Fixed Income investment's new frontier

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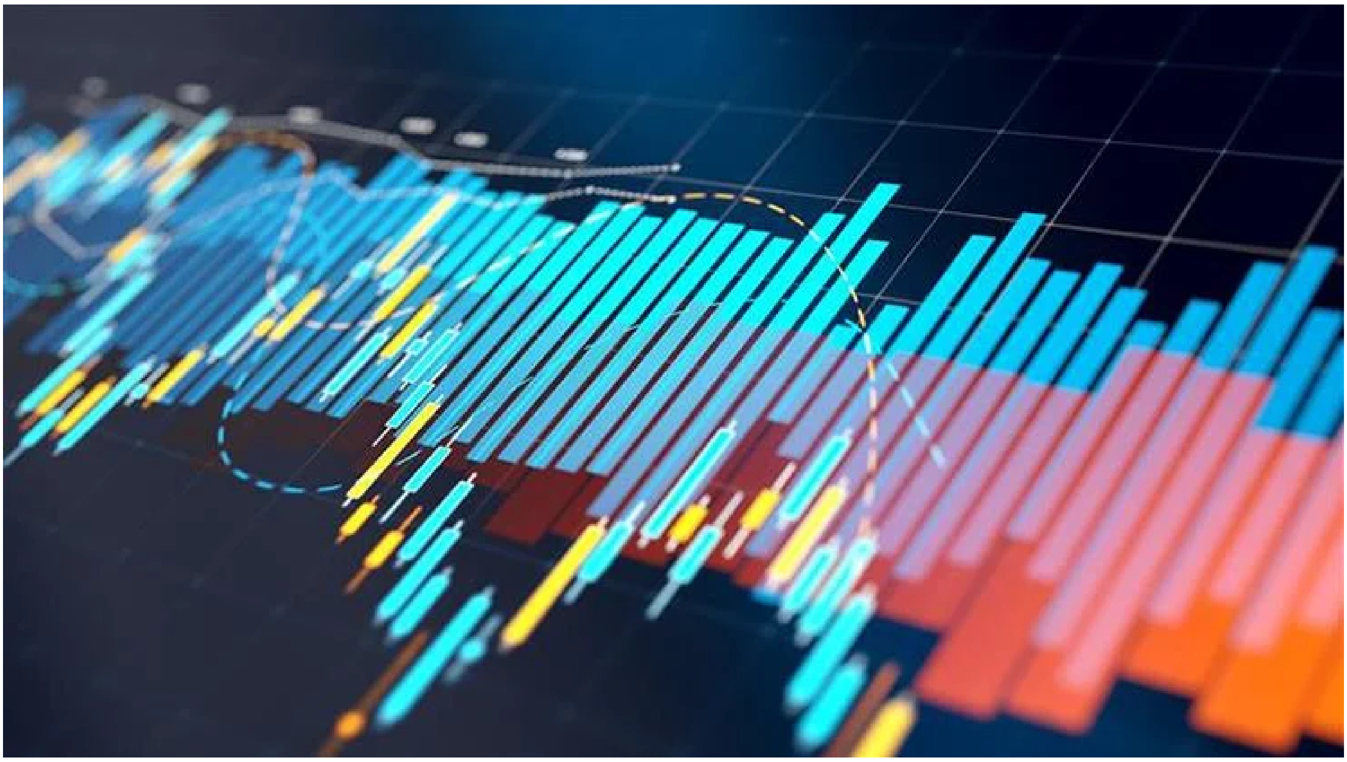

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Modernising a market's technological architecture has been proven to cut costs and improve efficiency.

The global bond market is valued at approximately $114 trillion, yet financial advisors continue to face significant challenges when accessing fixed income opportunities. From market complexity and liquidity constraints to regulatory variations and technological adaptation, navigating this landscape is no small feat. However, digital innovation is unlocking new potential, allowing advisors to streamline operations and better serve their clients.

Fixed Income Intelligence: A new SaaS income opportunity for wealth managers

Perpetual Corporate Trust, in collaboration with BondAdviser, has launched a unique end-to-end platform that allows fixed income investors to purchase global securities in smaller parcels, opening the global market to a broader range of investors. This open-architecture platform enables advisors to:

- Search for products and help construct portfolios with ease (the platform allows advisors to filter and create portfolios using only liquid bonds, this ensures they create portfolios with bonds only available on the day).
- Execute and settle trades seamlessly
- Generate investment reports efficiently

Additionally, all bonds are held in safe custody and managed by PCT's Custody team, ensuring compliance with regulatory standards for banking, insurance, and superannuation industries. By automating traditionally manual processes, the platform reduces operational risk and enhances efficiency.

A new way of thinking

Transitioning to a digital operating platform isn't just about purchasing new technology—it requires a cultural shift across management, technology, and operations. A successful digital transformation involves rethinking how organisations partner with trusted experts, develop products, and implement new solutions.

By leveraging Fixed Income Intelligence, advisors can modernise their approach to fixed income investing for wholesale clients, improving efficiency, reducing risk, and enhancing client outcomes by giving them the ability to hold individual bonds in parcel sizes as small as $10,000 (which in turn allows them to have a diversified bond portfolio). Advisors can choose from over 2000 bonds in a multitude of currencies including AUD, USD, GDP, EURO, NZD, SGD and JPY.

Technological innovation such as Fixed Income Intelligence means in today's fast-changing market, digital transformation isn't just an option—it's a necessity.
The rise of electronic trading is reshaping the bond market. Advisors must embrace these advancements to maintain a competitive edge and access new opportunities.

Technology helps solve the challenges of:

1. Market complexity and fragmentation

The fixed income market encompasses various instruments, including government bonds, corporate bonds, and mortgage-backed securities. Each has distinct characteristics, maturities, and credit risks, making comprehensive analysis complex. Additionally, bond trading is often conducted over-the-counter (OTC), leading to fragmented liquidity and inconsistent pricing information.

2. Regulatory variations

Different jurisdictions have unique regulations governing bond issuance, trading, and taxation. Compliance challenges arise when navigating these variations, particularly in cross-border investments.

3. Liquidity constraints

Certain segments, such as high-yield corporate bonds or emerging market bonds, may have limited liquidity. This can make it difficult for advisors to execute trades efficiently, potentially impacting prices and investment performance.

4. Credit risk assessment

Evaluating the creditworthiness of issuers is crucial to mitigate default risks. However, inconsistent financial disclosures across markets create additional hurdles for advisors.

Perpetual Corporate Trust (PCT) has deep expertise in helping Australia's financial sector digitise for market success. In 2024, PCT's innovation arm, Perpetual Digital, was recognised by the Australian Financial Review as one of Australia's most innovative companies.

For more information on Perpetual's Fixed Income Intelligence solution please contact Emily Boden at emily.boden@perpetual.com.au