Marcus Today On The Couch with Gemma Dale Nabtrade - Talking Investor behaviour and Retail flows

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**SPEAKERS**

Gemma Dale, Henry Jennings

**Henry Jennings** 00:00

You are listening to the on the couch podcast, a series of interviews and informal chats with selective CEOs and fund managers. Together with the odd market analyst on all things investment, whether it is hearing from a CEO or getting insights from a leading fund manager, Marcus Today is the place to go to for all these insights. And for more in depth analysis of what's happening in the market on a daily basis, you can sign up for a free trial at the markets today daily stock market newsletter, no credit card required get access to the entire newsletter including stock recommendations, investment strategy, opinion pieces, education articles and investor tools not only on the big stocks but also on the little stocks and the emerging technologies. You can find the trial sign up link in the podcast description or head on over to our website marcustoday.com.au And we look forward to welcoming you on board as part of the markets today community.

**Henry Jennings** 01:06

Well welcome to another episode of on the couch with myself Henry James from Marcus Today. And this week, I'll actually turned the tables on Gemma Dale from nap trade. I did a podcast with Gemma a couple of weeks ago and it got me thinking that maybe it was time that I actually turned the tables on her and got her on the show and many of you will be familiar with Gemma from her work on USB is for nap trade and she's fantastic on telly and fantastic in real life as well. And she has She's the director of SM SF and investor behaviour at NAB Pro. So she offers some really fantastic insights, I guess into what's happening in the market what people are doing, because NAB trade is of course, one of the biggest platforms in Australia for stockbrokers or stock broking buying and selling shares. So it's really great to have Gemma on the show. And I'm really looking forward to chatting to her and gaining as much as I can in terms of insights of what's going on with the retail market at the moment. So Gemma, welcome. Thanks for coming on the show. Thank you. It's lovely to chat. It's, it's great to chat to you. Now just before we kick off though, I must say that as usual, with all this stuff, that is general advice only. So please do your own research, contact your own financial advisor etc. Before acting on any of the insights or anything we talked about in this podcast. So Gemma, first of all, what's happening in the market out there? What's happening in retail and for for NAB trade. What are you seeing at the coalface?

**Gemma Dale** 02:32

Yeah, it's an interesting time. Because I talk about it all the time. Sometimes you got to kind of sit back and see how much has changed. Sometimes it's a bit easy to go this week, this happened last week that it has been quite fascinating to see how this year has really shifted behaviour. And you knew it was coming. So we saw just everyone knows this, right? Just this incredible influx of new investors in 2020. But it continued right through 2021 as well. So this massive, massive spike in new retail investors that occurred during and post the COVID crash market collapse as people who had thought maybe about buying shares at some point or another, or ETFs, we saw a lot of ETF buying to I'm thinking about buying shares, oh my god now is like the greatest time I'll never get another opportunity like this huge number. So we saw a doubling in our investor base. And that was not unusual that was seen right across the market. Huge numbers of people coming to buy shares for the first time. And then people who hadn't bought shares for years reactivating their accounts. So that kind of stuff. So we just have this massive influx. And what they bought during that period was just this incredible flurry. But they rushed into things that they were really just like to hold. So there was massive buying things, absolutely massive bhp was in the top 10, which is not surprising. This is pre consolidation. So this is before they delisted from the London Stock Exchange. Just bhp big Australian, we know it by now pay later was absolutely massive. This is two years ago. And mix and match of other things right there was quite a bit worse farmers that kind of stuff. So we saw this huge influx of new investors and they were buying banks in particular, by now pelota was their growth sort of story, a few materials and then sort of other top 20 ish Australian stuff. And that continued really probably for another 12 months it was very consistent what they were buying, buy now pay later started to drift away. As soon as afterpay got the offer from block, they square slash block. They started selling so our guys did not want to take a they didn't want the US listed entity or to hold an equivalent, right that just was not what they were interested in after they made sense as a story. That's more complex business. They weren't interested. So they saw that. And then we started to slow down in activity law See, this is completely different. So this year, we did see a bit of buy the dip mentality. So the thing that I really characterised the previous two years was buy the dip. That's what we saw. Every time there's a pullback in the market, we just saw incredibly aggressive buying. To give you an idea, we normally have like a 5545, split on buys and sells. And we know that that's typical. Most of our investors are not in pension phase and drawing down on their assets, even those who are in pension phase would rather live on the income from their investments than sell them. So you're always going to have a trend, a trend toward buying, and you hope to see that over time as people build up portfolios. So we have this sort of strong trend over time toward buying but not 75%. During COVID, it was at 20. So it was almost all buy, and it was just really, really aggressive buying no one panicked when the market felt no one tiny bit of selling, and most of it went straight back into the market. And money came in from other sources, it was just incredible. We've seen that trend back to a 5545. So that's really slow, that idea that I have to just buy everything and I need to just throw my money at the market. And so we've seen a real trend away from buy the dip there was buying the dip last year, it was insane buying the dip in 2020. Now, if there's a pullback people just much less enthusiastic. And it's been a shift away from broad behaviour, just buying and selling, there's been a shift in who is buying and selling. So a lot of our smaller investors have moved to the sidelines and a lot of our newer investors have moved to the sidelines as well. They're a bit quieter, they're a lot less confident in this environment is just clearly not giving them strong signals. They're not as sure what to do, or they just like their portfolios and they want to hang on to them. We're not seeing massive selling or anything like that. It's not panic selling. It's just a little disinteresting to people, you know, the market is quite high compared to when they were buying in years ago. And you know that that potential uplift isn't quite as strong for them anymore. But our bigger investors are making wholesale portfolio changes. So that's always very interesting to see. So they're sort of making shifts, and what people are buying and selling has changed a great deal, which is basically materials with very strong focus on lithium, big gap. Other stuff, which was very different to two years ago.

**Henry Jennings** 07:26

So I guess there's lithium going to be the new Buy now pay later?

**Gemma Dale** 07:30

And before that it was milk. Big on me. Love to milk, another white powder. No, the white powder, so we had Manas milk, then we have buy now pay later we're back to minors but very strong focus on lithium than any other battery material related stuff.

**Henry Jennings** 07:44

Yeah, it's funny, isn't it, you talk about the fact that, you know, haven't seen huge amounts of buying yet here we are a tiny bit away from an all time high. The other day, we were sort of one 1% away from an all time high. So somebody out there clearly buying stuff. And I guess part of that is bhp is now such a massive part of their index and the changes that that's made to the index, you know, less than 12% of our index now is bhp. And then you got the banks. And I can't remember when the banks last went actually down. We've got interest rates going up, and the bank seems to be making hay while the sun shines with their margins. So that's going to be interesting. So do you think there's this drop off in volumes, because we have seen a drop off in volumes, not only here, I guess, in the US, do you think that's going to continue? Are we going to get that spark back where we see those smaller investors, those those new, the newbies, I guess, coming to the market, sort of have a catalyst to be back in there buying stuff. Do you think there's a catalyst out there?

**Gemma Dale** 08:47

But one thing I think is really interesting is if your first experience of the share market is making 30% in three weeks, which happened for a lot of people, like a lot of extraordinary number of people had spectacular gains, in an extremely short period of time. Everything seems disappointing after a little over a year, I know they haven't even lost money yet. And then like this markets rubbish, how the hell am I supposed to enjoy myself when I can't make 30% in three weeks. So it's a really interesting market from that expert, that perspective. Like I find it fascinating. My title says investor behaviour, that's obviously just the fun of watching what people do. It's if you are one of those people, and it's an enormous proportion of our base and the market now, I can understand why they're sitting tight. Because if you're reasonably comfortable with what's in your portfolio, it's hard to see anything else that has the upside without the downside. And what I mean by that is, you know, the lithium stuff people really liked the idea of it, they get that it's a long term story and they like decarbonisation. They like it energy security, they like batteries, the whole story sounds amazing. The prices that are being commanded for lithium right now are just extraordinary. But when something's just run 500% in 12 months or 200%, in 12 months, maybe I'm not that keen on buying it is very different to two years ago, when they were like, I can buy now at $14. And it was $28.03 weeks ago, to back then they were like killing the downside is extremely limited, and the upside looks really good. But it's a top tech company, whereas this is an X 300 company, maybe, maybe doesn't have any revenues. And it's already run 200% It's a really different risk profile. So they're a year they like the idea of it, but it's not, it's not the same. And I wonder how you how you transition to a normal market when you've had such an extraordinary experience. So recently, I think for those people, it's a bit of a challenge. And so they're just biding their time hoping for a collapse. So they get to do it again, even if it was a once in a lifetime one, right?

**Henry Jennings** 11:00

Well, you say it's once a lifetime, but you know, I remember the.com Boom, I mean, that was that was not dissimilar.

**Gemma Dale** 11:07

It's 22 years ago, there are some of these kids weren't even alive back then.

**Henry Jennings** 11:11

I'm showing my age here, Gemma, but you know, 22 years ago, I remember days when I wasn't I sort of stepped back from the market and was just managing my own money, and you get an IPO and you put some money into it. And you get a phone call from brokers saying, Oh, you're up 50,000 bucks on day one. How did that happen? You know, it was just ridiculous. Do you want to sell Oh, no.

**Gemma Dale** 11:34

But the point you're making is the.com, boom, yes, you made extraordinary money. And then you lost all of that money immediately afterwards. That didn't happen in the COVID collapse, right? It was the opposite of that you got to buy super cheap, and then it all bounced back. And you really didn't have any period of question yourself, because it happened so quickly. Whereas the GFC, that was my kind of formative experience, because I missed the.com Bubble by about 10 minutes, thankfully, because I would have lost an absolute fortune, and I'm sure if I had the fun of playing. And I started working with a tonne of guys who lost their shirt. Everyone I worked with was just depressed, chronically depressed around me to send them. Where are you still talking to me? Are you still taking my calls? They didn't have caller ID back then. So they had half a chance of getting through. wouldn't have otherwise. Yeah. And that was when internet broking took off, right when people didn't want to talk to their broker after the.com Boom. GFC was so different, right. And this is where I think the behavioural element comes in is it was such a long time between the peak and the bottom. And people kept having these false dawns thinking that it's done, I'm going to buy the dip, and just got wiped out another 30%. It was such a it was such a brutal experience. And it was exhausting. And I at the time dealt with a lot of older clients, and they left the market and they never came back. And we know from some of the data from the ASX, and just from investment trends and some of the other data that's out there, there were a lot of people, hundreds of 1000s of people who sold their shares during the GFC and never came back to the market. So we're like, I cannot deal with that I'm exhausted by the idea of losing money. And the idea that if you hold on, you'll be okay. You could have held on for 13 years and only just be making back what you lost in capital terms. Right? Let's Yeah, let's not pretend that you didn't get amazing dividends through that period. If you're holding banks, but you lost money for a really long time you were underwater, if you bought in September 2007, you had a terrible decade after that. Terrible. So, you know, people's timing is so dramatic. But the one we just had. That was like the most winningest period of all time, right? Like you had such a short window where you lost money, such a short window where you made a fortune.

**Henry Jennings** 13:52

Yeah, it's weird, because as you say, the GFC just kept sort of rolling along. And it was collapse after collapse after collapse. And just when you thought it was safe to go back in the water. Something else happens. Yeah. And you were just knocked for six again, your confidence goes, and you just don't want to play anymore. You're just back licking your wounds and just not wanting to take the baton ball. You want to go home?

**Gemma Dale** 14:15

Yeah, yeah, I think also, I mean, the GFC was different in that the catalyst for COVID was so obvious. And we knew immediately what the implications were likely to be. We didn't know how long it was going to go on for. We didn't know how many people were going to die. But that was you know, like, what at the beginning, we were terrified that millions of people were going to die. And it was yours. So terrifying, but very clear what the issue was. And the trajectories back to normal. You could calculate them. Yeah, you can make some assumptions. Whereas the GFC we were like What the hell is going on? What the hell is a CFD? How did that thing happen? Sorry, the CDOs back then wasn't be like what was the CDO? What Why are the banks doing that thing over there? What is this? Your there was so much confusion particularly for Australian investors, we never heard of what was going on. None of them had any understanding of the US property market and Bill Clinton's, you know, underwriting ninja loans back in the day and all that stuff like we just didn't have any context on it. So you were, it felt like a flying blind a lot of the time like Lehman's went under and people like Lehman's, like what is that? I've never heard. That's a wine company in Australia. Yeah, like they just people had, like, they just didn't have any context. So they were shocked by it. They were mostly holding managed funds, you had no idea what was in it. Yeah. So I, the experiences have been so different. And it's interesting to me, half of our base of people who started in this extraordinary period of winning the elder half have had some brutal experiences, and feel really differently. And they're responding really differently to the market we're in right now.

**Henry Jennings** 15:53

That is interesting, isn't it? And it has been it was such a short sharp as you say it was such a brief window. And you kind of want that window to come back. But I can't really see. Because you kind of think Well, now I know exactly what to do. But unfortunately, everyone knows exactly what to do, which is the reason why it won't happen.

**Gemma Dale** 16:11

Yes, this is so short now. Like you get a day to day if you're lucky. I was someone said I've had lunches longer than that collapse. Right. So short. It's like, yeah, um, for those of us who were around during the long, painful ones. Yeah. It's, it's incredible. And as you say, Everyone hopes it will happen again, I want to buy stocks. 30% I feel like, okay, well, something really bad is gonna happen in order for that to happen. And if you keep waiting, you might miss the next rally. Or you might not I don't know, but it just, you can see why. Investors are confused. If you only know that window where you bought everything at 50% off and it bounced straight back again. Yeah, like it's gonna be really boring for you for a long time. Yeah. Well, hopefully, fingers crossed. They're gonna be boring, right?

**Henry Jennings** 16:59

Fingers crossed. Well, yeah, but then you get the slow and steady grind. But unfortunately, that doesn't make it sexy. And the youngsters don't want to play the slow and steady game. The white powder. I remember back in 87, when I felt you know, I've been in the market a few years then. And the market crashed in London and I was there trading away. But after we bounced back, and we did bounce back quite quickly. But then we just went into stasis. And we just had the slow grind down. Everyone who'd lost money who'd sold at the bottom didn't want to play anymore. The guys that have picked it beautifully took their profits and they didn't want to play anymore. And the volumes dried up and the interest dried up. And we just stood around scratching our bottoms for the next two years. It was just it was demoralised. The volatility dried up the deals dried up. It was just a no. And that's one of the reasons I came to Australia because London was so dull at the time, it was really just not a happening place. I figured I might as well come somewhere at least that was on the cusp of being China. That was the big story, the the Asian base and the China.

**Gemma Dale** 18:06

In the 80s. It was Japan. I remember, it was all about Japan. It wasn't about China here anyway. We were all excited about Japan. And then they had an extraordinary collapse. And we're nowhere for 20 years.

**Henry Jennings** 18:19

Exactly, exactly. But it's funny, isn't it because Japan's still such a massive economy and we don't even think about Japan anymore. And when I started there was you know, China didn't even buy our iron ore. It was all sold to Japan. And every year BHP and Rio, the two companies would go up to Japan, and they would renegotiate the year's prices for the contract for the iron ore to go to Japan. China wasn't even mentioned.

**Gemma Dale** 18:44

When I was in school, it was all about learning Japanese, it was never about learning any of you certainly wouldn't think about learning Mandarin or Cantonese. It was all about learning Japanese because that was where Australia needed to tilt.

**Henry Jennings** 18:55

And did you.

**Gemma Dale** 18:57

No. I learnt French and Italian and the fun stuff? Because I had half a chance of being able to learn it. The same as English, but no, I was never gonna be any good at Japanese. No, I'll just pretend it was because I knew that it would have been Cantonese. That was better except I didn't learn that either.

**Henry Jennings** 19:17

No, no, I was told I should learn Spanish and tried valiantly, and I was absolute rubbish.

**Gemma Dale** 19:24

I did do economics though. Does that help universal language?

**Henry Jennings** 19:27

That does help to some extent? Yes. That does help some extent. Now. Are there stocks out there that you see a consistently on people's shopping list? You've talked about bhp and Wesfarmers and the lithium stocks. Are there any others out there? I mean, Fortescue, is that one that pops up on the shopping list a lot. I'm sure it does.

**Gemma Dale** 19:46

Fortscue is the most traded stock on trade and has been for let's say 18 months. So it's before the iron ore price Pete and it's it's worth noting it's a very specific stock that is traded for very specific reason, by very specific number of people. So they tend to be a small number of very high value traders. They trade it very actively, they will move a lot more money than I've got. And that's the retire portfolio in and out afford askew. Because they watch the iron ore price really closely. It's a single bit, and they can read it really well. So yes, it's absolutely in there. But it's not mums and dads buying it for the long term. And it's not, you know, day trading punters. These are very well educated people who know exactly what they're doing. And this is their stock of choice right now, and has been their stock of choice for some time. But when the iron ore price sort of settles down, and I say when, because I recorded podcasts with people telling me that would have happened late last year, when Volvo came back online, and everything was all gonna settle down and supply normalised, and bla bla bla, and all the things that didn't happen. The important point before to skew forever, it is Fortescue now, because it is a a stock that moves in a predictable way for people who know how to watch it.

**Henry Jennings** 21:12

And do you think I mean, for the skews, pushing into the green theme and Twiggy has been sort of a fantastic advocate. very vocal on that, and using his his position to do that, which is fantastic. But is that confusing? The Fortescue stories? Do you think? Is that confusing? Your your traders and Fortescue? Are they just saying it's still an iron ore stock? Let's forget about all the future that they're pushing towards? Yes, just focus on the iron ore.

**Gemma Dale** 21:38

I think that they would view that the way a lot of people view CSL we're just got it's amazing, deep r&d book. And if any of that comes off, that's great. But I'm playing this, you know, like, I can read this really well, this market makes sense to me. And I know what's happening in it. And there's a fantastic r&d book full of very interesting things. And I never know whether any of it will take off. But if it does, that's, that's a win to, we haven't seen a transition of people into Fortescue. Because of that, we just see the same people clearly focused on it.

**Henry Jennings** 22:14

Well, that's that's, that's something to bear in mind. Now, what we do at the moment, I wrote an article the other day, and I pretended I was an alien, or David Bowery, the man that fell to earth, and that I hadn't seen a market. I hadn't seen what the market have been doing. And I listed all the negatives. And the question was, if you've got all these negatives going on war in Europe, high commodity prices, inflation going through the roof, interest rates, etc. Where would you think the market is at the moment? If you hadn't seen any of it? You kind of think, was it? Would you really be at an all time high given what is going on? But yet, here we are. And we're seeing all this chatter at the moment about the yield curve and the inversion of that you've started the economic side of things.

**Gemma Dale** 23:02

I feel like everything I learned is rubbish now. But yes...

**Henry Jennings** 23:06

The joy of economics isn't that somebody else has got a new theory. But you know, we're hearing a lot about this yield curve and predictions of a recession in 18 months time, I think I saw Shane Oliver on TV the other day saying that that's the average time it takes from that first inversion to the recession 18 months. Is that? Are we seeing a shift towards defensive stocks? Do you think because of that worry? Or is that something that investors really haven't focused on? Really, we hear lots of talk, but we actually don't really do much about it sort of thing.

**Gemma Dale** 23:39

I think there's two elements to it. So the first point I would make is the ASX is in you know, this vastly better than idea. But the ASX is a completely different composition to the rest of the world, which has been very disadvantageous for the last 15 years because our tech industry is coupled times by now pay later stocks and some payments or something. Like it's it's not, that's not our strong suit, right. And that's really hurt us when you compare it to the performance of the US, or even India some other places where the year they really focus heavily on tech, China has been the same, you know, they've been all these places where they've just had exceptional growth in companies that we can never dream of having. We don't have the population and we don't have the skill set yet. Really. Now, however much like like, ironically post the.com, boom, we have materials like yes, and we have financials in a rising interest rate environment where they've had their margins absolutely crushed. And suddenly they get a chance to expand expand those margins again. And I mean, there is the issue, the fact that the household sector is extraordinarily indebted. So that's the problem. But there is a lot of reason to like the ASX in this environment relative to plenty of other markets around the world where you're gonna have massive fee compression and a rising interest rate environment. In high inflation, you've got oil prices, killing everything, and blah, blah, blah. So we've got stuff that other people want. And we are a geopolitically secure region par excellence compared to some of the others that people are looking at right now. So there's lots of like about the ASX. And I think our investors naturally prefer to invest at home anyway, when I say I think our data tells us investors, you know, we know right, and we, you know, we always have data on whether or not they do go offshore, and to what extent you never have full picture of people's portfolios. But investors do prefer to have a large amount of their holdings at home. And investors are clearly focusing on materials at the moment and clearly focusing on financials at the moment. And as a result, they're buying stuff they know. But stuff that holds up fairly well in the kind of macro environment that we're looking at. It's not perfect. equities, in general aren't perfect in this environment. But I feel like our investors go if I have to hold something, a couple of banks, and BHP and a few lithium miners might not be the worst thing in this environment. And I still don't want to be in cash. And I still don't want to be in fixed income because they're hurting badly. And even if interest rates go to 2%, so rubbish compared to the yield, I get on everything else. And we're a long way from 2% Even if they hike really aggressively. So I think for our investors, they look at this macro environment. They do think the share price of everything is too high. We can see that from how little they're buying relative to two years ago, but they're not selling aggressively. They don't feel it's toppy Toppy, like it's this is not an overheated market, given what we're seeing. They just think you know what, I'm gonna hang on to what I've got, because in this foreign environment hanging on to that is probably better than the alternative.

**Henry Jennings** 26:57

It's funny, isn't it? We're so caught up in watching what the Dow and the Nasdaq does. And nobody ever looks at Toronto, which is probably the closest economy to ours with a bit more oil and gas than iron ore and coal, but they're very much a commodity economy as well. And yet, nobody gives two hoots about what to run. You know, every morning I wake up and what's the deal done? And what's the NASDAQ done? I mean, as you say, our tech sector is block which isn't even ours anymore. I mean, apart from Computershare and wisetech, and zero, that's it. Pretty much and the rest of it are also runs way down the bottom yet we're fixated on Oh my God, look Facebook's dropped 5% have to sell everything.

**Gemma Dale** 27:41

Our equivalent of Apple's gonna collapse. Yeah. When we don't have Yeah,

**Henry Jennings** 27:46

Exactly. And it's obviously setting a trend. It's It is bizarre.

**Gemma Dale** 27:52

Tesla do and all our electric vehicle manufacturers are gonna go the same way. It is it's so true. But it's yeah, like when you watch your sectors each day, you can see clearly how spoiled we are. You know, we have a heatmap. Like literally as soon as you log into the platform, you can see a heat map that tells you how big the sectors are not whether they're red or green, just look at how big they are. And then go on look at a heat map of the the Dow or the s&p 500 is completely different, right. So you can see why investors are okay with what they've got at the moment.

**Henry Jennings** 28:27

So tell us about what you do at NAB, apart from looking at what investors are doing, you've got a big job over there.

**Gemma Dale** 28:38

So this is about looking at stuff and then talking about...

**Henry Jennings** 28:41

Develop all this this suite of applications for SMSFs and all this sort of stuff. Tell us a little bit about it. This is your chance to do the plug.

**Gemma Dale** 28:49

Oh, okay. Right. My job now, because I did say you had a question in there about just in funds and elsewhere to product. That was my role five years ago. It's been a while since I did that. And it's really interesting to me, there's a reason why that's not a role anymore. self managed super funds is sort of where I started working with financial advisors and various other people when SMSFs were, frankly, just a very special little tax haven for very, very rich people. And there were very few of them, but they were worth an absolute fortune. And then as they became far more mass market. The bank in particular had to get their head around how they operated because what we realised there's a mentality that self managed super funds are primarily advised by financial advisors, right, and so that people who have self managed super funds have all of their assets in one platform. People be familiar with net wealth and those sorts of products back in the day was Colonial First State, that sort of thing. So yeah, they have a platform and they have a financial advisor. And then we did this phase of research, which is how I ended up with that role going, Oh no, it turns out 90% of them have their money with the bank, and with a trading platform, okay. And from research that was done outside the NAB looking across the market 10% of self managed super funds in this research is six or seven years old, but it's been consistently updated. And it doesn't change a great deal. Although a dramatically different market might see a change 10% of self managed super funds want to be, they want to delegate all of their stuff, all of their investments, all of their advice, they just want someone to do everything for them, right? The other 90%, around half of them want to be able to check in with someone and sort of consult with someone and the other 45% want to just completely do it on their own. And that became my experience. The more people I met, the more it was obvious that that was very true, that people set up a self managed Superfund because they want to manage their own money, not because they want to give it all to a financial advisor and have it done for them. So I found that super interesting. As a bank, we had hundreds of 1000s of clients who had self managed super funds had money with the bank. And the bank didn't have a particularly strong view on how to support those people best, they just assumed that they would want to have a planner, or have a planner who was looking after them. So my job was kind of how do we bring these together and make it a bit more obvious where you find stuff if you've got a self managed Superfund, and we don't go and sell you a bank account with a an overdraft attached. And so legal, for example. So a lot of really simple stuff, just cleaning everything up to make sure that if it was for self managed Superfund, it was, first of all constructed appropriately. And secondly was likely to be what you were after that you weren't going to go to your planet. I'm doing a terrible job of plugging what I do, by the way I'm talking about. It's not my strong suit, I can edit out the bits of rubbish. But I ended up working for now trade because that's where the self managed super funds work. And the more we talk to our clients, the more we realise that our clients want us to be talking to them and bringing them investment ideas. And so now my job is a podcast, and which I do fortnightly and I talk to people like you and I just asked the questions and get people to talk about where they think people should be investing and what choices they should make. People love it. Like I'm a big believer in podcasts, I love them. And we have found the engagement with podcasts is infinitely higher than it is with articles, videos, webinars, and so on. People love it. And it's great, you get to have really rich, interesting conversations. And I go on AWS biz and talk about what people are investing in trading in and I write articles and I go to the ASX investor days and talk to people in person and all that kind of thing. And sometimes I give my own opinion, but 90% of the time I'm just talking about this is what people like you are doing. And everyone wants to know what other people are doing everyone, right? We all want to know what someone else is doing, whether we agree with them or not, you want to know. And so we have found that that is the kind of content that people are most interested in. So my job is very much about bringing ideas to our investors, whether it's ideas about what other people are doing, or ideas about what experts are thinking. And and I do that in a variety of ways.

**Henry Jennings** 33:26

And you do it very well. Sometimes you get rubbish guests on like me. But going back to the market at the moment, you obviously do talk to a whole heap of people. When you do your podcast and just in your job. What what do you think we should be worried about on the horizon? What are people worried about on the horizon? What will create the next kind of window? Is it going to be interest rates? We've seen the big four banks, you guys included all upgrading that sort of? It's going to be hard. It's going to be short, sharp, and it's going to be painful sort of scenarios. Is that going to be the thing that upsets the apple cart at the moment or is there something else out there that people used to say to people have you thought about this one? This is the Black Swan

**Gemma Dale** 34:15

If i knew what the black swan was I wouldn't tell anyone that's just gonna that's gonna give us our 30% debt right? Then we can all buy it except we will all buy it on the first day because we're not stupid. We know what's gonna happen. I did my husband refers to me as Resident bears. I'm a terrible person to ask about what you worried about because I've got a long list. The interest rate question is really interesting to me. I look at the level of household indebtedness in Australia. And holy question. The RBA is resolve to raise rates to a level anywhere above say 2% And you and I have been around long enough to remember that 2% was the cheapest rate we've ever seen when it hit 2% I was like This is amazing. So I, I think that interest rates will have to be paused the the rate increases will have to be paused at a level level that the broader population can tolerate, you do not want to bankrupt many, many people, you don't want wide scale defaults. And even though we love putting charts out there saying the average household has excess savings, and we're 30% of households are more than two years ahead on their mortgage repayments. 30% aren't, they don't have any repayments ahead. Which means if you raise rates too fast, you tip the most vulnerable over immediately, which seems like an extraordinary thing to do, both economically and politically. So I feel like we can be calm about what the trajectory looks like, because nobody wants to see that happen. And regardless of how much we talk about how resilient some households are, we know that they're not all we know they're not I'll tell you what, at NAB, we know, because I know how many people had to be drafted on to the phones when COVID hit. And how many people had no savings. They let people take $10,000 out of their superannuation. And we saw hundreds of 1000s of people do that. Because they had no alternative source of income. I mean, that's terrifying, right? I mean, some people did to buy jet ski. We heard those stories, too. But some people did, because they had no cache. And that worries me a lot. So I think that rates will, obviously they're going to rise, I'm not pretending they're going to step one forever, they will rise. But I do think that there'll be fairly cautious about how they do it, because you want to ensure that you're not tipping the most vulnerable over the edge. Very quickly. I also think and this was sort of an economic thought, you know, this looks like supply push inflation to me. Yes, there's a tonne of demand pull. But I feel like a lot of that's come from fiscal policy not well, some of its monetary obviously, because Jacob our house, but there's been nothing you do with interest rates are going to make oil prices any cheaper, right, they're not gonna get cheaper just because you put rates to 10%. There are a lot of elements of inflation that are not going to change just because of rates. So I think that is something to be aware of. There's a lot of fiscal stimulus out there still, that will stop. So that's interesting. So they the economy will kind of Tinker along. I think, I think for investors, I can't see an obvious catalyst for a collapse unless we get another COVID variant that starts wiping people out. Yeah, that would start things very quickly. And there is the issue that the US goes into recession, because the Fed, you know, they're starting to become quite aggressive about raising rates. And if they raise rates superfast, that has fallen effects for everybody. And if the US market collapses, there's a sort of contagion effect. And even though we've just got banks and financial is banks and materials, we'll still probably have a big pullback then too.

**Henry Jennings** 38:11

Yes, that's fair enough. Now, finally, Gemma, I'm going to ask you the the question that's on my list is fun question. What's the best advice anyone has ever given you? Such a good doesn't have to be it doesn't have to be career advice.

**Gemma Dale** 38:27

Yeah. We've always been people who was like, what did your parents tell you? And the only thing I ever remember my father saying consistently, very much in mind that my father's had a very successful career was Don't be the person who peaks in high school was a very odd thing to say. But the point that he was making, and I do think this is good advice was you have plenty of chances in life to get better and do more. You Yeah. And he was kind of like, you can be the captain of the football team, and get the top grades and all of those things. But that's not the time to peak, right. Don't do it, then. He's due to and still getting awards and doing all of these amazing things. And I find that quite inspiring. Like, it doesn't end at any particular stage of your life, you can keep getting better and doing more interesting things. And because you've had some achievements don't start resting on your laurels. Or if you haven't had the achievements you want to have. You've still got a long runway ahead of you, right, apparently, even when you're 72. So it sounds like an odd thing to say, but it's good advice. I quite like it.

**Henry Jennings** 39:36

I think it's great advice. So that's obviously a very smart man. I think it's terrific. It's a long game after all. I mean, you're looking at Colonel Sanders was in his 60s when he started. KFC. So...

**Gemma Dale** 39:48

My dad got a project with the Gates Foundation in his 50s where they did a thing called Grand Challenges in global health. They gave out massive, long term like decade long grants. And he got that in his 50s and would never have gotten it in his 30s. I don't think of what I'm engaged for some doing that sort of thing back then anyway. But that project has been going for, you know, 1520 years, something like that. It's still huge, super successful. I remember him telling me when he came back from the first project or whatever it was the first meeting, there were four Nobel Prize winners in the room. So it was not an insignificant thing to get 50s Right. Like that stuff doesn't come along. When you're a kid. You got to earn it.

**Henry Jennings** 40:32

Yeah, you got to get your dad on the podcast.

**Gemma Dale** 40:36

He is an interesting guy. I will never I will never live up to anything he's ever done.

**Henry Jennings** 40:41

But it sounds interesting. He's obviously a very, very smart man. And that advice he gave you I think is, is very good advice. So thank you very much for being on the show today. I really enjoyed chatting to you as always, you're fantastic to chat to. And thank you so much.

**Gemma Dale** 41:01

It's been a pleasure thank you so much.