BUYING OVERSEAS STOCKS CAN BE REWARDING, BUT IT ALSO COMES WITH RISK

World of opportunity

MONEY

ANTHONY KEANE

Sinking global stockmarkets are offering potential bargain buys to Australians now as technology makes it faster and cheaper than ever to become an international investor.

At just 1.7 per cent of the global economy, Australia is small compared with the US, China, Japan and Germany, and investment specialists say it's wise to diversify money offshore.

Your super fund already does this, with data from industry super group ASFA showing 27 per cent of Australians' nest eggs are invested in global shares, and 24 per cent in Aussie shares.

Investors can go global by buying direct shares through full-service or online stockbrokers, online services such as Stockspot, eToro and Stake, managed funds and exchange traded funds (ETFs).

However, they should understand that international shares increase investors' financial rollercoaster ride, delivering new twists such as currency fluctuations and geopolitical impacts.

Financial strategist Theo Marinis says investing globally delivers greater diversification, especially when you consider 40 per cent of Australia's stockmarket is resource companies and banks.

"And if you just invest here, you have no exposure to Tesla, Alphabet (Google), Amazon and others," he says.

Marinis suggests splitting share investments half-and-half between Australian and international options.

"We use ETF index funds. They are the most cost-effective and hassle-free way to invest overseas," he says.

ETFs have boomed in the past decade in Australia, and a new ETF report by online investment adviser Stockspot says a record $23 billion poured into them locally in the past year.

"However, ETFs still only make up around 4 per cent of the total funds market in Australia, compared to 25 per cent in the US," it says. "We believe there's a lot further to go."

Stockspot's report recommends investors focus on broad market index ETFs rather than sector-specific and thematic ETFs, which "are launched when the hype is at its peak" then underperform.

ETF returns are boosted by their low costs, and Stockspot CEO Chris Brycki says there's no need to pay high fees to professionals "when you can own the index".

"Don't pay a fund manager 1-2 per cent per year or performance fees to invest in global shares since 97.5 per cent do worse than the index," he says.

"We don't recommend investing in global shares unless you're planning to invest for at least three years.

"Your investment horizon and capacity to take risk will determine how much to invest globally. For Stockspot clients we recommend between 20-30 per cent of their portfolio."

Shaw and Partners senior investment adviser Jed Richards says in previous decades it was difficult and expensive to invest globally amid high transaction costs and complex paperwork.

"We reserved it for our largest clients, but technology has moved extremely quickly in the last few years," he says.

"Nowadays you can buy international shares for 0.15 per cent or less."

Richards says his clients invest directly into global giants including Microsoft, Disney, Nike and Constellation Brands, which produces Corona beer, and he also uses ETFs.

His key message to global investors is: "look at the companies themselves rather than the individual share prices".

"We know Microsoft will be a larger company in five years, because more people are using it. Buy a company for its performance, not the current share price level."

Investor Erik Kasearu has focused heavily on ETFs – including international funds – since 2021 and is happy to ride the risk.

"I had none at all before. If I had bought Tesla shares 10 years ago, imagine that now," he says.

"I would be driving a Tesla."

Shares in the electric car giant have jumped from $US6 to $US696 in the past decade but, highlighting their volatility, are down from $US1145 in January.

Discount markets

Global stockmarket indices have slumped this year, representing possible bargains for brave buyers.

- US down 21%
- France down 16%
- Germany down 15%
- **Australia down 13%**
- China down 11%
- Japan down 8%
- Britain down 2%

(Key share index moves 1 January to 14 June 2022)

More broadband users feeling the need for Foxtel speed

TECHNOLOGY

JENNIFER DUDLEY-NICHOLSON

A lot has changed during the past two years and one of those things is demand for high-speed, high-capacity, reliable broadband.

Australian households are increasingly feeling a need for greater speeds, with the ACCC reporting more than 6.4 million NBN customers have now upgraded to plans offering 50 megabit per second downloads or more.

But the full benefits of that speed boost are available only with the right modem.

Foxtel broadband product management head Cameron Wheeler says that growing demand, along with changes to the way Australians use the internet at home, led the company to launch a new modem with CommScope.

Foxtel's Wi-Fi Modem packs in a new chip set and twice the memory of its predecessor but, perhaps more importantly, supports the newer Wi-Fi 6 format that boosts speed and supports multiple devices demanding connections simultaneously.

FOXTEL'S WI-FI 6 MODEM

"Wi-Fi 6 is what we've been focusing on as a step change for the modem," he says. "We know how important it is for people working from home, learning from home, and for other people at home streaming entertainment."

While even ultra high-definition content requires a connection of just 15 Mbps, Wheeler says the new modem could help deliver many streams.

"Practically, every household is different," he says. "Where people will see a difference is when multiple people are using the internet at once – that's where Wi-Fi 6 will really come into play and optimise that experience. It does rely on your devices also being Wi-Fi 6 compatible but with new phones and tablets, most of them will support this technology."

The company, which is part-owned by News Corp, will offer the modem for free in new 12 and 24-month bundles, while existing customers can upgrade at a cost of $140. Foxtel currently delivers 50 and 100 Mbps speed offers to customers, though Wheeler says it is "looking to roll out new speeds".

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