

# How to invest during uncertain times transcript

Tom Hi everyone, and welcome to today's webinar How to Invest in Uncertain Times. I'm Tom Wilson. I'm one of the product specialists here at InvestSMART. And I'm joined again by Evan Lucas, our chief market strategist.

Evan Hello Tom how are you? It's obviously very hot in here. So we thought you spring summer day that we get rolling sleeves up for what is going to be a big webinar, because we understand right now that the biggest questions out there in terms of what we get back from your feedback is how are you navigating this current scenario?

Evan How do you navigate what is a very tricky period? We are about to go through a whole heap of geopolitical issues over the next couple of days. You then also look at the future of what 2020 regional look like and the big unknown question and I know it's already in question is around what does inflation mean for us in 2023, you patty position four what does it mean for policy?

Evan What does it mean for all those kinds of things? And when we want to talk about that, because the psychology of this all at the moment is really tough. It is really, really tough. And we are fully aware of that. So just before we get onto it, as always, everything we do and this is generally had not taken as any formal advice would be an investment.

Evan We don't know your personal scenario, therefore none of it from taking any formal advice at all. No disclaimers. What I want to say, though, before any further, because this seminar is about how to basically navigate those periods, just want to roll off a couple of stats for you though, just to remember why and looking very short term is the wrong thing.

Evan So the last time you and I sat here, Tom, we were talking about September and Apple in September was October was the best October it's been since 2011 in Australia. It's the best October in the States since about the mid nineties.

Evan You're talking about an opposite upside, you know. And yes, as I spoke about last time, it was because dividends for us here in Australia were coming back in there was also this was almost a self-fulfilling prophecy coming from the states.

Evan There was a big note out from Goldman Sachs and they were talking very clearly about the idea, this news conference and it was almost like it was just going to happen and it did. There'll be questions in November because already, as we say, the US Federal Reserve is it changing course and nor probably should they be. They are still going pretty hot.

Evan Inflation is, as we've just discussed on the topic, we're going to have to deal with. So it's already started to ease off, but it just shows you that volatility is not just a downward thing, it's an upward thing as well. So you've got to also understand that the psychology of it is that I'm trying not to lose money, but all the sudden don't get caught up when the market goes buying and takes off on you and Guy.

Evan I've missed it. I promise you right now there is no missing or getting into. It's about understanding that time in the market is the right thing going on. Don't get caught up. Don't get caught up with the exhilaration of month to month, week to week, day to day changes, because that is what we are involved with. It's basically like being back in sort of, you know, 2020 or going back to 2015 or back to 2010.

Evan I think that's sort of more what I feel is it is definitely not the GFC. So you understand that this is not like 2007. It's not like that at all. For me it was my 2010, 2011 crisis. So the stuff, all that, that's sort of how I feel it is at the moment.

Tom Yeah, I mean, we'll definitely talk about market timing and timing, the market talk, all these fantastic signs you can actually ask questions during the webinar. So we've actually taken a lot of questions when everyone signed up, which is fantastic, and we'll try and get through as many as we can, but on the right hand side of the go to webinar screen, if you're on the go to webinar, you can ask a question.

Tom They should also be an area on YouTube as well where you can ask questions.

Evan And all that. Welcome to you on YouTube. This is our first time of doing this. We hope that you're liking the new way of coming to it. We're trying to organize and get involved and get up and running. The things we're doing with this is that it is all recorded as usual. We're also going to start, try and bring it to you from other social media channels.

Evan So it will come to you through Instagram, it will come to you through LinkedIn, etc. as well. So with that, I think because of what we're doing, let's sort of jump into the questions. Let's really go through what your main concerns are in this period because that is what this webinar was about. It is about, you know, how do you invest in volatile times?

Evan How do you invest in uncertain times? It's all going through in terms of how it is. So with that in mind, I'm going to take the first one because there was a couple of questions that we saw that I think need to be answered, sort of start off with that. Yeah.

Tom There's there's quite a few here if you wanted to, to hit one of these one so far. I mean as a question here, talking about joining up resilience for market swings with certain portfolios active investing ETFs as opposed to passive.

Yeah. So that was that's the probably the big question. Right. So the reason I say that is that came I think from wrong. Remember, Joy, that question is probably part and parcel with exactly how people experienced this period and that is do I try and, you know, actively manage my portfolio, trying to be nimble, trying to move in and out, trying to sort of choose X, Y, Z, you know, all those kinds of things add to a level of management that requires an incredible amount of time of your own personal numbers.

Evan By all means, please have a very good look at doing active management. I think you need to be aware though, that when active management is what you're going down, there is going to be a level of disappointment that you need to accept. And what I mean by that is that you are going to get scenarios where you will do well, but you also do poorly.

Evan And that's that's the hard thing. That's why if you look at active managers, they are very good at what they do. They spend almost every waking second during these periods doing their life, doing what they are trying to do. So if you look at what the intelligent vessel, which is part of investment, is doing right now, someone like Nathan Bell, he's actively managing the portfolio and he is working overtime in terms of trying to find not just the opportunities, but making sure that the opportunity that he does have is working in a positive fashion during volatile times.

Evan So if you think you can do that, by all means, we would never tell you not to do that. I think the other way to look at it from the passive side is that the passive funds are run in a way that are trying to replicate the groups they're in. So whether it's the conservative or the balance or the growth, high growth, etcetera, we're finding that as many times they are representing what, the 3356 funds in Australia that are classified as balanced.

Evan So we just take that fine the medium position and allocate it that same way to making sure that your fixed income, your international domestic equities, your property, your cash are allocated to what the group as a whole. So there is an offset is that there's been questions at the moment about particularly the high growth. So you have a look the high growth has moved slightly more towards cash and there has been some pushback about that.

Evan The reason it's moved that way is because that's what the group of high growth performing assets that are considered those funds in Australia have moved towards. So they're now sitting at about 8% of their portfolio is in cash. I understand that some of you want higher than that. So this gets back to that question. And if passive, you're more than welcome to do a hybrid because again, this is all about what you want.

Evan We can offer you as much as we can and we try to give you as a broader brush of products to fit the risk profile that you want, the weightings that you want, but in the end you want you. And if you need to therefore think, okay, my growth isn't as high growth as I want to be in, then that is your direct equity answer.

Evan So I remember when that question came in and I was thinking about this last night, actually much fretting about it.

Tom Yeah, yeah. It was in.

Evan Nightmare mania and I don't know, but it's about understanding that what is right for you is the only answer. And we here would tell you that as well, that the answer that is right for you is the right answer. So if that means you want a combination of active and passive or you just want passive, but you just want to do that is the answer that needs to be taken to what you're going to do.

Evan Because in the end, the level of excitement, the level of appreciation or the level of disappointment and the level of negativity can be governed by yourself. And I think that's the most important thing, because if you've got control of your finances, you've got control of your investments, you're in a much better position. We are here to help. We're here to give you as much as we can.

Evan But in the end, you are the best person to know what's best for you.

Tom And it comes down to this, I guess, some practical approaches as well in terms of strategy, we talk about passive and active. There's strategies out there like core and satellite. And I know we touch upon this in the investment bootcamp and it does talk about what is active passive, which you've run through already, which is fantastic, but also strategies such as that.

Tom Again, we can't tell you exactly what percentages you should have of each because it's dependent on your situation, your goal timeframe.

Evan But that and so taking that further and this whole premise is how do you navigate the scenario, right? So that also means that if you have a core satellite, you can slide up and down the risk profile. So your core holdings should be able to basically looks for a short term volatility, like I explained at the start of this webinar.

Evan And they are there to basically catch the upside, but also on the downside, if you satellite and your satellites plural, you can move that maybe out of grab more advantage or less advice and what when we look at satellites, what we're saying with that is that they can be single asset classes, they can be single entities, they can be single stocks.

Evan It doesn't matter. It depends on what you want to do. So one of the questions that came in was, right now, should you be investing, you need to actually more hard. And then the part of the question that was premised with that, considering the inflation that is coming, so that question in itself sort of of what we've been talking about here is that clearly, you know, that you want to invest overseas, which is a good thing because not enough Australians are invested overseas.

Evan International equities over time have outperformed the ASX pretty consistently over the last two decades. But and it is about that outperformance comes with a higher level of risk and amount of volatility. So the question is by saying that another way is that inflation is coming, I'd actually argue inflation isn't coming, it's here. It's it's not not about waiting for it.

Evan It's already happened. Yep. And we are going through that process. You can see, particularly if you're under the age of 45, you're about to go through a period of new life that most in fact, all of you have an experience, which is that you may be forced to stop thinking about making choices you should never have to do, which is your essentials health, education, food, fuel, transportation, versus the discretionary spending, things like travel, things like, you know, going out, things like apparel, buying, etc., where you have to.

Evan Actually, I can't afford to do that. So that's inflation and that's what it's like. And that's why inflation is a horrible thing. It impacts your purchasing power. It's why central banks are trying to slow it down to try and make sure that it comes back to a level that is sustainable and more affordable longer term, so that you purchasing power can keep up with price increases.

Evan So by all means, what I would say is still keep looking internationally. And the reason I say that is that the international pullback has probably happened. I mean, you look at Europe, you look at the US, you look at Asia, the pullbacks already happen. The three are very different Asia at the moment as to realistically the big elephant in the room or the big dragon in the room, which is China, some kind of a zero policy is clearly impacting sort of almost artificially markets.

Evan If you look at something like EIA, which is the China 50 ETF, it's really underperformed because it's basically following, you know, what comes out of Xi Jinping's mouth and what his policy is, moves that. Then you look at somebody like what's going on with, you know, I am busy, which is the S&P 500. And another question we got and it is tracking very clearly to the idea that 2023 will be difficult for the US, but there is a chance that it could actually sort of start to break out midway through the year and it's positioning to that and you can see that already.

Evan So it's fallen, it's in a bear market, it's fallen over 23 and a half percent. So I might say that is a longer term opportunity. So all those questions that have asked that idea that the international opportunity is there, as long as you're mindful about the risk and you are mindful about your time frame.

Tom Yeah. So it's difficult looking at one of the ETFs we use in our portfolios in what have been, I think.

Evan On both ITV and I are in Apple for years.

Tom I think over it's was a five or ten year period. It's gone up 43%.

Evan Yeah. So yeah, and this is this is why when we do this, we've got to be very, very mindful about talking even in years. So this year is and has been tough. There is no escaping that that is true. But if you add three more years to that, including covered 2020. So from 2019 to where we are here, the S&P 500 is almost up 46%, including what's going on right now, 1920 and 21.

Evan The S&P 500 was averaging about 21 to 25% year on year increases. That's incredible. That is also not normal. What that's what also you put out there. So your expectations get skewed. Your expectations in 2020 and 2021 is that all these 20% increases will keep coming. Your expectations in 2022. Now speed to the downside and you're running away from it if you understand what I mean by that term.

Evan So that that's why when you look at this year in isolation, it will make it very, very difficult. So again, part of the answer to this, this whole question today is how do you invest in uncertain times, understand that the uncertainty will end. You understand that over time, the return of markets will be that I mean covered GFC Asian financial crisis, 87 flash crash, eighties recessions, stagflation of the seventies, second world war sixties recessions.

Evan I can I can roll off for you constantly.

Tom Yeah. Yeah. And that's something that Warren Buffett has done in the past. Yeah, I know. We were a lot, too, and a lot of people in investing do just that. He seems to come through a lot of sage advice, but he's made these mistakes as well. Yeah.

Evan And he's a beautiful example because again, people look at his net wealth almost like a case study in compound interest and it looks like on a shot like this, it looks almost perfect compound interest in terms of what it is. But if you actually drill right into it, you can see these wealth does this. It doesn't it's not it's not this perfect exponential appreciation.

Evan He hasn't had that. He tells people that. I mean, if you look at his wealth in the fifties to his wealth in the sixties, he lost about 40% of his actual overall wealth just from being in markets and just from being invested. And what did he do? He just went cool and just plowed back on even harder. Yeah.

Now that's not for everybody that also knows you put out there. Sure. And he's the exception to the rule. He's an exceptional individual study and by all means. But he's also a great understanding that he knows that time of the market is his long term goal. He also understands that he doesn't put all of his wealth into one area or into one pot.

Tom That's it. I think no more than 10%, at least her stock that he chooses and.

Evan She still holds cash.

Tom He still holds.

Evan He still holds cash.

Tom Yep. He sits out of markets when he thinks that it's crazy. Prices, everything's overvalued that he took four years off during was it around the just before the GFC and he's a setback have his cash they're ready to go.

Evan He also gets a lot of it for for instance, you know not getting caught up in fact. So he was pressured quite heavily in 2000 sorry, in 98 and 2000 about why he wasn't investing in in spicy early dot coms. And his justification was that they're not proven and that proved to be right. Again, he did the same thing leading into sort of you know, 2009, saying that he was backing away from really plowing into to new world technology.

Evan And those kind of mechanics is unproven. It's not he's think something will do that very, very well right down to for instance, the major headphones buyer.

Evan He does that very, very well, but he's now suffered for it as well. So, you know, outside returns also brings downside and even the very best have that same problem.

Tom That's it. That's a really good question actually that's come through from Damian. Thank you so much for putting this one through. And it relates, I guess, to what we're even talking about that mismatch. There's also that in the market thing, when a company has solid fundamentals and is highly profitable, the share price may still drop by negative market shifts.

Tom Conversely, a company with poor fundamentals and losing money, its share price will improve. Hence, sentiment is more important than some of the business fundamentals. And I guess this is why ETFs typically outperform direct investing net of fees. And that's a really interesting point, isn't it? Because I guess that's the whole argument, passive versus active.

Evan But it's what's now the most you know, lie in 2020, for the first time in its history, passive investing overtook activism. And it's exactly, as Diane puts it, because even if you've got a portfolio of 25 stocks, you're still holding a level of stock risk that is well and truly about an ETF. So 25 stocks to us to the ASX, 225 stocks versus 500 for the S&P 500.

Evan The blending that gives you with with passive to mitigate that. I mean, you look at the S&P 500, the highest holding it has is Apple and it's 4%. Right. So 4% of that ETF is Apple, which is probably arguably one of the greatest if not the greatest company on the planet. Your stock risk to a company like Apple, which is very, very low, is still only 4% of the overall business.

So you scroll down that you look at something like Tesla, which is again an incredible new age company, but its volatility and its individual stock risk is huge. I mean, Tesla has moved down 50% in the last 12 months. Better 70% decline. And it's because you look at someone like Mark Zuckerberg at the moment, what has been argued at him is that his discipline, his business discipline has been lost by him continuing to plow into these virtual reality programs and the money spent on that.

Evan

So again, that's market risk, stock specific risk for a company that is and was in the top 20 largest companies on the planet, which is now fallen out of the top hundred, gets removed again. Some people will want that risk because the upsides on a Tesla, the upsides on a matter can be incredible and that's fine for them.

Evan

But the ability and why passive investing is now so popular and has overtaken active is because it removes that. Now, that does also mean you're not going to outperform the market because you're getting it. But the market shows that over time that's probably actually a better option is the other thing that comes with active. This is the bigger thing.

Evan

I think we have we sort of circling around this elephant, which is when do you get out?

Tom

That's it.

Right? So that is normally in buying financials. It's the biggest problem isn't about getting in. It's about when you get out and again Tesla and matter as the great examples of people leaving the story for so long they don't know when to get out I'll go even further back and go and see. I've always said this and I'll say it and it's still the case today.

Evan

CBA is an Australian and along with BHP to some extent, but the CBA is the Australian equivalent of all these worse, even because people just hold CBA because of the dividend, it gives you and chance to tell an investor that maybe I should think about trimming, not selling out, just trimming their CBA is like trying to tell them to sell their laptop.

Evan

They will resist it no end. And that's the psychology of it. And that's again, the passive investment opportunity gives you away from that because if it does need to be trimmed, it's done for you. That's the psychologically logical issue of more opportunity costs. I'm going to miss out on the CBA to get more. You can continue to appreciate blah blah, blah, better Facebook that's removed from you.

Tom

Yeah, I think that's the benefit with holding an ETF like IO said. Yeah. Where it's, you know, all the weightings are done for you, they're kept in check with the actual ASX 200 itself.



Yeah. There's if you've got a lot of questions guys play it. I mean that was Damian went on the questions. That'd be great. We'll keep working through the questions but we have a lot questions. If you do have them, please jump on the right hand side of you. You talk to a webinar panel and talk them into where we can think it was a question.

Evan It tell them that I think you should answer about some of the administration that comes with this, because a really important thing also in this period is that part of the strategies that help you and I'll let Tom got a bit further it is removing yourself what we just discussed. So, you know, doing, you know, constant responsible investing so dollar cost averaging.

Evan So talking about using monthly contribution plans.

Tom Yeah. And I guess.

Evan Dividend reinvestment plan to talk that.

Tom Yeah, it's a good idea because a lot of people, they ask us for strategies to try and get around this and most of us do it with our super contributions. We're automatically adding to our super.

Evan Forced on you, which is fantastic.

Tom Which is good. I mean, otherwise what would have to look.

Evan Super has some pros and cons to it. Yes, but you're right. The biggest thing about super is that you are forced to invest. It's not just saving your own forced to invest. And so that's the other way to get through this period, is that, you know, if you've got a lump sum sitting on the side, that's fine. By all means.

Evan If it makes you feel safer, do that. But don't lose sight of your longer term goals and therefore, if you do have a monthly contribution plan, it removes your behavior's ability to stop it. Yeah, like enacts action is just as bad as over action.

Tom That's a citation.

Evan If you're hesitating exactly right. If you're going know it's going to get worse. To get worse, you're never going to find the bottom. You never get to the top either. But you never going to find a bottom because the bottom in some people's eyes, that's it. It's so easy to find a pessimistic pessimism. And I've there's a great quote that comes out of someone like Morgan Castles and he psychology of money that is pessimism sounds like some of the most immodesty he can whereas optimism sells used car sales.

Yeah. And that's a that's a good way of putting it because pessimism is a very safe option. Human beings are naturally risk averse because we're trying to basically present ourselves, we're trying to make sure that we preserve what we have and losing what we have is a really hard thing to take. So if you can try and remove that by getting just monthly contribution, 100 bucks, 200, 500, whatever it is that you can afford to keep adding, adding that dollar cost average, it will mean that when the turn happens, that lump sum will be there waiting for you, but at least you be adding to it that you're not missing out on the opportunity that will come when markets do start to appreciate and you get that bottom that will come again. GFC You look at the bottom to where happened, you know, you look at the bottom bottoms where it got to and you look at this now and reckon in 2025 the difference will be stock and that will be the other argument.

And just to touch on to those who are already invested in a professionally managed account, an investment or thinking about it, you can set up regular contribution plans in the platform so you can nominate an amount that gets direct debited from your account every month. So automated, which is a good way to do it. Alternatively, you can set up things from your end such as like bpay payments.

So you keep topping it up. There's one other question in here too, which we get asked quite a lot in the client services team about. Does the PMA provide a data feed to my SMSF administration accountant? It is possible. We use a system that's called CLOs. A lot of accountants do use it and we can actually facilitate some kind of data feed to your accountant so you can definitely get into contact with us.

Email Invest an investment scheme that are you usually coming from your accountant is better because they know what to ask for and what to do. We actually tell them that they need to contact class and get a document signed so it is possible as well. We'll just check there's any other questions that have come through. There's a few questions, I guess, also around some alternative assets.

You know, which we we don't really cover off in terms of weight. We try and stay away from them in a sense, because it's not our bread and butter, but talking about cryptocurrency, for example.

So, I mean, let's talk.

Show us.

Which is again, this whole this whole webinar to talk about what's different in volatile times. Cryptocurrency is the epitome of that, right? So cryptocurrency and it stays all of those kinds of products. There's alternative fast moving because there are people out there that very much are very assertive, probably bordering on aggressive risk profile, that love this kind of material.

Evan And that's that's good for that. Cryptocurrency is an incredible theory. Again, I want to put this out there very clear. This is my opinion, not everybody's I want to say this very clearly, because the thing that gets to me about cryptocurrency is what exactly is it? And I say this many, many times and I keep saying this The reason I say that is that cryptocurrency is basically just people trading something in a circle in a closed loop.

Evan And what I mean by that is that there isn't anything behind it. There isn't any major opportunity to use it. Yes, some people say they can buy X, Y, Z with it, blah, blah, blah, but in the mind you can't really exchange. You can't go and buy your day to day things. With cryptocurrency, you can in some instances, but it's very, very limited.

Evan It's not a store of value which has been proven very clearly during this period, because some people argue it's a hedge against inflation. It's a it's a tech link. It's linked to monetary policy. And this is all very technical. You know, the cheaper monetary policy is, the higher it went. And there's an inverse correlation. So why I say all this is deliberate, to say it's incredibly technical, it has a lot of underlying innuendo, and that's probably also the correct term to move around.

Evan It. By all means go for it if you are interested in it. My advocate is this it is part of what I believe is called the greater fool theory. And what I mean by the greater fool theory is that if I have caught cryptocurrency that I'm trying to sell at the top, I'm selling to him because he believes it's going to get higher, and therefore he is he the greater fool than me?

Evan Tomlin's going to try and sell it to you guys that are listening to this going. You expect to get higher still. And it's in spite of this belief that it's just going to continue to get higher and higher and higher because there's nothing behind it. So in the end, the greater fool is the person ends up holding it.

Evan So use it. You look at those that board at 69,000, sorry, 69,000 U.S. dollars a coin. Right. And it's now back at 20 and sort of saw this flatline. Some people say, oh, look, we finally found this point where Bitcoin is stabilizing and blah, blah, blah. Well, I would actually argue that what's happened to it is that the mania that was going into it at the end of last year has stopped.

Evan And those coins are circulating around. So they are a top move because there are people sitting out there with 40 grand per coin losses and higher on on a you know, what is it, 21 million coins? Sort of. Yes. They've claimed it and claimed it and claimed it is now successful.

Tom I think so, yeah.

Evan But the Senate version of it includes enclaves, it enclaves, enclaves. It's still close to it. So this is why crypto is so hard to argue and to talk about those people that want to come at me and tell me that I'm an idiot. I'm happy to accept that I really am. But why I'm saying why I am is to show the complexity behind it.

Evan It is so complex that for most people it's certainly not something to touch.

Tom Yeah, I mean there is like that blockchain element which has application in some areas and that's.

Evan And that's the future.

Tom It's the future. Exactly right. And I think that's that's a good thing. In that respect.

Evan Though, the technology underneath it, I agree, is going to be very fundamental. But crypto, the word part of it, it really annoys me currency.

Tom Yeah is a.

Evan Speculation device to vehicle whatever now and you want to do this and that isn't for everyone. In fact, it's probably not for the majority of people.

Tom I think it just comes back to that thing again where if you don't understand it, don't invest in it. And that's what we really try hard to do with how many portfolios our ETFs through Intelligent Investor, we really don't try and explain it.

Evan So let's get all.

Tom These some really I think good questions are one coming from Elvie. Thanks so much Tobi. Appreciate the question and Craig as well. And these I get I can try and work these two together I think. So while staying invested, some people might be building up some cash. What signs do you look for to deploy the cash? But at the same time always is asking with their portfolio is an investment.

Tom PM How often is it actually looked at and then rewatch it if needed?

Evan Yep. So let's switch first. So we do rebuy every month. We have a team in Sydney that actually watch the portfolios every day. So they are made sure that they are weighted to the equivalent of, as I said to you, the, the whole consensus of those 3356 balance funds, some 2000 something.

Tom Like against our.

Evan Benchmark benchmarks to make sure the weightings right and we update them regularly possibly can we obviously do our sweeps where we type those are doing monthly contributions. All the things need to be wiped in that is done and said very much every month. And Matt, who runs that team, does that very, very well. So it is constantly being evaluated in terms of whether or not this is the next part of that question.

Evan I'll tell you a little bit further about is the ETFs inside of the right ones? Are we doing the correct weightings? Is that meeting your expectations? So should we be going in looking at these questions? And the last one was, do we need a hedge used for unhedged ETFs? All those questions. Every quarter we have an investment committee meeting which I sit on along with Alan Collar, if he's our horse.

Paul Clitheroe is the chair. Our CEO Ron Hodge is there, Alistair is there as well as in our head of funds. All of us are there to fighting that exact question to make sure that we have a fairly robust discussion about whether or not the funds are doing they should do it. And and so we do therefore. So active management is making sure that it is giving you, you know, as close as we can get to what you want for a portfolio that is in international equities or as close as you can get to a balanced fund.

Evan So that's probably answering to yeah, obvious question.

Tom So I guess even with that question, the cash question there from Craig, it's not a case that at that board meeting you look at it.

Evan And it's free cash. Cash.

Tom Yeah, it's the series getting involved. Thanks. It's not the case that you say, oh, the high growth has 20% cash, for example. We need to get it down. We should be investing it in more Australian ETFs or in international. That's not the case. It always.

Evan So again it's about is the high growth portfolio meeting its mandate of benchmarking against the high growth.

Tom Basket. Yep. Yes or no. So it's not a case of we're not reinventing the wheel, the.

Evan Argument that comes with that. So that's a really good point. So the question that we're probably getting at the moment is that is the cash component giving the best amount of a boom and that we had to debate? So yes, something like I say, which is Betashares high cash ETF, which we use a lot, is it giving you the kind of return that you should be expecting, yes or no?

Evan Yeah. Is it is it the best option out there? And that gets back to the four things we also look at. So yeah, the also the management expense ratio is, you know, as cheap as we can possibly get it. Yes. What is it representing the index that it's exposed to as close as we possibly can? Yes or not.

Evan Is it liquid? And by that, what we mean is that you don't want to have an ETF that is really, really illiquid.

Tom How to how to get in, how.

Evan To get it out. It also means it may not replicate the price directly. So it can really pop up because it's illiquid. The final one is actually the price of it. So what we say that let's use the ASX 200. So we get this question, what's an iOS eight and the A 200 other to your question, you know, the 300 on an MDR is technically slightly cheaper.

Evan Is that the issue with it? Is that the price of it's about 110 20 bucks, whereas buyers it's about 26 to 28, it's almost top of my head. Why don't we use that? Is it to get the correct weighting? It's easier to use that price because then you don't get this sort of big block of 100. That's it.

Evan Rather than giving you for iOS, AIDS to one a 200, which can give you the widest. So that's why we do it. So again, that's what we do.

Tom So it means more of your actual cash is more likely to be invested because current price moving in IT sizes. Yeah.

Evan And actually. Right. It's the way you want it.  
So hopefully that answers the question. Of course when it comes to the active ETFs like the intelligent investor, one step at night and looks, that's a different

Tom kettle of fish. And we've done some interviews with him even recently for the Ethical Share Fund, which we had another offer just finishing on the 4th of November. And in that case, he has the cash there.

Tom But he's also not just choosing something to invest in for the sake of it. He's still following his value investing principles. We're reaching the end of day two.

Evan To the point is, so any more questions? We don't want to finish up without letting you ask any more questions because it's so much more important to make sure that we go through this. But we are cognizant that we've now run out of time. Is there any more questions out there from those that are watching? Because I think we may have reached everything we need to do.

Tom Yeah. There's a couple of other questions that did come through that just aren't directly relevant to the webinar today. But, you know, it's something that we can try and touch base with you or even refer you to other articles talking about housing and gold.

Evan Yeah. So I mean, look, we can talk about housing and do what I call to the cows. Come home. Yeah, they probably, as I said, they're not probably applicable to what we're talking about today. We will certainly talk to you about it. We're trying to do more it. I will probably put some individual videos out about those individual things.

Evan And that's what I'll endeavor to do is that I'll put some videos up on investment. I'll also put them up on your editor as well, if you're subscribed to arrange a report to sort of answer those questions individually, because I know they're important to particularly the property one. It's a big, big question that Australians always have is where's my property going?

Evan What's the value of it, how is interest rates going to affect it? Will it ever return to today's level? So I'll let you know. Now, I will do that as a separate video completely to answer that question. But it's not for today. With that, I don't see any more questions now.

Tom So thanks so much for all the questions so far and for tuning in today. And we're going to try and get our YouTube channel up, too, to talk so, so much content to put there, but it's just a matter of getting it up on there. So when we do have that set up, you know, we ask that you like subscribe the actual videos itself, give us feedback, what can we talk about that helps you?

Tom But I guess until next time, which will be next, we'll try to.

Evan Be able to do one more before the end of the year. And then in January we probably do a big one to open up 2023. Discuss your goals for that year and what we're always trying to do a big one and in January, just try and get you prepared for what will be a new 12 months of thinking and how it all goes forward.

Evan But for those of you that are here today, thank you so much for joining us. As always. We really enjoyed looking forward to having your questions. See you next month. And again, good luck with your investment.