Transcript
The Ideas Exchange - Episode 46

Geopolitics and the role of US, China and other super-powers

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Jacinta King (00:00):
Welcome to The Ideas Exchange by ASX, connecting you with investment experts, market updates and ideas. I am Jacinta King, business development manager investment products at ASX, and this is our regular podcast covering everything from investment trends through to different ways to invest using a variety of products.

Speaker 2 (00:20):
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Jacinta King (00:47):
Welcome to The Ideas Exchange, I'm your host, Jacinta King from ASX. Perpetual is an ASX listed company providing asset management, private wealth, and trustee services to local and international clients. Perpetual are one of the oldest financial firms in Australia being founded way back in 1963. Now, I don't remember that time, I wasn't actually born, but some of you out there will be very familiar with Perpetual. James Holt is head investment specialist at Perpetual where he is responsible for the Perpetual Equity's business, as well as providing commentary, analysis and technical investment support to a variety of stakeholders, including investors, and he joins us in studio today. Welcome, James.

James Holt (01:32):
Thank you. Good to be here.

Jacinta King (01:34):
James, we have a lot to talk about today, but we've only got limited time, so we'll focus on a few key themes. Naturally, the RBA interest rate announcement this week, what's been happening in markets over the last quarter, and what has been dominating media at the moment, the US election that happened earlier this week. Look, we won't forget, we'll touch on global as well as Aussie markets, so let's dive in. The US

election, I think unless you're living off grid, you missed a lot of this media coverage. I certainly have been drawn in and really focusing on the election this week. James, why is the election so important, not only as an investor, but when thinking about politics and economics and geopolitics more broadly?

James Holt (02:21):
Look, it's a good question and certainly, I mean you couldn't have heard anything else apart from the election the last few weeks on the news cycle, it led the news every night. I guess there's probably a couple of things. First of all, clearly it was a very divisive election. The fear was that maybe it would be too close, it wouldn't get a decisive outcome, but often that happens with polling. It's one of the hard things with polls is that especially when they're this close, there's still a hard grain core of undecideds at the very end, and they usually switch one way or the other, or there's always a risk of under polling one party or the other. There were arguments each way that either Trump or Harris was being under-polled at this election. Of course, we know the result now, and that is yet again, the third time in a row, Trump's been under-polled and people who support him often will not turn out and admit that they're Trump supporters in polling results.

(03:14):
I'd say the other thing as well is that there's a lot of noise around Trump, but you've got to look through the noise and think about the policy. Really, if you take away the rhetoric, which can be pretty wild at times, he's a pretty conventional Republican president when he governs. If you think about it last time, if you took away the name, you took away the rhetoric and you looked at what he actually delivered, big tax cuts, conservative Supreme Court justices, big defence spending. You compare that to the Reagan era, it's probably the same. Reagan just had a much better communication style than Trump. Trump, a bit wilder as I said, but really, the same policy framework. Again, although obviously, there'll be a lot of shock and whatever at the result in the last 24 hours, prepare yourselves basically for Trump 2.0, which will be a lot like Reagan in the 80s as well.

(04:09):
Apart from the rhetoric, it'll probably be a pretty conventional presidency in the form of, and look this time around, the one thing that's different is that Trump has had a lot more time to prepare for his second outing as president. He wasn't really prepared when he came into office in January, 2017. Took him a long time to find people to staff the administration, and this time around, there's been a lot more preparation. Again, people will point to, there's all sorts of talk about the project 2025 and stuff like that, but there are some serious big hitters around him from Wall Street and Silicon Valley, obviously Elon Musk. Bill Ackman has been talked about,

John Paulson, they all happen to be billionaires, but they're very, very savvy tech and financial people who are, it's a funny period.

(04:52):
I think a lot of what we're going on right now feels a bit like what you read about in the 70s. We've a period of high inflation, geopolitical uncertainty, a lot of political volatility. There's also this growing movement from both the conservatives and libertarians to bring down regulation, to cut taxes, to cut spending. The feeling is that like in the 1960s and 70s, we've veered towards too much regulation. This is the business community. Even back in 2017, there were different views about the tax cuts, but all CEOs in 2017, 2018, said that they really welcomed the fact that there was no new regulation under the Trump administration because it simply caused their cost to be higher and so on and so forth. I think there'll be more preparedness this time around.

(05:41):
They've got a pretty clear agenda to keep tax cuts in place to probably take cut spending, cut a lot of wasteful spending out, to cut regulation and to boost energy production by a significant amount by getting regulation out of the way, which will lower energy prices. If you think about it, if you've got a big income in America, you're probably fine, but if you are... Whenever I used to go to the US, you'd always be accustomed to the fact that it was a cheap place to live. You could afford to live on a low income because it was so cheap. I was shocked when I was in America in September, how incredibly expensive everything is. More expensive than here.

Jacinta King (06:16):
I heard that this week from somebody else. They said the same.

James Holt (06:19):
Exactly.

Jacinta King (06:20):
I've never been there actually, weirdly, but yes, that's what everyone tells me.

James Holt (06:25):
Yeah, it's really gone up in price.

Jacinta King (06:27):
It's the lifestyle.

James Holt (06:28):
I think this is what was missing is even though the growth looked good, the economic growth about 2, 3%, was looking quite attractive. The high

level of regulation, the high level of cost, big government spending on things like the Inflation Reduction Act on clean energy, energy prices are very high. All this stuff meant that if you've got a high income, you're fine. You don't notice the high cost. If you're that other half of America that's living on low incomes or working hard and working three jobs, you're really angry, and I think we saw that yesterday in the election result. Trump will, the growth I think will continue, it could even accelerate, but the difference will be he'll try and bring costs down, he'll pondering, bring energy costs down, bring taxes down, government spending down, try and keep interest rates down.

(07:10):
That'll be, if he can achieve that, and that's certainly the goal, whether he can get there or not is the key question because he's got the Senate majority, hasn't quite got the House majority yet. That's his real fix, and that's what actually happened last time. The growth was fine under both presidents, but the real difference is that household income was a lot better under Trump because it's not just about GDP going up, it's about inflation staying down. If you're can achieve that goal, then it's probably a better outcome for consumers. Also, look, you can see the market reaction already is that markets are welcoming this switch to lower regulation, lower cost, lower inflation, lower deficits potentially, as long as they can get hold of Congress.

Jacinta King (07:53):
Yes, because in thinking about this and a potential Trump administration, I did keep coming back to this theme that you're touching on there. How much of it will be the same or will he be able to leverage and develop what he laid down perhaps in his first term and how that could benefit, potentially? For the naysayers out there, it's not all bad. There are some real positives which you've just outlined there.

James Holt (08:21):
Yeah, absolutely. Remember, the last time he won in 2016, there were a lot of predictions about the end of the world and that he would leave NATO, never happened. That he'd leave the World Trade Organization, never happened. That the markets would crash, and they actually boomed in 2017. If you think about it, it's probably more so of that, I think. You'll simply see this move towards cutting regulation. As I said, keeping taxes low, cutting spending. I think this time the real difference that I can see is that the team is ready to go, and they may not be in cabinet posts necessarily, like Elon Musk. I don't think a lot of these guys necessarily treasury secretary. There's another important guy who's been talked about a lot, Scott Bessent, former hedge fund manager who's got pretty clear plans as well too.

(09:09):
They spent a lot of time thinking about it. They didn't really know if they're going to win in 2016. They weren't necessarily well prepared, but it's a non-Washington, DC, it's a very business-oriented team that's around Trump, and they're very, very keen to get their hands on, and they're driven by efficiency. They've created businesses, tech businesses, financial businesses out of, they're all self-made billionaires really. I think that, that team, that level of skill around Trump is a very good thing. They've often known Trump for a very long period of time. It's not quite, I think the doom and gloom that people are worried about.

Jacinta King (09:49):
Do you think that makes it quite unique in the history of the US politics and the type of leaders they've had? I mean it's quite interesting if you've spent time looking back, but it's quite unique that you've got, like you say, leaders that have built businesses independently wealthy, they know how to run efficiencies and focus on that. Is that quite different do you think, compared to a traditional politician per se?

James Holt (10:13):
I think it might be. You look back, there have been administrations certainly where you've often got someone from Wall Street as a treasury secretary in many, many administrations, both Democrat and Republican. Just the sheer number of these people who I think see an opportunity, as I said, if you read the books, it feels a bit like that kind of 1970s moment, where in 1972 or '74 or '76 or 1980. Either way, there's this movement, I guess from business to say we've had enough of the regulation, this high cost of operating is just crazy. There's too much policy making out of Washington that's not in the real world, and I think that's driven it, but we have seen those administrations before, have a few business people, but I don't think I've seen this many successful business people corral around Trump to try and change things in a significant way.

Jacinta King (11:05):
Now, obviously, you can't forecast, but at Perpetual with the investment team that you work with, how do you approach the US election coming into it and you go, "Okay, it might go either way," it was particularly close, so do you run scenarios and go, "All right?" You don't want to react, but you do obviously have to take into consideration that this can impact markets and make changes, and how do you look at your portfolios with that in mind?

James Holt (11:36):
I think you summed that up perfectly, because at the end of the day, we're bottom-up stock because we're not really macro people. We don't invest the portfolio on a macro basis and then look at stocks. We invest on a

bottom-up stock basis, but we have to be aware of the macro and we have to be aware of any unintended risk or something that might come out of left field. Look at the very last minute yesterday, we thought that just given that we thought probably Trump would win, but obviously, if Kamala had won, it might've actually been more of the same over the past year or so. Markets would still probably be fine, but you would've seen a bigger reaction from Trump winning because the bond market had already been moving up. If you look back at the US 10-year bond yield, it was probably predicting in the last month or two that Trump had a much better chance of winning because the 10-year bottomed and it started heading up.

(12:27):
It's anticipating either higher growth or higher inflation or both, and the equity market had moved a little bit, but it hadn't moved dramatically. I think that we saw a bit more of a move in the bond market last night, so the US 10-year went up another 10 and 12 basis points or thereabouts, but it was the Dow that went up about 1,500 points, so that was quite a big move in equities. I think that the bond market had seen it coming, the equity market had seen a little bit of it coming, but not quite as much as it priced in last night. The other complication is that the one thing that business doesn't like with Trump are the tariffs, and it's critical to see that when he's talking tariffs, there's two conversations here. Some people take it literally and think the tariffs are going to be imposed from day one, and that would be a disaster and sorts of problems associated with it, especially if it's on everything. Bad for us in Australia too.

(13:27):
In reality, the tariffs are more like a bargaining chip or an advert claim. Really, the intent here is not to impose 100% tariffs on China straight away. It is to say, which is what happened actually nearly 40 years ago with the US and Japan, so 1985, America said there's a too bigger trade surplus with Japan against America in favour of Japan, and we need to fix this up. There's two solutions here, either we impose tariffs on Japan, which never came about, or Japan has to change. It has to actually cut interest rates, boost its domestic economy, increase the value of the yen. In the end, Japan played ball, and as a result, we avoided a trade war. Effectively, Trump is going into this second term in almost exactly the same circumstances as Reagan did in 1985. Now, the outcome of that was the Plaza Accord.

(14:26):
That was an agreement between America and Japan that they would have this cooperation. The US dollar would weaken, the yen would rise, Japanese interest rates would fall to compensate for the rising yen. It triggered a boom in Japan, which China is wary of, which eventually hit a wall. The point is you can see the circumstances. It's not that they want to

use tariffs straight away to poleaxe the Chinese economy, but the Trump administration is saying, "We need to have change. We can't have you dumping all these electric vehicles, all these goods on the US economy. We can't have you being a mercantilist economy. We need to have some sort of an agreement where you will boost your domestic demand, you will allow the Yuan to appreciate, allow the US dollar to fall much like 39 years ago, to bring about an adjustment and reduce this trade deficit." They've got a few plans, I think, in the works along those lines, but I think that's one of those things where people misinterpret what's going on there. Sounds risky, the big tariffs, but really, it's all with an end goal in mind.

Jacinta King (15:27):
Understanding that context and the reasons and the logic behind it. In your quarterly market update to September, there was a really interesting chart I saw said markets tend to move higher following a US election no matter who is in office. Really, in short, stick to your investment strategy regardless. I think this is what I'm hearing from what you're saying there, because one of my other questions for you today was how does investor listening to all of this, as you say, this perhaps hyped and this intense coverage, how do they digest it and make sense of it and not sort of have that knee-jerk reaction and worry overly about what's happening with their portfolios? It's about that staying steady.

James Holt (16:08):
Absolutely. Look, the markets have these immediate knee-jerk reactions because they're trying to reprice the immediate impact of the change, but you're absolutely right. In the long term, markets still go up. I mean, the market does prefer it when either there's a, usually a straight-up Republican administration or a divided government on the Democrat side. The thing those two scenarios have in common is that there's usually no new regulations for various reasons, so that regulatory environment's probably more positive for business and equities in general. Regardless of what happens, GDP goes up over time. America in a funny kind of way, is designed to be ungovernable.

Jacinta King (16:48):
Interesting, yeah.

James Holt (16:49):
Basically, it's been since '89, effectively a difficult to regulate economy and markets. It reinvents itself all the time. You still get the Googles and the Amazons and the whatever coming through, so it's a great, great economy of reinvention over time, but you do get these periods where regulations have gotten a bit too high like now, and that's what the markets are welcoming. In the long term, markets will still go up and it's probably more the shape of the market. The market is anticipating

probably slightly higher rates, albeit growth or inflation, but also probably a rotation, I guess from broadening away from tech into cyclicals and stocks like that. The cyclicals had a big run last night.

Jacinta King (17:31):
Yes. Let's move into that if you don't mind, because let's come back to home and we've had the RBA held their interest rates at 4.35%, so it's somewhat welcome news I guess, but we still have a bit of sticky inflation. It's down to levels that are okay, but there has been some interesting sector rotations.

James Holt (17:51):
Yeah, there have been. Look, in the last few months, even over the past whole year, the really fascinating thing has been the banks. They've got the Magnificent Seven in the United States in the form of tech. In Australia, we've had the Magnificent Four in the form of the banks that have gone through the roof.

Jacinta King (18:12):
Totally, yeah.

James Holt (18:13):
CBA was a little bit below 100$, next thing you know it's 140 something dollars, it was up 40%. There's many views as to why this is the case. In some cases, maybe they're past peak concern around the mortgage market doing poorly, but there's still some reasons to be cautious there, I think. Maybe it's allocation effect and that basically you've got big global capital operators, you've got massive industry super funds here as well who've got very, very deep pockets, and maybe they just slosh between big liquid parts of the market. They've probably made a decision six, 12 months ago to allocate to banks. At some point, that allocation may switch to resources as well. If you look forward, it's very difficult for banks to outperform from here given how far they've risen. Not making a forecast obviously, just from an evaluation point of view.

(19:09):
Historically, resources look quite cheap and every decade is a little bit different. If you think about the end of each decade, often you can define what played out during that decade. This is talking globally now. 1980, most of big stocks in the MSCI world index were energy. It was all about oil, the record oil prices in the 1970s. By the end of 1990, something like eight of the top 10 stocks were Japanese because of the Japanese boom. Then a decade later, they were all tech, and then they became resources. BHP was the fourth biggest stock in the world in 2010. Then of course, it moved back to tech at the end of 2020. Then we've got to think for the end of this decade, what would it look like in 2030. Nobody knows, but it should be a period in which resources are cheap and there's probably

reasons to think. You think about the emergence of India. You think about the requirements still.

(20:04):
If Trump or Harris were in office, you're still going to have this at the margin shift towards hybrid vehicles and those sort of things. Over time, you'll still have some internal combustion engines as well, but you've got more demand coming out of India as well, so you're still going to have net demand for metals and those sort of things. We're all aware of what happened 15 years ago when China emerged, 15, 20 years ago, caused huge demand for resources. That's still quite latent I think, given there hasn't quite played out in a boom scenario the way that you might expect at some point in the future is that two years, three years, five years away, nobody really knows. We're always looking for what is reasonably priced out of favour and we tend to shy away from what is expensive and has already had a good run. That's, I think a good guidance point for where things should be heading in the future.

Jacinta King (21:01):
That's helpful because I was just thinking now about now a perpetual offer, a variety of products, but specifically on the ASX, you've got three funds listed and one is the Perpetual ASG Australian Share Fund. Aussie equities generally delivered impressive gains in the September quarter. We had the ASX 300 rising by about 7.8%, so it's the best performance this year. What factors drove this result, and specifically with the funds that you run, what are some of those great stories with stocks?

James Holt (21:35):
I think a few of them that have played out for us in the past year or so, thinking across the broad book, we did have investments in insurance in addition to some bank exposure, we had insurance. If you think about IAG as an example, great business, we always look for quality first and then we look at valuation. We look for companies that have got reasonable management, that have got good balance sheets, that have got recurring earnings and also good industry structure. IAG benefits from all of those, including a good industry structure where if you've got oligopolistic characteristics, and the general insurance market is pretty much a duopoly. The odds are already tilted in your favour.

(22:20):
What we tended to find is IAG, we're also, we're quite happy to work in partnership with management as well, so we're quite active owners, I guess you could say. Not just active investors, but active owners with our stocks. We do have a big position. We think there's room for, maybe there's we'll support you to carry out these initiatives in the company, if need be, and IAG has been really good at, I think being disciplined around capital. 80% of mergers tend to fail, so in general, don't do them unless

you're absolutely sure it's going to be good. IAG, like oil companies, are no different to that, not necessarily having an amazing record of acquisition, but they've instead used any spare capital they've had to manage their own capital to buy back shares, things like that, which has been beneficial for our investors.

(23:07):
Also, they've been very good at being price disciplined on premiums, and they've also delivered on things like, or they're trailing, cost out potentially in the business as well. Just making the business more efficient, generally. They're the sort of things, you get revenue up, you get costs under control, et cetera, et cetera. You're in a pretty good spot. A couple of Premier investments, probably another good one where again, we've been long-term supporters, wonderful investor, wonderful CEO, chairman, I should say in the form of Solomon Lew, and really those excellent management teams. We will back them to the hilt where there's a good valuation story, but the great thing with Solomon Lew was he was dissatisfied with the valuation of his own company. That's a great thing to have.

Jacinta King (23:58):
Interesting, yeah.

James Holt (23:58):
He thought the PE was quite low.

Jacinta King (24:00):
That's a good self-reflection.

James Holt (24:01):
Good self-reflection. He initiated his own strategic review into his own business and to find ways to see how he could unlock value. That's where he initiated that process, and we've now seen that playing out in the form of the apparel brands. Dotti, Portmans, Just Jeans, those businesses are going into a deal with Maya, which is good for both parties. Maya will get more product to sell, the apparel brands will get good space to sell their products at very reasonably priced retail floor space. It leaves Peter Alexander, sorry, Premier Investments with two super brands in the former Peter Alexander and Smiggle, which are very high-margin, luxury-level margin businesses.

(24:44):
That stock will now be priced appropriately. The market was confused, do we value it according to the struggling apparel brands or do we give it a premium valuation according to the Smiggle and Peter Alexander? Now it's clear that it'll be Peter Alexander, it'll be Smiggle, it'll have a big stake in Breville, and they'll also use this restructure as an opportunity to give

investors the benefit of the franking credits they've got as well, so the stock has done really, really well on the back of all that.

Jacinta King (25:12):
Now, what I also read is that small caps have done quite well in both Aussie equities, homegrown here, but also in global equities as well. I know some of the work I do, I talk to the small cap managers, and it can be quite varied at times. You ought to be patient.

James Holt (25:31):
Yes.

Jacinta King (25:32):
Their time has come, their time in the sun is here.

James Holt (25:35):
Yeah, absolutely. Look, we look at a lot of those. In Australia, we've always had a, I guess we've always been prepared to go down the cap spectrum into that mid and smaller cap space as well where it makes sense. We've had a few favourites over time. GWA, which is very well exposed to the building cycle. Helios is one. We've had, again, we've been involved with management to try and unlock value where it got very, very cheap, and really the management team's decision to try and turn around their pathology business is the forward focus. They've also sold off their radiology business. EVT, Event Cinemas, look at trades, the stock trades below the value of its property and you get the business effectively for free, the operating business for free. They're stocks that we tend to like in that space.

(26:28):
They're the ones potentially that do, do well down the track. Globally, with our partner, Barrow Hanley overseas, they're also very, very focused on that small and mid-cap space, especially the mid-caps. That's often the sweet spot globally. Often, these companies, you've never really heard of Vertiv Holdings, so that stock was up multiple fold over the past few years. The thinking there is that we find the direct AI stocks very expensive, and the hyperscalers, which are the consumers of the AI chips are also expensive, and they're multi-trillion-dollar companies, several trillion in market cap, and you can't quite pick. Is Nvidia going to be a rooster today and a feather duster tomorrow? Because it's gone up so fast, it could come down fast.

Jacinta King (27:19):
That's coming through in markets because investors seem to be treading with caution now after a lot of excitement about it.

James Holt (27:25):
Yeah, right. Yes. Exactly. Rather than try and play that space, globally, what made more sense is to own things like Vertiv Holdings. As I said, which really provides cooling solutions to data centres. When you think about it, it doesn't matter if this chip maker wins or that chip maker wins or this data centre wins or that data centre, you know there's huge net growing demand. They're all competing with each other. It's hard to pick a winner there. If you're supplying the cooling systems to those data centres, it's like providing the shovels to gold miners in the 19th century.

Jacinta King (28:04):
That's a good analogy. Yes.

James Holt (28:04):
That stock has done better than any of the AI stocks in the past 12, 18 months, so it's gone up even further. That's the thing you've got to think about is the big caps often are fully priced, often the large caps, especially globally, not so much in Australia, but certainly globally, often reflect the peak of the market. You've got to look at the next 20, the next 50, the next 100 stocks to find where the value opportunities are.

Jacinta King (28:28):
What I wanted to finish with was just touching on a bit about moving forward. There's three areas of importance that Perpetual talked about in their report, the quarterly report. China, geopolitics, which we've already touched on a fair bit, and monetary policy. Are they still the three driving factors that investors and portfolio managed professional investors are keeping in mind?

James Holt (28:53):
Absolutely. I think they are. China is critical. We've got money in China as well, globally, through Barrow Hanley, and it's important that China succeeds. Really, I think if you look at it, China is that same moment that America had after the global financial crisis and what Europe had about 10 years ago as well, which is that investors aren't convinced. They announced these policy stimulus measures, but investors aren't quite convinced that they're going to be followed through with or they're going to be sustained. If you think back to what happened with Ben Bernanke at the Fed, Ben Bernanke promised X billion dollars, a defined amount of money, and he would run this program and that program, and they all had definitive amounts of money.

(29:35):
The market would trade around that. They'd have an entry strategy into that announcement, but they'd have an exit strategy as well because it was a finite period of time. It was only when Ben Bernanke announced that stimulus would be open-ended, there'd be no end point. Markets

stopped fixating on the end point and they just got on with life and with business. That was a critical moment, I think for the Fed. In Europe, they had a similar thing, a bit more dramatic when Mario Draghi and the various governments in Europe kept on trying to fix, remember the European crisis?

Jacinta King (30:07):
Yes.

James Holt (30:08):
They kept trying to fix confidence or try and allay confidence in Europe. Again, there was this program, there was that program, there were definitive beginning and end points being announced, but it was only when Mario Draghi turned up at a press conference and said, "Look, in the end, we'll do whatever it takes." The markets were fine. It's all about confidence with markets. China, it can announce a $100-billion program or a $500-billion program, but until it says, "Look, we'll do whatever it takes to get through this and continue the forward upward path of GDP," the investors will be confident.

Jacinta King (30:46):
That's what's driving that hesitation, do you think? Because it reminds me of a conversation I had with someone, very long time ago, an investment manager I worked with and well, discussing this, is when will China become the Western-type consumer? I mean, I'm talking 15 years ago and I remember challenging that and going, "Look, I don't actually think they will because they run in a different way." Their cash economy, it's hard to understand China if you're not from China or live there or have worked or a China specialist. There seems to be a concern though, the government still wants to have a robust economy and growth, but they've got these hurdles.

James Holt (31:25):
Absolutely. China is different, and it's been a very successful economy. There's no doubt about that. The question is you've really got to, at the end of the day, Adam Smith taught us that the best way to make people better off is not to target a surplus or a deficit. Just make people maximize their well-being and you'll create a better economy over time, their individual circumstances. I think if China can set up a policy framework where they give confidence to people that the market will go on, they'll give them choice, they'll deregulate more. They won't try and control everything. They've got a pathway to success and it would be great to see them succeed. The stocks, they're incredibly cheap. We've got stocks on, they've bounced in the past month or two, but they were on single-digit Pes. Often, 50% cash on their net cash and their balance sheet. It's great businesses.

Jacinta King (32:15):
Yeah, that's great fundamentals.

James Holt (32:17):
Baidu. The biggest retailer in China, JD.com. Wonderful, wonderful businesses. It'd be good to see them succeed. I think the policy framework about setting that up is important. Then in terms of monetary policy in Australia, there is this fear of, again, regulation here being quite high. The economy not being as flexible as it once was, and maybe a bit of homegrown inflation, which is why they're keeping their foot on higher rates for the time being before they'll cut them, I think.

Jacinta King (32:45):
Well, I think, look, I could probably sit and talk to you for another hour, but we do have to wrap it up. I guess the takeaways overarching in our conversation is obviously the US election. Very close, but not all bad with Trump in office, and watch this space because it could be some great foundational things there, which will help businesses, and as you say, the home. Importantly, peoples, the lower socioeconomic who are really struggling, and hopefully, that brings some benefits for that area. China, don't forget China, it might be subdued, but it's still strong there in the race, is what? Still maybe the world's second largest economy.

James Holt (33:27):
Definitely.

Jacinta King (33:29):
Thirdly, not forgetting at home. We will continue to stick it out, so with the interest rates and it's not all bad. We can muddle through that. If listeners would like to know more about Perpetual, you can head to their website, Perpetual.com.au and look for the menus, insights and asset management. As I mentioned, they have three products listed on the ASX under ticker PIC. We have Perpetual Equity Investment Company Limited under ticker GIVE. We have the Perpetual ESG Australia Share Fund, and lastly, GLOB. Thank you for time, James. I really appreciate it.

James Holt (34:13):
Absolute pleasure.

Jacinta King (34:14):
Listeners, please tune in again next month to The Ideas Exchange.

Speaker 2 (34:22):
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