being able to get a helpful hint on what some of the stocks may be that may outperform the market in the future. Beyond that, there's the investment products directory. We've touched on it a couple of times, but one of the fastest growing areas at ASX is the exchange traded fund market and listed managed investments. There's some really good reports that give us indications of what those styles of products are tracking, so whether it be Australian markets, international markets, commodities, and how well they're tracking against those indices or those products themselves.

So a really good directory for people that wanted to get broad based exposure to the market just in one trade. There is charting tools as well. So not just research to think from a fundamental perspective or broad based allocation. Some of us like to have a little play in the market and getting out a little bit faster and we used charts to help us in seeing when a market might be a bit toppy and looks a little bit expensive or when it's getting cheap, it might have bot bottomed out. So investors can really utilize those tools. Beyond that, we have the ASX watch list and people can actually create watch lists just to track the shares that they're interested in and see how they're performing over time. So they're probably the next step I guess, beyond getting started investing and some of the more technical tools you might be able to utilize on the ASX.

Theresa (15:54):

Some of those tools sound quite sophisticated and so do we have information on actually how to use them because sometimes you don't know what you don't know, so it might be hard to navigate them if you're not used to using them.

Graham (16:08):

We love our jargons and our acronyms at ASX. We do have a brochures page on the ASX website that really looks at each of those individual tools and some of those acronyms more broadly. If you are interested in some of those tools, there'll be a brochure that matches that tool, whether it be our investment products directory or whether it be charting tools and will help you be able to utilize those tools to the best possible extent for you to get the most out of the tool itself. Beyond that, we do have a page specifically on acronyms. I know I like them myself and really helping investors get through that path of what we like to do at ASX is break things down into acronyms rather than the basics behind the tool itself.

Theresa (16:53):

I think the best way to find those kinds of pages, because there is a lot of content so it might be difficult for people to find that, is actually to use the search function on the site. So if you are looking for the glossary page, to search for the glossary page and it will pop up or put any of the other searches in I think so that you can find the right content for you.

Graham (17:12):

No, you're exactly right. We've kind of touched on research a little bit and it tends towards financial advice when I'm starting to think about research. I've had my experiences with financial advisors across the market and I'm sure yourself have had a interesting experience over time. Do you want to share your experience with some financial advisors? I could even touch on some of the experiences that I've had as well.

Theresa (17:37):

Well I have a fantastic financial advisor at the moment. I've had her for many years and she is more like my financial mentor. But I did start off having a couple of financial advisors who weren't fantastic for me and I think the rule of thumb is to move on if your financial advisor isn't doing what they need to do for you. They can obviously do the basics, but what I really like about my financial advisor now is she's looking at my lifestyle and she puts me onto the straight and narrow. I think when we first went and saw her, she said, "Well, we've got all of these investment goals for you and you're set up with them, but what about you? You are working very hard so we need to maybe put a holiday fund in place for you or things where you can just really enjoy the life that you have built for yourself working extremely hard."

So it's just a slight nuance on finding a financial advisor that actually does something that helps you not only financially but also in terms of the lifestyle that you're after. But as I said, the first two advisors, very functional, probably not looking at my specific situation as much as I would've liked and it would've been great to know which questions to ask upfront because I did stick with them for a while before I found the right financial advisor eventually.

Graham (19:04):

That's really important I guess when you're thinking about a financial advisor is what questions do you actually ask them to make sure that you are the right fit. I know when I've dealt with financial advisors in the past, finding an advisor that actually tells you no can be very, very difficult to ... I can sometimes think about some speculative stocks in the market and it just might suit my investment profile. Having an advisor actually tell you, "No, it's not the right fit for your investment style," can be really difficult to find. When I think about some of those questions that we could actually have when we go into those advisors and it's all about pre-arming yourself, it's almost like you're interviewing them for a job, they're actually trying to be your advisor and sometimes it can be felt like it's the shoe on the other foot.

We sometimes think they're interviewing us and are we good enough to be their client where it should be the other way around. It should be all about them being good enough to be our advisor. Some of those things we can think about really understanding what services they offer. There's a broad range of services that investment advisors can offer, make sure that they're offering the services that you want. Cost is a key component. Asking up front, having a really good idea of what their costs are, how much are they actually going to charge you and what research facilities they're utilizing and how you can benefit off the back of those research facilities. But most importantly, you touched on it, the investment plan. How regularly are they going to review that plan and are they going to help you throughout your life so your plan's going to change over time and how regularly are they going to review that is

some of the things that I'd be definitely asking those advisors before we even contemplate employing them as our financial advisor.

Theresa (20:47):

With my advisor now, we meet with her on a very regular basis. They are quite extended meetings where we walk through the entire portfolio in quite a lot of detail and make adjustments and we do that now on an annual basis, but previously we just hadn't done that. So it's so important to have visibility of your investments because it's very easy to forget that you've got super, builds up, but most of us just sort of sit and forget and it is our money at the end of the day, so we need to make sure it's working as hard as it can for us.

Graham (21:18):

Oh, you're exactly right. We do have some tools on the ASX to help people find the right advisor for them. So we have find an advisor tool on the website. Luckily, we've actually got some of those questions that might help you when you're going in to interview that advisor to help you in picking that right advisor. Thank you, Theresa. I think it's been a fantastic discussion. Hopefully we've kind of highlighted some of those key tools that people can use whilst we're in this world investor week and hopefully we can come back and talk about these tools again.

Theresa (21:51):

Fantastic. Graham, thanks for the conversation and I hope that people are able to find the right content for them on our website, which is at www.asx.com.au. Go in there, have a look at our blog, do a search, and I'm sure you will find a wealth of information in there.

Graham (22:10):

Thank you again for joining us on this special edition of The Ideas Exchange. It was great to talk about all the resources ASX is able to offer all investor types. For more information, you can visit www.asx.com.au/worldinvestorweek.

Check out the ASX blog: (22:31):

Are you keen to learn more? Why not visit the ASX blog, asx.com.au/blog, for a wide range of articles, videos and insights from ASX experts, listed companies and investment professionals?