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Editorial

After the recent market meltdown, the ASX still doesn't look especially cheap. At a 17x forward price-to-earnings ratio, the ASX 200 remains a bit above its long-term average.

Any stock with a hint of growth still seems priced for perfection. Take high-fliers like Pro Medicus and Technology One, which have both pulled back, yet still trade on eye-watering trailing P/E multiples of 223x and 77x respectively. Or Cochlear, a great company no doubt, but I'm sure it's that great at 46x P/E. Nor CBA, priced like a tech stock, with a P/E of 27x and price-to-book (P/B) ratio of 3.5x.

I thought it would be useful to dig deeper to try to find where there might be value on the ASX. I ran nine screens through Morningstar's database, and here are the results:

1. ASX 200 stocks split by P/E ratios for FY25

This chart gives an overview of valuations on the ASX 200. Interestingly, 41 of the companies, or more than 20%, don't make money. Also, there are as many stocks sporting P/Es of more than 50x as there are companies with P/Es under 10x. And there are a lot of companies in the 10-15x range, which surprised me.

P/E less than 0	41
P/E 0-10x	19
P/E 10-15x	42
P/E 15-20x	34
P/E 20-30x	31
P/E +30x	14
P/E +50x	19

2. ASX 200 stocks with an FY25 P/E ratio of less than 10x

Here are the stocks on a P/E of less than 10x. It's no surprise to find energy stocks on this list, and Woodside, Santos, Beach, and Karoon look cheap not just on a P/E basis but on every other valuation metric too.

This list also throws up some quality companies. Challenger, IAG, and Ampol are the ones that stick out to me. All are potential ideas for investors looking for value stocks.

Company	Code	FY 25 P/E ratio
Karoon Energy	KAR	3.1
Beach Energy	BPT	5.6
Helia Group	HLI	5.8
New Hope Corporation	NHC	6.1
Iluka Resources	ILU	6.9
Woodside Energy	WDS	7.3
Santos Limited	STO	7.5
Magellan Financial Group	MFG	7.6
Fortescue Ltd	FMG	7.8
Whitehaven Coal	WHC	7.9
Qantas Airways	QAN	7.9
Ampol Limited	ALD	8.5
Credit Corp	CCP	8.8
IPH	IPH	9.0
Perseus Mining	PRU	9.2
Insurance Australia Group	IAG	9.3
BHP Group	BHP	9.7
Challenger	CGH	9.9
Viva Energy	VEA	9.9

3. ASX 200 companies with a FY25 P/B ratio less than 0.8x

Another way to measure value is via the P/B ratio. Here we screened for those companies on a P/B ratio of less than 0.8x. Again, energy names dominate.

However, the other prominent sector is REITs, which isn't surprising given they've had a tough few years. Charter Hall Retail REIT is still at a decent discount to book value despite having consistently high tenant occupancy at its convenience format sites.

Centuria Industrial REIT looks potential value at this juncture. The shine on industrial property has come off over the past 12 months as vacancy rates rise. However, the long-term trend of rising ecommerce remains intact. And the value of industrial sites in outer metropolitan areas should continue to increase.

Dexus is the other one to possibly look at, especially if you think that rates are coming down and the worst for office property is over.

Company	ASX Code	P/B ratio (x)
Karoon Energy	KAR	0.54
Iluka Resources	ILU	0.58
Woodside Energy	WDS	0.66
Charter Hall Long Wale REIT	CLW	0.67
Beach Energy Limited	BPT	0.69
Santos	STO	0.70
Nufarm	NUF	0.73
Orora	ORA	0.74
AMP	AMP	0.74
Dexus	DXS	0.74
Centuria Industrial REIT	CIP	0.74
Whitehaven Coal	WHC	0.75
LendLease Group	LLC	0.77
Charter Hall Retail REIT	CQR	0.77

4. ASX 200 companies with a market cap >$2 billion and an FY25 P/E ratio <13x

The previous lists might be coined deep value lists. The next one above provides less stringent valuation criteria to see which stocks pop up. And it does come up with some intriguing prospects. Light & Wonder, the 'mini Aristocrat' certainly fits in that category. As do companies such as Amcor, QBE, AGL, Origin, and Newmont.

I think that if you narrowed this list of 31 stocks down to a dozen and held onto them for a decade, the results may be satisfactory. Which dozen though? Here are my choices:

Company	Code	Market Cap ($M)	P/E ratio (x)
Beach Energy	BPT	2,646	5.6
New Hope Corporation	NHC	3,102	6.3
Woodside Energy	WDS	37,538	7.4
Santos Limited	STO	18,252	7.7
Fortescue Ltd	FMG	47,170	8.0
Qantas Airways Limited	QAN	12,892	8.0
Whitehaven Coal Limited	WHC	4,200	8.2
Ampol Limited	ALD	5,076	8.5
Perseus Mining Limited	PRU	4,720	9.5
Insurance Australia Group	IAG	18,402	9.6
Challenger	CGF	4,231	9.8
AMP	AMP	2,785	10.0
BHP Group	BHP	185,274	10.1
Insignia Financial	IFL	2,415	10.5
AGL Energy	AGL	6,963	10.8
Rio Tinto	RIO	41,353	10.8
Viva Energy Group	VEA	2,463	10.9
Orora	ORA	2,259	10.9
ANZ Group	ANZ	82,069	11.2
Suncorp Group	SUN	20,631	11.3
Bendigo Bank	BEN	5,913	11.4
QBE Insurance Group	QBE	31,628	11.6
Flight Centre	FLT	2,752	11.6
Dexus	DXS	7,658	11.9
Alcoa Corporation	AAI	2,383	12.2
Newmont Corporation	NEM	9,735	12.2
Bank of Queensland	BOQ	4,300	12.2
Origin Energy	ORG	17,417	12.3
Metcash	MTS	3,472	12.6
Amcor Plc	AMC	9,648	12.7
Light & Wonder Inc.	LNW	3,345	13.0

5. 'Dirty dozen' ASX 200 companies with a market cap >$2bn and an FY25 P/E ratio <13x

This list seems solid: a mix of potential growth with Light & Wonder, Amcor, IAG, Challenger and QBE, defensive stocks with Origin and AGL, and exposure to beaten down commodity, energy, and real estate names.

Yes, it doesn't have any tech, healthcare, or banks stocks, though that's probably the point – these stocks were the biggest beneficiaries of the recent bull run and are still priced as such.

Company	Code	Market Cap ($M)	P/E ratio (x)
Woodside Energy	WDS	37,538	7.4
Santos Limited	STO	18,252	7.7
Insurance Australia Group	IAG	18,402	9.6
Challenger	CGF	4,231	9.8
BHP Group	BHP	185,274	10.1
AGL Energy	AGL	6,963	10.8
Rio Tinto	RIO	41,353	10.8
QBE Insurance Group	QBE	31,628	11.6
Dexus	DXS	7,658	11.9
Origin Energy	ORG	17,417	12.3
Amcor Plc	AMC	9,648	12.7
Light & Wonder Inc.	LNW	3,345	13.0

6. ASX 200 stocks ex basic materials and energy, with net dividends yields >6%

This list is for those after income. I think NZ-based Chorus should be in most dividend-focused portfolios. Not far behind is APA, the energy pipeline provider.

As you'd expect, there are lots of REITs in this list. It's best to be choosy with these, and the starting point should be around the quality of the assets, occupancy rates through time, and the financing of the assets.

Banks are also prominent here, though I'm not so convinced on the prospects for ANZ (management) or the regional banks (lack of scale).

Company	ASX Code	Dividend Yield (%)
Healius	HLS	29.7
Chorus	CNU	12.3
IPH	IPH	8.8
Atlas Arteria	ALX	8.2
Magellan Financial Group	MFG	7.7
APA Group	APA	7.1
Charter Hall Retail REIT	CQR	6.9
Helia Group Limited	HLI	6.8
Charter Hall Long Wale REIT	CLW	6.7
HomeCo Daily Needs REIT	HDN	6.7
Centuria Capital Group	CNI	6.6
Insurance Australia Group	IAG	6.6
Waypoint REIT	WPR	6.4
Inghams Group	ING	6.4
Perpetual	PPT	6.3
ANZ Group	ANZ	6.2
Credit Corp	CCP	6.2
Bendigo and Adelaide Bank	BEN	6.1

7. ASX 200 ex-basic materials and energy with div yields >5% & payout ratios <70%

The above chart screens for those with sustainable dividend yields. If a company has a high dividend yield and is paying out close to 100% of their earnings, then the yield may not be sustainable.

Here, we've taken those ASX 200 companies with net dividends yields of more than 5% and dividend payout ratios of less than 70%. AGL, Metcash, Suncorp and Viva Energy are some of the names on this list that may be worthy of further study.

Company	ASX Code	Dividend Yield (%)	Payout Ratio (%)
Healius Limited	HLS	29.7	0
Magellan Financial Group	MFG	7.7	59
Helia Group Limited	HLI	6.8	40
Insurance Australia Group	IAG	6.6	64
ANZ Group	ANZ	6.2	69
Credit Corp	CCP	6.2	55
Bendigo and Adelaide Bank	BEN	6.1	69
Viva Energy Group	VEA	5.9	65
Suncorp Group	SUN	5.9	66
Orora	ORA	5.7	63
Bank of Queensland	BOQ	5.4	66
Metcash	MTS	5.4	69
AGL Energy	AGL	5.1	55
Qantas Airways	QAN	5.1	31
Harvey Norman	HVN	5.1	70

8. ASX 200 companies with ROEs >20%

Company	Code	ROE (%)
Qantas Airways	QAN	292
Lovisa Holdings	LOV	116
The Lottery Corporation	TLC	98
Light & Wonder Inc.	LNW	80
Netwealth Group	NWL	76
Pro Medicus Limited	PME	52
Inghams Group	ING	47
REA Group Ltd	REA	38
Ventia Services Group	VNT	37
Orora Limited	ORA	34
Computershare	CPU	34
Technology One	TNE	32
James Hardie	JHX	30
Wesfarmers	WES	30
Telix Pharmaceuticals	TLX	29
Coles Group	COL	29
JB Hi-Fi	JBH	29
Smartgroup Corp	SIQ	27
Medibank Private	MPL	27
Aristocrat Leisure	ALL	26
Woolworths	WOW	26
ResMed	RMD	25
Brambles Limited	BXB	24
Amcor Plc	AMC	23
ALS	ALQ	22
SGH	SGH	22
Cochlear	COH	22

Source: Morningstar

It's time to peruse so-called quality stocks. Here, we have those companies with returns on equity above 20%. In my view, return on equity and return on invested capital are the two best metrics to determine the quality of a business.

The above list shouldn't come as much of a surprise – these companies frequently make the news because investors love them.

The gaming stocks of Lottery Corp and Light & Wonder have surprisingly high ROEs. Larger companies such as Brambles, Coles, Woolworths, Medibank, and Aristocrat, still manage high returns, thanks to them largely operating in oligopolies, which limits competition.

9. ASX 200 stocks with P/E ratio <18x and ROE >18%

This screen looks for quality companies at a reasonable price, or GARP as it's sometimes known.

Company	Code	P/E Ratio	ROE (%)
Qantas Airways	QAN	8.0	292
Region Group	RGN	15.8	140
Deterra Royalties	DRR	12.6	118
Light & Wonder	LNW	13.0	80
Inghams Group	ING	10.9	47
Ventia Services Group	VNT	14.8	37
Orora	ORA	10.9	34
Computershare	CPU	17.3	34
James Hardie	JHX	14.6	30
Smartgroup Corp	SIQ	14.0	27
Amcor	AMC	12.7	23
BHP Group	BHP	10.1	21
Eagers Automotive	APE	16.9	20
Flight Centre	FLT	11.6	19
Karoon Energy	KAR	3.1	19
Helia Group	HLI	5.9	19
Rio Tinto	RIO	10.8	18
New Hope	NHC	6.3	18
Ampol	ALD	8.5	18

Deterra Royalties looks a reasonable prospect, though note that it has one of the world's best iron ore royalties in WA, but it wants to expand beyond the one royalty via acquisition. It's a dumb move that is likely to cost investors.

For me, Amcor warrants further investigation. Names that I follow less, such as Eagers Automotive, Computershare, and Smartgroup, may also be worth researching.

Do your own research

Screens are a useful starting point but they are no substitute for further research. After all, they don't show things such as whether earnings are currently elevated or depressed, whether one-offs have boosted profits, whether commodity prices have helped or hindered, whether companies have benefited or suffered from cyclical or structural trends, and so on.

As an aside, I used Morningstar's database for the screens though I filtered down the lists via Chat GPT, which proved especially helpful in reducing the need to do complex excel calculations.

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In my article this week, I explore four strategies for investors to take advantage of the current crisis. They include rebalancing or overbalancing portfolios, buying $1 for 80 cents or less, and wading into the most bombed out sectors.

James Gruber

Also in this week's edition...

The ASX is investigating the introduction of dual class share structures for listed companies. The idea is getting pushback, including from fund managers, but **Dimitri Burshtein** and **Peter Swan** suggest that the ASX should ignore those with vested interests and bring Australia into line with developed market peers.

Pascale Helyar-Moray has contributed to new research into the state of women's wealth in Australia. The research shows the average Australian woman has $428,000 in net wealth, 40% less than the average man. Pascale outlines what the gender wealth gap looks like across different life stages.

John Templeton once said that the four most dangerous words in investing are, "this time, it's different." **Joe Wiggins** has a different take, arguing that the most reliable indicator that sections of financial markets are exhibiting extremes in sentiment or valuation is when investors start to use the words 'always' and 'never'. He has plenty of fodder after recent investor exuberance for US stocks.

In our increasingly digital world, semiconductors are essential to almost all the innovations that are improving our lives. **Eric Marais** of **Orbis** has a great overview of what's driving demand for chips, how the semiconductor industry is evolving, and his firm's favoured stocks to play the theme.

There's one asset that has thrived under Trump's tariffs: gold. **Marissa Salim** thinks the recent gold highs are unlike previous peaks as fundamentals for the yellow metal look favourable on many fronts.

If you're considering selling bank hybrids, **Schroders'** Helen Mason thinks may now be an opportune time. In an interview with *Firstlinks*, she outlines her case for this as well as why she likes tier two and Triple-B debt securities following the recent market volatility.

Lastly, in this week's whitepaper, **VanEck** provides a comprehensive review of markets during the March quarter, and what may lie ahead.

Curated by James Gruber and Leisa Bell

4 ways to take advantage of the market turmoil

James Gruber

The current crisis has divided investors and commentators largely into two camps:

The bull camp – The bulls see Trump backing down from his extreme tariff demands and carrying out 'the art of the deal' with friend and foes. Though there might be a brief economic impact, inflation won't spike, interest rates will come down, and that will spur economic growth and a renewed bull market in equities, the bulls believe.

The bear camp – The bears see an imminent US and global recession and stock markets not yet adapting to that reality. Even if Trump backs down from the large tariffs in place, it won't be enough to prevent the shock that's coming. And the bears think it mightn't be a short and sharp downturn either, as moving away from globalisation will do long term damage to global growth and corporate margins and earnings.

The truth probably lies somewhere between these two extremes, though it's impossible to tell.

Economists tell us with certainty that tariffs are always bad news and point to the 1930 Smoot-Hawley legislation that supposedly caused the Great Depression. The problem is that it didn't cause the Depression and there's genuine debate about how much it contributed to the depth and length of the depression that took

place. The same economists also don't talk about how the US and many other countries thrived in the second half of the 19th century when tariffs were consistently very high.

Some historians find Trump's tariffs analogous to the Nixon shock of 1971 when the then US President took the dollar off the gold standard, implemented a 10 per cent import tariff, and introduced temporary price controls.

Others find parallels between Trump and China's famous post-World War Two leader, Mao Zedong. Mao celebrated conflict and 'permanent revolution'. His 'Great Leap Forward' to collective agriculture in 1957 resulted in more than 30 million deaths from starvation and famine-related illness. And later, in the 1960s, he launched a 'Great Proletarian Cultural Revolution' to fight bureaucratic resistance (the deep state) to his absolute power.

The problem with these views is that they try to find patterns from the past to make sense of the present and to forecast the future. The reality is that economies are infinitely complex and it's difficult to determine the future with certainty. Also, though history makes for great stories and reading, the past is always different from current circumstances. Today's world is nothing like the 1930s or the 1970s.

4 types of investors in crises

Because bear markets bring heightened uncertainty and emotion, investors often act in less than rational ways, and this downturn has been no different. Broadly, investors in crises fit into four categories:

The panickers. These investors sell out at the first sign of market trouble. It might be because they are young or novice investors. Or they've speculated and are horrified at the losses that they are enduring. Or they've read all the negative news and taken it to heart.

The buy the defensives. These investors switch from growth stocks to defensive shares, as well as bonds and cash, *after* the market has melted down. You can look at the amount of money going into Woolworth and Coles of late to see this phenomenon in action.

The buy the dippers. Ah, there are plenty of these investors! They've used the recent market turmoil to top up existing positions or buy new ones, because 'the market is down 15% (or whatever it is) and that is an opportunity to buy'. Problems arise when these investors buy stocks just because prices are down. There's a big difference between price and value, and just because a company's shares have gone down in price, it doesn't necessarily make them great value.

The procrastinators. These are the investors that are waiting for the bottom in markets ie. the 'perfect time' to buy stocks. The issue is that the market never announces when that time comes, and often these investors freeze and end up never buying, while consoling themselves that another time in future will be the 'perfect time' to invest.

What do these investors have in common? They're generally not long-term investors and they don't have a financial plan.

The benefit of being long term and having a plan is that you're less likely to make rash decisions when crises happen. You'll have the building blocks in place that you'll largely be able to ignore what the market is doing.

As the late John Bogle said:

"My rule — and it's good only about 99% of the time, so I have to be careful here — when these crises come along, the best rule you can possible follow is not "Don't stand there, do something," but "Don't do something, stand there!"

Strategies to take advantage of this market meltdown

That said, there are tweaks that you can make to take advantage of market corrections and bear markets. Here are four ideas:

1. Rebalance or overbalance your portfolio.

This is an obvious one. If your 60/40 equities/bond portfolio has become 50/50, it makes sense to increase the equities allocation back to 60%.

A strategy for those who want to get a little more aggressive without going 'all in' on the market is to overbalance the portfolio. This means that instead of just rebalancing the portfolio from 50/50 back to 60/40 stocks/bonds, you could instead go 65/35 stock/bonds in anticipation of better long-term performance from equities given the lower prices on offer.

2. Buy listed investment companies at NAV discounts.

At times of market stress, LICs typically get whacked. First because of portfolio drawdowns. Second, because they trade at sometimes extreme discounts to their net asset values (NAVs). The current crisis is no different, and many good LICs are trading at +10% discounts to NAV, with some closer to 20%.

When markets eventually recover, you can benefit from increases to NAVs as well as a narrowing of the price discounts to NAVs (or they could trade at premiums).

3. Buy coiled-spring stocks.

While many investors hide out in defensive stocks and assets, a better strategy is to buy quality companies in cyclically challenged sectors. Think of retailers in Australia that are getting priced for the possibility of softer economic growth. Or stocks with US exposure like Aristocrat, where investors are thinking that the consumer there may soon be in trouble.

Source: Morningstar

4. Buying bombed out sectors.

The old saying is to buy when there's blood in the streets. This requires guts and skill and is not for the faint hearted. One sector that's undoubtedly bombed out right now is oil and gas. Like in 2020, this sector is completely unloved, and yet the fundamentals of supply and demand don't look as bad as current prices suggest.

Woodside share price

Source: Morningstar

James Gruber is Editor at Morningstar.

Why the ASX needs dual-class shares

Dimitri Burshtein, Peter Swan

The late Australian journalist Clive James once quipped, *"The problem with Australians is not that so many of them are descended from convicts, but that so many of them are descended from prison officers."*

That legacy endures in the form of a patronising paternalism that permeates much of Australian government and society. Nowhere is this more evident than in the regulation of Australia financial services, where a conclave of bureaucrats and private-sector know-it-alls seem to believe it is their life's mission to protect citizens from themselves.

For a brief golden period, Australia's financial and capital markets were lightly regulated. That ended in 2001 with the Howard Government's Financial Services Reform Act which ushered in a new regime of licensing and oversight. From that point forward, the ability of businesses and individuals to freely trade among themselves was diminished. They now needed government permission, who decides what kind of product is traded, what was the nature of the trade, and how the trade was conducted.

The ASX proposal

In a rare break from this mindset, and perhaps in response to suggestions from the authors of this column, the ASX recently announced it would explore the introduction of dual class share structures for listed companies. This move would bring Australia into alignment with global peers and eliminate a long-standing obstacle to listing on the exchange. The ASX remains the only major exchange that prohibits dual-class shares.

Dual-class structures typically involve different classes of shares with unequal voting rights. Common in founder-led companies, they allow management to focus on long-term value creation without being beholden to short-term market pressures.

Several of the world's largest companies are founder created and led and employ dual-class shares. This includes, Alphabet (Google), Berkshire Hathaway, Meta (Facebook), Dell Technologies, Palantir, AirBnB, and Snap.

The ASX was not always opposed to dual-class shares. In fact, it once accepted expert evidence from Professor Peter Swan in support of News Corporation's use of non-voting preference shares.

Preference shares have priority over ordinary shares when it comes to dividends, particularly when payouts are reduced or suspended. At the time, every News Corporation shareholder received both a voting and a non-voting share, and the market responded positively. This structure gave investors the flexibility to choose which class of shares to buy or sell. An increase in investor choice that typically supports higher stock valuations.

This arrangement allowed Rupert Murdoch to expand his media empire while retaining control. He was able to issue more preference shares to willing investors and sell some of his own, with preference shares typically trading at a slight discount to their voting counterparts.

Eventually, the government pressured the ASX to prohibit dual-class share structures for other companies. And when News Corporation relocated to New York, dual-class shares effectively disappeared from the ASX.

Will the ASX have more guts this time around?

Now with the proposal to bring back dual-class shares circulating, predictable opposition has surfaced.

Some fund managers and institutional investors, unhappy simply to exercise their right *not* to invest in such structures want to ensure that *no one* can. They would rather force every investor to go offshore to gain access to far more dynamic founder-led companies.

These fund managers and institutional investors have argued that dual-class shares give disproportionate power to founders and executives, potentially compromising shareholder rights and corporate governance. Perhaps true, but they always have the option to not invest.

The ASX floated the idea of permitting dual-class structures in 2007 but quickly retreated in the face of similar criticism showing itself to be overly cautious, if not outright risk-averse. When presented with the opportunity to attract innovative, founder-led companies to its board, it consistently chooses inaction, further cementing its slow slide into irrelevance.

And so we return to Clive James' observation, that Australia is a nation more comfortable regulating behaviour than trusting in freedom. In today's Australia, even something as simple as choosing which type of share to own is subject to oversight by a new class of financial gatekeepers. Well-intentioned, perhaps, but no less certain than their predecessors that too much freedom is a risk.

Thankfully, these gatekeepers cannot stop Australians from accessing opportunities overseas. In the meantime, the ASX appears almost committed to making itself obsolete, ceding ground to private equity and retreating from its role as a vibrant public marketplace.

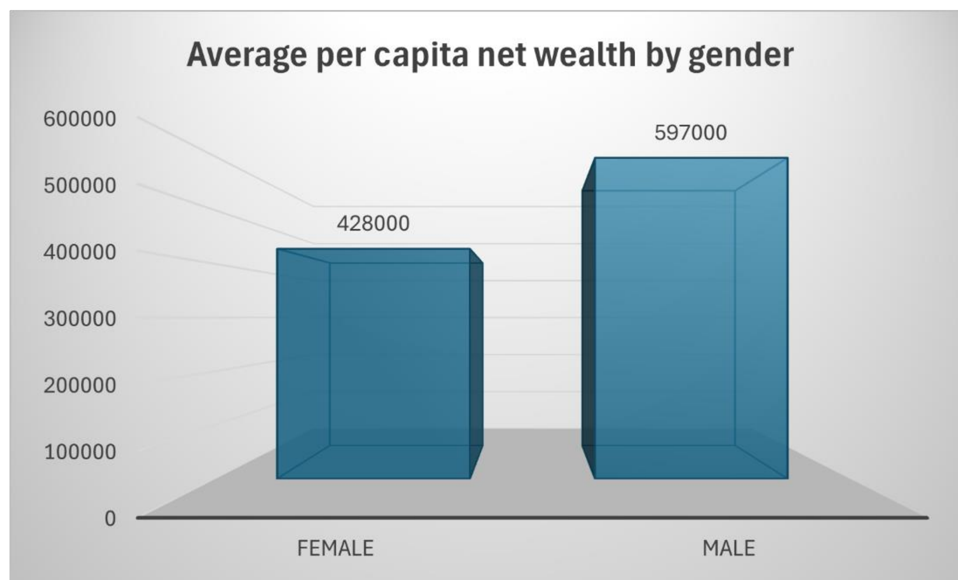
Dimitri Burshtein is a principal at [Eminence Advisory](). Peter Swan AO is emeritus professor of finance at the [UNSW Sydney Business School]().

The state of women's wealth in Australia

Pascale Helyar-Moray

Discussions about the gender wealth gap in Australia often centre on superannuation yet it's not as simple as a shortfall in super contributions. A closer look at the numbers reveals a more complex picture, with broader economic and behavioural factors at play.

Just-released Finder research '[The State of Women's Wealth - April 2025]()' shows that the average Australian woman has $428,000 in net wealth - an impressive figure on its own. However, the average Australian man holds $597,000, meaning men have 40% more wealth than women. This disparity is because men's wealth has grown faster in recent years. This is due to the exceptional performance of Australian property market and global sharemarkets over the past five years, both of which are dominated by male investors.



Rounded to the nearest 1,000. Source: Finder Consumer Sentiment

[As covered previously in Firstlinks](), the gender super gap is a systemic issue driven by a range of structural factors, including:

- Unpaid caregiving responsibilities
- Higher rates of part-time and casual work
- Career interruptions due to parental leave and caring duties
- Occupational segregation, where women are overrepresented in lower-paying industries
- Limited access to leadership roles and promotions
- Bias and discrimination in hiring, pay negotiations, and workplace policies

Another revealing factor in the wealth gap is property ownership. Among Gen Z Australians, 48% of men own a home compared to just 33% of women. Furthermore, 18% of Gen Z men own their home outright—double the 9% of women in the same cohort. For millennials, the disparity continues. While men and women are almost

equally likely to have a mortgage (45% vs 43%), men are 50% more likely to own their home outright (15% vs 10%). Given that property is one of the most significant wealth-building assets in Australia, the lower homeownership rates among women have long-term financial implications.

Beyond property, investment trends also play a role. Studies have consistently shown that men are more likely to invest in equities and take on higher-risk, higher-return investments. Women, by contrast, tend to favour lower-risk assets, which, over time, can result in lower overall returns.

Let's dive into what the wealth gap looks like across different life stages.

Childhood and adolescence

Recent findings from Finder's *Parenting Report* suggest that boys receive more pocket money than girls, earning an average of $10.30 per week compared to $7.50. Over a year, that's a difference of $145.60. Boys tend to be paid for outdoor chores like mowing the lawn, while girls are expected to complete unpaid "indoor" work, such as tidying up. Experts also note fathers are more likely to discuss money with their sons, while mothers talk to their daughters about financial matters with less confidence.

Interestingly, the biggest gender gap in superannuation balances occurs in adolescence, with the average young male holding $11,710 in super, while the average young female has just $7,455—a difference of 57%. A closer look at employment data reveals why; young men are more likely to work in full-time roles or enter trades straight out of school, whereas young women are more likely to pursue higher education. Finder's *Consumer Sentiment Tracker* shows that 25% of 18–20-year-old men have a full-time job, compared to just 15% of women.

Studying/starting a career

According to QILT data, salaries between men and women within six months of finishing university remain close, with male graduates earning just 2% more than their female counterparts. Yet within three years, this pay gap widens to 10%. What causes this shift? While industry selection plays a role (with more men entering higher-paying fields like engineering), differences in salary negotiation and career advancement opportunities may also be contributing factors.

Finder's research highlights that men are more likely to request a pay rise, with 24% of men negotiating for higher wages compared to just 14% of women. Even when both genders ask for a raise, men receive an average pay bump of $4,000, whereas women receive just $2,424—almost half. Additionally, men are 33% more likely to actually receive the pay rise they request, according to the report "Do Women Ask?".

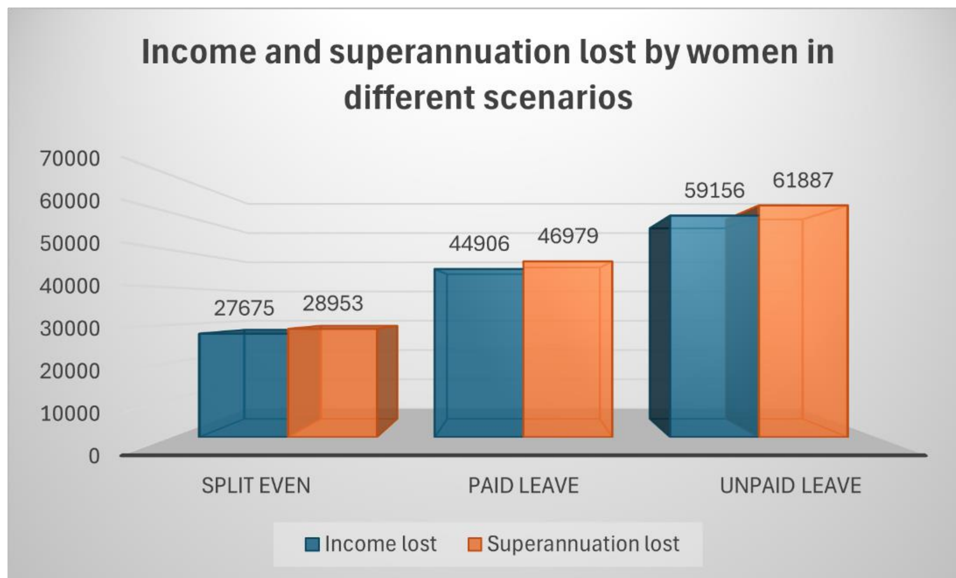
Participation at senior levels – and receiving commensurate pay – is a complex topic, but with simple data points. The Workplace Gender Equality Agency (WGEA) reports that while women make up 51% of the workforce, they hold only 32.5% of key management positions and just 19.4% of CEO roles. Are women not in senior roles because of that common argument that men are better negotiation capabilities? Or is it a lack of opportunity in certain industries? Or intrinsic bias from hiring managers? Perhaps a combination of all these but consequently, women, on average, retire with significantly less wealth than men.

Motherhood and early career

A generation ago, having children didn't carry the same financial weight it does today. With the rising cost of living and the need for dual incomes, the decision to start a family now has lasting financial consequences—especially for women.

Finder's report 'The State of Women's Wealth' shows women continue to take the vast majority of parental leave, accounting for 83% of all primary carer leave used. Government support has increased in response; paid parental leave will rise to $23,810.80 over six months by July 2026, and for the first time, superannuation contributions will also be included. This will help reduce the long-term financial impact of career breaks, as women currently lose an estimated $4,580 in super contributions for each child which grows to $46,979 come retirement.

They also forego $4,906 of income, making it a total of $91,885 of superannuation they have missed out on by retirement. By contrast, men lose just $11,136 ($5,693 in superannuation come retirement + $5,442 in income lost).



Split even: both partners take 6.45 months of annual leave and are paid for 2.2 months of this by their employer
Paid leave: women take 9.1 months of leave and are paid for 2.2 months of this by their employer
Unpaid leave: women take 9.1 months of leave and do not receive any paid leave from their employer
Source: Finder Consumer Sentiment Tracker

Beyond lost wages, mothers continue to shoulder the bulk of unpaid household labour:

- 34% of women say they handle almost all household duties, compared to just 10% of men
- 63% of women take on at least 75% of the chores, while only 23% of men do the same
- 12% of women say their careers have been impacted by household responsibilities, compared to just 6% of men

The numbers

34%
1 in 3 partnered women say they are responsible for almost all of the household duties.

1 in 10
This is compared to just 1 in 10 (10%) partnered men who say they are responsible for almost all of the household duties.

63%
The percentage of women who say they are much more likely to be responsible for 75% or more of the household duties.

1/4
This is compared to just 1 in 4 (23%) of men who say they are responsible for the lion's share of household duties.

46%
of men believe the household duties are shared equally while only 25% of women think so.

1 in 3
Women say their mental health and stress levels are most impacted by the uneven balance of household duties with 34% citing this compared to 19% of men.

12%
of women say their career has been impacted by the unequal split in household duties. Half the amount of men feel this way – just 6%.

2/3
Young people are more likely to be affected by the unequal division of household duties; 64% of Gen Z say they are impacted in some way compared to just 49% of Millennials and 32% of Gen X.

Career progression or midlife

Life between your mid-30s and mid-50s is a period of shifting responsibilities, evolving career paths and growing financial pressures. Many women in this stage juggle multiple roles—managing careers, raising children, and caring for aging parents—all while trying to build long-term financial security.

This stage of life sees women carrying a disproportionate share of unpaid caregiving. Australia has 2.65 million unpaid carers, and 72% of primary carers are women. This caregiving burden, combined with part-time work and career interruptions, significantly impacts women's earnings, superannuation balances, and long-term wealth.

Women's financial setbacks become increasingly apparent in midlife. While superannuation gender gaps are slowly improving, the latest ATO data (from 2021) shows that the average super balance for women was $150,922, compared to $189,892 for men—a gap of 20.5%.

'The State of Women's Wealth' also highlights how this gap extends beyond super:

- 48% of women have less super than they expected at this stage of life (vs. 38% of men)
- 57% of women have less savings than expected (vs. 41% of men)
- 52% of women earn less than they thought they would (vs. 37% of men)
- 48% of women feel behind in their career progression (vs. 34% of men)
- 46% of women feel behind in home ownership (vs. 33% of men)

These individual setbacks contribute to the $51.8 billion annual cost of the gender pay gap to the Australian economy, according to WGEA. One major driver of women's lower lifetime earnings is part-time work. WGEA data shows that 29.7% of women work part-time, compared to just 10.8% of men. More women are also employed casually, meaning fewer benefits and lower super contributions.

Over 50

Women over 50 often continue to feel the pressures of the 'sandwich generation', as well personal upheavals and career shifts. They tend to fall into two broad categories; either they are looking to upskill, seek promotions, or invest to secure their retirement. Or, particularly those experiencing separation or divorce, are rebuilding from scratch.

For a rising number of women, financial setbacks in later life are leading to far greater consequences—particularly homelessness.

- One-third of all divorces (30.7%) are granted to women aged 50+
- Older women are the fastest-growing group experiencing homelessness in Australia
- 31% increase in women over 55 experiencing homelessness from 2011 to 2016, with a further 6.6% rise by 2021
- Homelessness among older women has grown almost 40% in a decade (2011–2021)

This crisis is driven by a combination of low super balances, part-time work, career interruptions, and the gender pay gap, compounded by rising living costs, an unaffordable rental market, and age discrimination in employment.

Research shows that certain factors significantly increase the risk of homelessness for women over 55:

- 28% of women in private rentals are at risk
- 34% of women not employed full-time are at risk
- 65% of single mothers are at risk
- 85% of women with a history of financial insecurity face a high risk

Retirement

The average woman would have to add an extra $236 per month into her superannuation fund, or alternatively, work an extra 11 years, in order to retire with the same super balance as the average man.

The Government, the ATO, various super funds all recognise women retire with 25% less superannuation, on average, than men (according to ASFA), in addition to having lower overall savings. This financial disparity places many women at a higher risk of economic insecurity in their later years, with 1 in 3 single women over 60 living in income poverty.

Finder research reveals that 35% of women aged 65 or older have less than $1,000 saved, compared to just 22% of men. Of those women aged 65 and older who do have savings, the average balance is around $46,650, while men in the same age bracket have an average of $67,920 – representing a 46% difference.

Conclusion

It's important to celebrate the progress we've made. Yet, it's still not enough. As 'The State of Women's Wealth' clearly shows, women continue to have less wealth than men, simply because of their gender. The more we talk about the challenges facing women's wealth and the opportunities for change, the more we learn, grow and overcome. As one teaches one… one becomes many.

Pascale Helyar-Moray OAM was one of the contributors to the Finder report. She's also the founder of Grow My Money, a platform where members can shop with scores of major Australian brands and receive a cashback into their superannuation account. She's the author of the book, Rich Woman Poor Woman.

The two most dangerous words in investing

Joe Wiggins

For anyone interested in investor behaviour, extremes matter. When there is a severe dislocation between the value of an asset and its fundamental characteristics, or spells of dramatic price performance, it suggests that some of the most powerful aspects of group psychology are taking hold. Such situations create both significant risks and opportunities. The problem is that identifying extremes is much harder than it seems. There are, however, a couple of words than can help – 'always' and 'never'.

Market extremes are obvious, but unfortunately only obvious after the event. Once the extreme has been extinguished, we can happily carry out a post-mortem on the irrationality that led to it, typically ignoring the fact that for the extreme to have existed many people must have considered it to be justified at the time.

And, of course, this must be the case. For market extremes to be reached there has to be a belief that the levels of exuberance or dismay surrounding a particular asset class is simply a sensible response to a changing world. The performance and persuasive narratives that accompany financial market extremes are taken not as the cause of it, but as evidence for its validity.

This creates a problem for investors. Periods of extremes are critical and come with major behavioural risks, but we struggle to identify or acknowledge them in the moment. What can we do about it?

As usual, there is a heuristic that can help. Perhaps the most reliable indicator that sections of financial markets are exhibiting extremes in sentiment or valuation is when investors start to use the words 'always' and 'never'. The more we hear these uttered, the more we should pay attention.

The problem with the words 'always' and 'never' in an investing context is that they suggest a certainty that simply does not exist in the complex and chaotic world of financial markets.

Whenever we fall into the trap of saying something 'always' or 'never' happens, we can be sure that a performance pattern has persisted for so long that we have become unable to see anything else in the future: "The US will always outperform", "yields will never rise" etc…

'Always' and 'never' are reflections of two ingrained and influential investor behaviours – extrapolation and overconfidence. Prolonged trends often become perceived as inevitabilities.

At the point we have decided that nothing different can occur, valuations have undoubtedly already adjusted to erroneously reflect a level of certainty in inherently uncertain things.

Thinking in terms of 'always' and 'never' has profound consequences for investors, particularly in terms of how we build portfolios. The more certain we are about the future and the more confident we are in the prospects for a particular security or asset class, the less-well diversified we will be. Portfolios built on the idea that things 'always' happen or will 'never' happen are probably carrying too much risk. Market extremes inescapably encourage dangerous levels of concentration and hubris.

Of course, there are things in financial markets that we can be more sure of than others. Saying that technology stocks 'always' outperform is very different to claiming that equity markets 'always' produce positive returns over the long run. Neither of these statements are true, but one is inherently more problematic than the other.

What investors really need to be wary of is situations where there is an evident gap between the level of certainty we can possibly have in how the future will unfold, and the certainty with which we talk about it. When that gap is wide it 'always' ends badly.

Joe Wiggins is Director of Research at UK wealth manager, St James's Place and publisher of investment insights through a behavioural science lens at www.behaviouralinvestment.com. His book The Intelligent Fund Investor explores the beliefs and behaviours that lead investors astray, and shows how we can make better decisions.

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Investing in the backbone of the digital age

Eric Marais

In our increasingly digital world, semiconductors – which allow the control of electrical signals – are essential to almost all the innovations that are improving our lives. These building blocks of modern technology power everything from artificial intelligence (AI), cloud computing, and autonomous vehicles to consumer electronics, industrial automation, and cutting-edge defence systems.

Given semiconductors' centrality to modern life, there is a constant race to develop chips that are ever more powerful and efficient – which in turn fuels further advances. So the semiconductor sector is a crucial enabler of global innovation.

How the chips lie …

At present, growth in the semiconductor industry is being driven by a broad range of innovative industries. Undoubtedly, the most talked about is AI. Advanced AI models require exponentially more computing power, which has created unprecedented demand for high-performance chips.

There's also the trend towards electrification and automation. The automotive and industrial sectors increasingly depend on high-performance chips to facilitate advanced processes – all with the aim of delivering efficiency.

Another key area is data. In our Information Age, the storage and retrieval of data are crucial considerations. Volumes of data are exploding, so cloud storage – which relieves the pressure on physical infrastructure – is increasingly important. The big players here are 'hyperscalers' – the companies that run cloud services for corporate and institutional clients. These firms are investing heavily in advanced semiconductors to ensure that their clients can continue to scale up their operations indefinitely.

And then there are the concerns about the semiconductor supply chain, which have arisen as the geopolitical situation has become increasingly tense. Governments and companies alike are prioritising the resilience of their semiconductor supply chains – leading to significant investment in domestic production. This is a serious undertaking: building semiconductor 'foundries' is an extremely challenging process given concerns about site location, water supply and workforce skills, among others.

Key players

At Orbis, we focus on finding companies trading at a discount to their intrinsic value. Sometimes those are 'deep value' stocks, but sometimes they are world-class businesses with strong competitive advantages and clear potential for long-term growth. This is no different when it comes to semiconductors – an area where we prefer three companies with very strong industry positions.

The first of these is Taiwan Semiconductor Manufacturing Company (TSMC). This company is the undisputed leader in manufacturing advanced microchips. Its cutting-edge semiconductors are in huge demand for AI, smartphones, and cloud computing.

At present, it is benefiting from heightened demand for leading-edge nodes (the processes used to produce the smallest and most powerful chips) for customers including Apple, Nvidia, and AMD.

Another of our favoured investments is Micron Technology. This US company is a leader in DRAM and NAND memory chips – critical for AI processing, data centres, and high-performance computing. Micron Technology is well placed to capitalise on the AI-driven demand for high-bandwidth memory. This is an essential component for next-generation AI workloads.

An enduring evolution

This year's big development in AI is the emergence of China's DeepSeek large language model. DeepSeek has demonstrated efficiency gains and technological advancements - at significantly lower costs - that could reshape the competitive landscape in generative AI. Its big breakthrough is better performance with lower use of power. The DeepSeek team appear to have achieved this through optimising algorithms to reduce the computational burden. Given the growing constraints on semiconductor supply and energy use, this could be a meaningful opportunity for various companies participating across the semiconductor value chain.

The optimisation of AI models means that future semiconductor demand may focus on power efficiency and computational speed. This will create new cycles of innovation in the industry – and those best placed to profit will, again, be companies with technological leadership and advantages of scale and expertise.

More broadly, more efficient AI models may speed up the pace of AI adoption – leading to much more widespread use and, overall, greater demand for the technologies that make it possible – of which semiconductors are the most essential.

Given their staggering range of applications, semiconductors remain a compelling investment theme in the market today. For us, this is a high-conviction, long-term growth story that rests on what we believe to be a powerful and enduring long-term growth path. Through our investments in companies like TSMC and Micron, we achieve exposure to a vast array of new and fast-evolving industries – along with the security that comes from investing in long-established businesses with high barriers and deep moats, trading at attractive discounts to what we believe they are truly worth.

Eric Marais is an Investment Specialist at Orbis Investments, a sponsor of Firstlinks. This article contains general information at a point in time and not personal financial or investment advice. It should not be used as a guide to invest or trade and does not take into account the specific investment objectives or financial situation of any particular person. The Orbis Funds may take a different view depending on facts and circumstances.

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Why gold's record highs in 2025 differ from prior peaks

Marissa Salim

Another month, another set of new highs. Gold finished March at US$3,115/oz, a monthly gain of 9.9% and 9.3% in US and Australian dollar terms, respectively. Gold's stellar performance across all major currencies is even more remarkable given the significantly weaker US dollar and the strengthening euro, (Table 1).

Table 1: Gold hit new highs during March

Gold price and performance in key currencies*

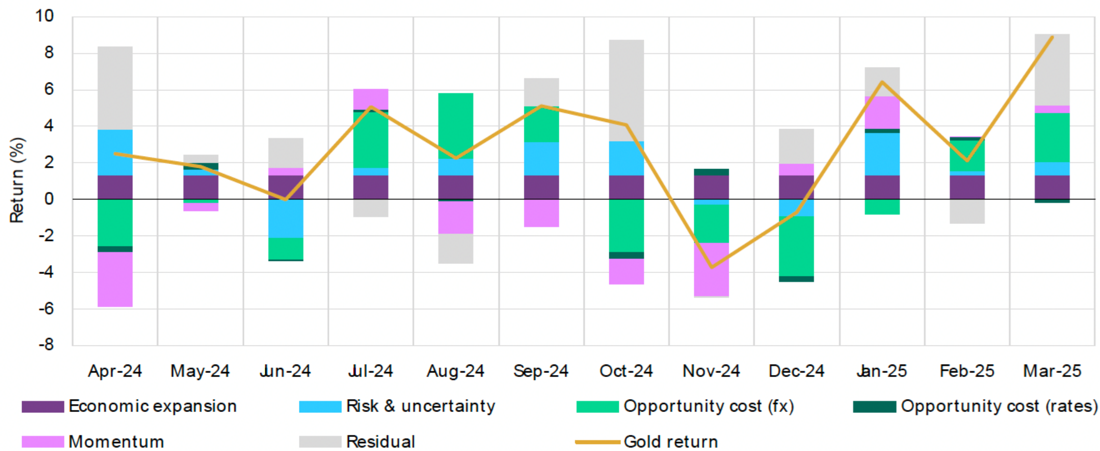
	USD (oz)	EUR (oz)	JPY (g)	GBP (oz)	CAD (oz)	CHF (oz)	INR (10g)	RMB (g)	TRY (oz)	AUD (oz)
March price*	3,115	2,881	15,013	2,413	4,478	2,755	88,691	728	118,256	4,991
March return*	9.9%	5.5%	9.4%	7.1%	9.3%	7.6%	4.6%	8.4%	14.4%	9.3%
Y-t-d return*	19.4%	14.3%	13.7%	15.8%	19.3%	16.3%	16.8%	18.2%	28.2%	18.3%
Record high price*	3,115	2,881	15,013	2,413	4,478	2,755	88,691	728	118,256	4,991
Record high date*	31-Mar-25	31-Mar-25	31-Mar-25	31-Mar-25	31-Mar-25	31-Mar-25	28-Mar-25	31-Mar-25	31-Mar-25	31-Mar-25

*As of 31 March 2025. Based on the LBMA Gold Price PM in USD, expressed in local currencies, except for India and China where the MCX Gold Price PM and Shanghai Gold Benchmark PM are used, respectively.
Source: Bloomberg, World Gold Council

According to our Gold Return Attribution Model (GRAM), euro strength, and thus US dollar weakness, was once again a key driver of gold's performance, alongside an increase in geopolitical risk capturing tariff fears, (Chart 1).

Chart 1: A materially weaker dollar and tariff fears helped propel gold price higher in March

Key drivers of gold's return by month*



*Data to 31 March 2025. Our Gold Return Attribution Model (GRAM) is a multiple regression model of monthly gold price returns, which we group into four key thematic driver categories of gold's performance: economic expansion, risk & uncertainty, opportunity cost, and momentum. These themes capture motives behind gold demand; most importantly, investment demand, which is considered the marginal driver of gold price returns in the short run. 'Unexplained' represents the percentage change in the gold price that is not explained by factors already included. Results shown here are based on analysis covering an estimation period from February 2007 to February 2025.
Source: Bloomberg, World Gold Council

Table 2: March & Q1 2025 flows by country*

Countries list (by AUM)	Total AUM (bn)	Holdings (tonnes)	Fund flows (US$mn)		Demand (tonnes)		Q1 demand (% of holdings)
US	171.7	1,714.5	6,456.8	12,743.9	66.6	132.7	8.4%
UK	60.4	602.7	358.2	1,924.8	4.3	22.4	3.9%
Switzerland	32.7	326.5	290.9	793.6	4.6	10.3	3.2%
Germany	32.5	324.5	3.7	1,258.9	1.0	15.4	5.0%
China P.R. Mainland	13.9	138.2	772.1	2,305.3	7.7	23.5	20.5%
France	7.1	70.7	331.2	503.7	3.4	5.6	8.6%
Canada	7.0	69.8	81.1	107.4	0.9	1.1	1.6%
India	6.6	63.8	-51.4	610.8	-0.5	6.3	11.0%
Australia	4.5	45.3	78.2	254.3	0.9	2.8	6.7%
Japan	4.4	44.4	220.1	417.2	2.3	4.4	10.9%
South Africa	2.0	20.3	10.3	104.3	0.3	1.2	6.3%
Ireland	1.2	12.2	43.4	78.6	0.4	0.8	7.3%
Italy	0.5	5.3	-7.4	29.7	-0.1	0.3	6.5%
Hong Kong SAR	0.4	3.9	0.0	0.2	0.0	0.0	-0.1%
Turkey	0.2	2.3	10.0	-35.5	0.1	-0.4	-16.2%
Liechtenstein	0.1	0.5	-0.4	-3.5	0.0	0.0	-7.4%
Malaysia	0.0	0.4	2.7	8.9	0.0	0.1	34.8%
Saudi Arabia	0.0	0.1	0.0	0.0	0.0	0.0	2.1%

As of 31 March 2025.
Note: Differences between fund flows and changes in holdings (demand) are driven by the mechanics of FX-hedged funds. For more information, see ETF Flows Data Methodology.
Source: Bloomberg, Company Filings, ICE Benchmark Administration, World Gold Council

Gold ETF buying continued apace in March with all regions contributing. US funds led the charge with US$6 billion (67 tons) of net inflows followed by Europe then Asia with approximately US$1 billion each, (Table 2: Country Flows). Australian ETF funds attracted US$78 million in March, the fourth consecutive net inflow since

last November, contributing to a 6.7% rise in demand over Q1 (the strongest quarter since Q3 2020 when holdings went up 17%).

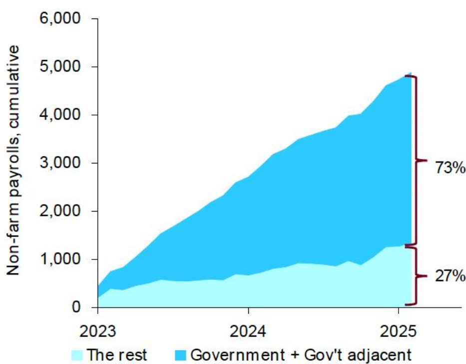
While ETF flows were positive, COMEX futures declined marginally by US$400 million (five tonnes) – likely on profit taking.

Post-COVID markets hooked on artificial support

Liquidity has arguably bolstered both financial assets and the US economy for much of the post-COVID period. Fiscal spending programs arguably propped up job creation via government and government-adjacent jobs, (Chart 2). Capital markets were also aided by fiscal liquidity provisions combined with a continuation of the 'monetary backstop' from the Fed. This helped compress the Treasury bond risk premium to well below its pre-COVID average, at the same time keeping equity multiples well above their pre-COVID averages, (Chart 3).

Chart 2: Employment growth mostly in public sector

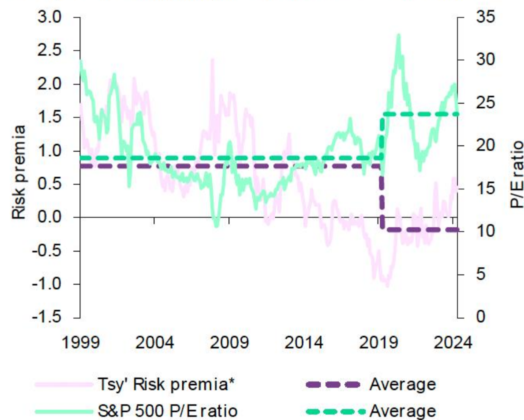
Cumulative change in US non-farm payrolls by sector*



*Data as of March 2025. Government adjacent: healthcare and education[1]
Source: Bloomberg, World Gold Council

Chart 3: Fiscal boost and monetary backstop has helped assets

US 10-year Treasury risk premia and S&P 500 P/E ratio*



Data as of March 2025
Source: Bloomberg, World Gold Council

But there are several key contrasts between the current scenario and that of 2022, when the Fed's first rate rise in years signalled the end of a long period of fiscal easing and the start of inflationary pressure across most developed markets.

Back then, US financial conditions tightened forcefully as liquidity was removed from markets as central banks hiked rates to target inflation. This coincided with a perfect storm that saw a very rare joint decline in bonds and equities (a 60/40 blend of S&P 500 stocks and US treasuries dropped, as did economic activity). Gold held up but also experienced some bumps along the way. It initially fell 20% over two quarters in 2022 before making a recovery to end the year flat.

We are now at a similar impasse in liquidity conditions

While much of the conversation in recent weeks has centered on tariffs, liquidity risk remains an important undercurrent.

Quantitative tightening is slowing, but there has been no mention of a resumption of quantitative easing. Indeed, the appetite might not be there, given the high levels of debt and sticky inflation. In addition, constraints on government spending via the Department of Government Efficiency (DOGE) are stifling fiscal support.

And the Fed's Overnight Reverse Repo facility (ON RRP) is low, which provides less wiggle room for the Fed to manage liquidity issues. This appears to be showing up in stats like order-book liquidity for equity futures as flagged in the Fed's financial stability report in November 2024 – on-the-run bond liquidity (i.e the ease to trade recently-issued U.S Treasury securities, which is also the most liquid). It may also be contributing to the year-to-date equity rout.

And the labour market is flirting with contraction as hours worked are in steep decline. Logically, this leads to an employment slowdown as companies reduce hours for staff before layoffs; statistically this also appears to be the case. But layoffs are also now rising and are likely to soon be reflected in payroll numbers. To add to

this, uncertainty surrounding tariffs has supercharged concerns about the resilience of labour markets in the short and medium term.

Similar but different

Even if we see a similar drying up of liquidity, it's likely to be different to 2022, because:

1. While inflation was rising more in 2022, it was driven by growth. This time around, inflation is sticky while growth is faltering, resulting in a stagflationary environment. In this context, rates are not likely to lift further from here and the US dollar should fall, at least in the short-term, as US exceptionalism wavers.
2. Central banks' bullion buying efforts have been strong contributors to gold's performance over the past three years and this will likely continue, adding fundamental support to prices.
3. US gold ETF investors had built up sizeable holdings in 2020 before the 2022 wobbles. But they have been sidelined until recently, suggesting capacity to keep adding.

Gold's fundamentals remain in place…

The current run-up in price has taken many by surprise. Paraphrasing an old adage, *shouldn't high prices for a commodity cure high prices?* Gold is not a commodity in the traditional sense and primary production's response may have only limited impact on price. Given current extreme policy uncertainty, the willingness to hold and reluctance to sell could generate real momentum. By historical standards, the current rally isn't particularly large or long.

Further, comparing the current rally to the peaks of 2011 and 2020 highlights that fundamentals look more solid, and the environment remains supportive of further gains, (Table 3).

Table 3: Gold fundamentals in better shape

Gold US ETF Scorecard			
Metrics	**2011**	**2020**	**2025**
US Gold ETF % of US ETFs	7.2	2.1	1.6
US 10-year TIPs yield	0.1	-1.0	1.8
Tips yield 12m later	*-0.7*	*-1.2*	-
S&P 500 forward P/E	12.2	25.7	20.9
Forward P/E 12m later	*13.6*	*22.0*	-
US HY spread to 10-year Tsy	6.3	4.8	3.5
HY to 10Y Tsy spread 12m later	*5.2*	*2.7*	-
Citi broad REER dollar	78.0	98.3	109.7
REER dollar 12m later	*81.6*	*95.2*	-

- US gold ETFs are a considerably smaller share of all US ETF assets than during 2011 as ETF buyers have been on the sidelines for the best part of four years they are not overbought.
- Real yields are higher and above their long-run average, suggesting more downside than upside risk for yields – and vice versa for gold prices.
- Forward equity price-to-earnings remains high, providing capacity for further downside to equities should an economic slowdown and earnings downgrades worsen, especially in the current geo-economic conditions, a boon for gold's safe-haven appeal.
- Credit spreads are considerably tighter than during the two previous peaks. Again, widening risks trump contraction risk, and are also gold supportive.
- The dollar remains elevated relative to prior periods, even if it has weakened since the start of the year. With the Trump administration favouring a weaker dollar and the uncertain effect of tariffs, this could serve as an additional tailwind for gold.

...But not without risks

We also caution that there are risks for the gold price after a rally such as this in such a short space of time.

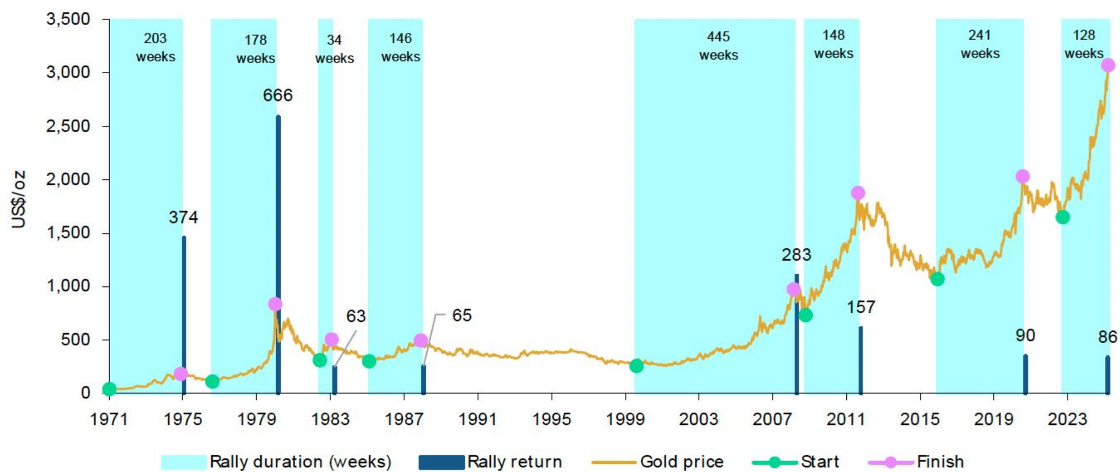
Treasury managers at central banks could prudently slow their pace of buying given the price rally, as we saw with some central banks last year. While consumer demand adapts to higher prices eventually, the speed of price moves is likely to dampen net buying in the near term. A liquidity crunch could negatively affect gold as the most liquid assets are sold to meet margin calls. Additionally, geopolitical and policy nervousness is elevated, particularly given significant uncertainty about tariffs and their effect on market volatility, which is likely adding a meaningful premium to gold prices. Any resolution could reduce that premium, as seen in previous historical periods.

In conclusion

The extent and speed of gold's rally have drawn comparisons to previous peaks, (Chart 4). While there are headwinds the gold market must navigate, today's macro backdrop differs significantly from last peak periods and continues to offer support for gold's longer-term prospects.

Chart 4: The current rally is impressive but has yet to surpass even 2011 and 2020

Gold price, trough-to-peak rally returns and their durations*



Marissa Salim is a Senior Research Lead, APAC, at [World Gold Council](), a sponsor of Firstlinks. This article is for general informational and educational purposes only and does not amount to direct or indirect investment advice or assistance. You should consult with your professional advisers regarding any such product or service, take into account your individual financial needs and circumstances and carefully consider the risks associated with any investment decision.

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Now might be the best time to switch out of bank hybrids

James Gruber with Helen Mason

This is an edited transcription of an interview between Firstlinks' James Gruber and Helen Mason, Fund Manager of Schroders' Australian High Yielding Credit Fund (Cboe:HIGH) on April 7, 2025.

James Gruber: Can you outline what type of securities your fund invests in?

Helen Mason: We buy corporate and financial credit. Companies and financial institutions come to the Debt Capital Markets (DCM) to borrow money, when they have a general financing needs or there is capex that needs to be funded. Investment houses like Schroders assess the credit quality of these businesses and decide

if we want to lend to them and if so, at what price. In return, we receive a regular coupon payment and expect to receive our principal back at the maturity of the bond. That's ultimately what credit is.

We define our credit universe for the Schroders Australian High Yielding Credit Fund as Australian companies issuing in any currency across the world. For example we can buy a CBA bond in USD, EUR or even GBP and offshore companies, such as Barclays Bank issuing into the Australian credit market in AUD. All currency risk is hedged back to AUD. The Fund does not take currency risk.

We don't buy structured credit in this fund because structured credit is just less liquid than senior and subordinated bonds. Liquidity is important to us because the fund offers daily liquidity to its investors. Furthermore, we do not allow any private debt holdings for the same reason. Transparency is important to our investors.

JG: How have Trump's tariffs impacted credit markets?

HM: High yielding US credit has underperformed the most significantly, however that was to be expected given valuations on US high yield have been extremely expensive for quite some time.

ICE Bofa US high yield effective yield

Source: Trade Economics

Australian credit has held up pretty well. Australian Major bank Tier Two (T2) paper in is out circa 40-45bps whereas Kanga T2 [Kangaroo bonds] is out 50-55bps. It could have been a lot worse. We're actually pretty comfortable with how the market has behaved so far.

It's not liquid at the moment; no one's really doing any deals. No corporates are coming to the market. It's very hard to price a new deal in markets like this, so you just get less liquidity. But overall, we haven't seen a capitulation.

JG: You've got some cash on hand. Where do you see the opportunities to put that cash to work?

HM: Wholesale tier one [bonds] for us had been trading above par over the last few months, and it really has been getting more expensive, but we've been able to transact in the markets now below par, and actually quite significantly below par. That's great from the perspective that firstly, they're very short duration - one and a half to two years left on these particular bonds - and we'll be repaid at par. But also the spread - the credit risk premium attached to those bonds - at the moment is extremely high, and we're waiting for more opportunity for those types of bonds to come out.

JG: A lot of investors have been switching out of hybrids into tier two, or unsubordinated bonds. How do you view these bonds?

HM: I really like tier two bonds. You're still getting an investment grade quality paper, but it's subordinated, and it prices significantly wider than other IG [investment grade] credit. There is an argument to say that Australian major bank tier two had become very tight prior to the events of the last week. This repricing that's happening now is actually going to create better value to get back into tier two.

JG: What would your advice be to those investors still holding onto hybrid securities?

HM: A paper that I wrote recently demonstrates that having a diversified allocation to credit is important, particularly in times like this when there is a lot of volatility in markets. The other point is that retail bank hybrids are still trading above par. So if you are looking to reallocate, probably now's the time, because they will end up at par - when you get repaid your 100 cents in the dollar.

JG: A lot of your fund is invested in Triple-B securities. Triple-B is down the pecking order in debt ratings - why do you like them?

HM: Ratings from triple A all the way through to triple B minus are still investment grade ratings. So the fund that we manage is still an investment grade fund.

We look at triple-B corporates because if you actually look at excess returns to per unit of risk, then the triple-Bs are delivering you a better return versus the risk over a long period of time.

But also in Australia, we have quite a unique setup for our triple B's, and that's because we're so dominant on heavy critical infrastructure in Australia. The airports, the ports, the toll roads, railroads - these are essential businesses, and they have very stable ownership.

What we like about them is that because a number of them are regulated, particularly electricity distributions and gas pipelines, we get a clearer view of cash flow transparency.

JG: Where do you think lie the greatest risks in credit markets?

HM: Globally, I would have said US high yield a couple of weeks ago as it was priced very tightly for the risk you're taking. If you think about the index in Australia, it's rated A plus, whereas the US high yield index, it's sub investment grade in the double-B space. You've got big differential in rating there. But also, even in US and European investment grade credit, they're rated two notches lower than Australian credit as well. We're just very high quality here versus other places in the world.

One of the areas that we had taken some risk off the table was the energy companies like Santos, for example. But not because we don't like Santos, but more because we just weren't getting paid enough of a risk premium. Prices were getting very tight on names like Woodside and Santos.

JG: Why do you think active management in the credit space is important?

HM: A lot of the ETFs that have come into this space are very much focused on tier one and tier two, which are just Aussie financials.

True diversification can come from investing in other great Australian companies - our critical infrastructure, utilities, and even some of our consumer staples, Coles and Woolworths, are triple-B companies.

Helen Mason is the Fund Manager of Schroders' Australian High Yielding Credit Fund (Cboe:HIGH). You can find out more about the fund here. Schroders is a sponsor of Firstlinks. This material is general information only and does not take into account your objectives, financial situation or needs. Schroders does not give any warranty as to the accuracy, reliability or completeness of information which is contained in this material.

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