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Prepare for Life

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Protect & grow wealth in uncertain times

Interest rate swings, market volatility and global tensions make one thing clear: wealth management needs both protection and growth strategies to thrive.

Finding the balance between driving growth and safeguarding capital takes a disciplined approach to portfolio construction but it could help your wealth to endure, despite the ups and downs of the market and the impact of inflation on your purchasing power.

Many investors equate balance with diversification alone. But balance means understanding how each investment or exposure contributes to the twin goals of growth and protection and whether the portfolio is robust enough to withstand challenging times.

There's no one-size-fits-all answer. Depending on age and stage in life, some investors are chasing aggressive growth while others want capital preservation.

A US study of almost a century of data confirmed that portfolios handle downturns better and recover faster if they combine growth assets with true diversifiers, including a mix of low-correlated investments and defensive assets.[i]

Low-correlated investments are assets that don't move in the same direction as equities, helping to reduce overall portfolio volatility. Their correlation to stocks is low or even negative. Examples include government bonds, gold, some hedge fund strategies and commodities.

Defensive assets are expected to hold their value or outperform during market downturns. They're chosen for stability and capital protection. Examples include cash, high-quality bonds, defensive equities (such as utilities, healthcare) and infrastructure.

The 'cost' of growth

Growth typically comes from listed equities, private equity, venture capital, real assets and exposures to big, long-term trends that may cut across multiple sectors. For example, healthcare innovation, energy transition or AI.

The catch? Growth invariably means volatility. If the markets dive you could feel pressure to sell at the worst time.

Defensive equities may help provide some balance. They're shares in companies that tend to provide stable earnings and dividends regardless of whether the economy is booming or in a recession. They have strong cash flow because they sell needs rather than wants, such as power, food and medicine, and they have the ability to raise prices to cover rising costs without losing customers.

While portfolio protection starts with bonds and cash, some would say they're not enough today and a broader range of assets may be more beneficial.

Other strategies

Other protective strategies may include buying bonds that mature at different intervals, such as every year for five years.

Physical investments, or real assets, such as real estate, infrastructure, commodities, natural resources and equipment can act as a hedge against inflation. When the cost-of-living increases, the value of physical assets tends to rise as well.

Alternatively, you could consider floating rate exposure or inflation-linked bonds (known as Treasury Indexed Bonds or TIBs in Australia and Treasury Inflation-Protected Securities or TIPS in the US).

Floating-rate bonds adjust interest payments as rates change, while TIBs increase principal and interest when inflation rises, providing a hedge against rising prices.

TIBs offer further protection with a built-in deflation floor that protects your original investment if prices fall.

Currency is the silent player

If you invest globally, currency matters. So, foreign exchange planning should be an intentional decision rather than a portfolio by-product.

The Australian dollar often falls when global markets panic so unhedged overseas assets can act as a shock absorber.[ii]

But full exposure can swing returns wildly. On the other hand, a partial hedging policy, for example, hedging some developed-market bond exposures, may balance volatility and opportunity.

Finally, protection is a liquidity plan. For families using trusts, SMSFs or investment companies, keep enough cash or short-term assets to cover 12–24 months of cash needs (tax, capital calls, distributions). That's real protection.

Please give us a call to check your portfolio meets your current needs for growth and protection.

i https://www.aqr.com/Insights/Research/Alternative-Thinking/It-Was-the-Worst-of-Times-Diversification-During-a-Century-of-Drawdowns

ii https://www.rba.gov.au/education/resources/explainers/drivers-of-the-aud-exchange-rate.html

The silent partner in your *wealth plan*

When you think about building wealth, you may picture investments, property and superannuation. But there's another critical element: insurance. It's the silent partner in your financial strategy, quietly working behind the scenes to protect everything you've built.

Strategic asset allocation is the hallmark of a robust wealth plan, using diverse holdings to build long-term financial success.

Yet, defending a portfolio against unforeseen events and ensuring a smooth estate transfer is just as vital. That's where targeted insurance solutions come in.

Far from being just a safety net, insurance can be a tool that preserves your assets and keeps your plans on track even when life delivers the unexpected.

Insurance can help to create a more resilient wealth plan, especially for those with complex estate considerations. In other words, the right cover can make all the difference between maintaining your lifestyle and facing financial hardship.

Safeguarding your family

Life is unpredictable. Illness, injury or premature death can derail even the most carefully designed financial plan.

The risk is magnified if wealth is concentrated in illiquid assets such as private business

interests or large property holdings. Beneficiaries often need immediate access to cash to cover any outstanding debts, taxes that may be owing, and to manage business continuity. If funds are not available, the executor may be forced to sell the core portfolio, or business assets quickly, and potentially at a loss.

That's where life insurance, Total and Permanent Disability (TPD) cover and trauma insurance can play an important role as a structural defence mechanism for a portfolio and an estate.

Life insurance provides a lump sum to beneficiaries after your death, allowing them to secure their future. TPD cover steps in if you suffer a permanent disability and are unable work again, providing the funds for medical care and living expenses. Trauma insurance covers serious illness such as cancer or heart disease, giving you financial breathing room during recovery.

Income protection insurance is another valuable way of providing income if illness or injury stops you from working. It pays up to up to 90% of your pre-tax income in the first six months, and up to 70% for a specified time after six months which can help you to avoid dipping into your savings or selling assets at the wrong time.[i]

These policies can mean peace of mind for families, helping to protect assets and ensuring that wealth transfers happen as you intended.

Protecting your business

Insurance is also a cornerstone of small business risk management strategy.

Assessing and managing risks may highlight the need for a range of insurances such as flood and fire, theft, public liability, professional indemnity and cyber liability. These covers can help to defend your business against the crippling expenses that may follow unexpected events.

Risks can also be personal.

Business partners can use life insurance policies to safeguard their interests in case one business partner dies, providing the funds to buy the partner's share of the business from their estate. Without a policy, the surviving partner may struggle to buy out the deceased's share, forcing a quick sale of the business at a discount. With the right cover, the transition can be smoother, preserving value for the families involved.

Meanwhile, key person cover helps to protect against the financial impact of losing a vital team member to illness or if they die. In the event of a claim, the business will receive the insurance benefit.

Car, home and contents

If your car was stolen or damaged, will your insurance cover its replacement? If your home was completely destroyed tomorrow, do you have adequate insurance to rebuild as well as buy new furniture and fittings? These are things you need to consider when taking out insurance.

Reviewing your cover

Life changes and so should your insurance. Too little cover in any area of your life could leave you exposed, too much could mean unnecessary premiums.

Regular reviews can ensure your various insurances fit with your goals and current circumstances. It's about having the right cover at the right time.

Insurance doesn't generate returns, but it protects the foundation of everything you've built. Without it, one unexpected event could unravel years of planning.

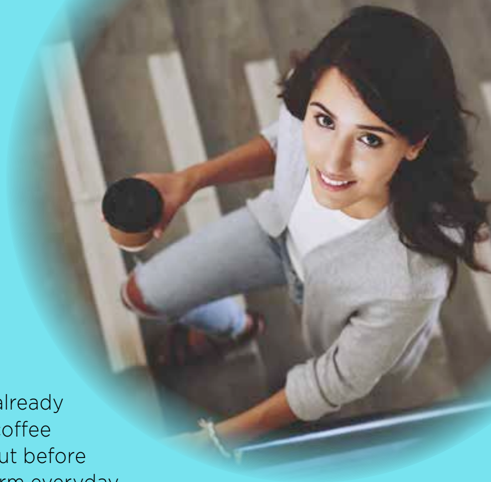
A few smart decisions now can make all the difference when life doesn't go according to plan.

Please call us to talk about how your current cover fits with your financial strategy.

i https://moneysmart.gov.au/how-life-insurance-works/income-protection-insurance

Incidental exercise

– put more pep in your step in 2026



What if feeling fitter, clearer and more energised this year did not require gym memberships, 5 a.m. alarms or creating gaps in your packed schedule? What if the secret was simply sneaking movement into your day?

Incidental exercise slips into your routine so easily you hardly notice you are doing it, yet it delivers real benefits. Tiny bursts of movement sprinkled throughout the day can improve fitness, boost mood and support long term health and longevity. In other words, you can get healthier while still living your very busy life.

Move more to do more

Exercise is like a secret productivity tool, the more you move, the more it helps. It sharpens your thinking, steadies your mood and helps you sleep better. It even improves decision-making, which is especially handy when you are trying to make good choices.

How much is enough?

In good news for the time poor, a recent study led by the University of Sydney - which reviewed data from over 25,000 health and fitness tracking wearable devices - provided the best evidence yet that short bouts of incidental activity has powerful health benefits, reducing the risk of heart attack, stroke and even premature death – but, the length of activity and intensity matters.

The study found that moving continuously for one to three minutes at a time is the ideal, and can have comparable health benefits to longer bouts lasting 5 to 10 minutes, and if you are breathing hard (think huffing and puffing a bit) for some of that time, you have hit the sweet spot.[i]

Short and sweet

The easiest trick for busy people is weaving activity into moments you already have. Waiting for someone to join a meeting? Stretch a little. On a long call? Walk around. Take the stairs, park further away, or step off public transport a stop early. These tiny choices feel small, but they stack up like compound interest.

Quick strength moves also count. A few squats while the kettle boils or a handful of push ups against the wall between tasks can wake up muscles that have been quietly napping. Over a week these micro moves often add up to the equivalent of a full workout session without needing to block out any extra time.

Make it stick

This is where motivation usually falls apart. Most people start January with the enthusiasm of a new puppy then lose steam by week three. The trick is to make movement too easy to skip.

Start with a ridiculously achievable target. Aim for five mini movement sessions a day. They can be as short as one or two minutes. Some running or jumping on the spot, a brisk walk around the block, or a short strength burst all qualifies. It is amazing how satisfying it feels to tick off these tiny wins.

You can also gamify it. Keep a simple tally on your phone or scribble marks on a sticky note. Watching the numbers grow is oddly motivating. Some people use habit stacking by pairing movement with things they already do such as stretching while coffee brews or doing a mini workout before opening the inbox to transform everyday moments into anchors for healthy behaviour.

Others set micro rewards like a favourite tea or a quiet moment outside once all five sessions are done.

The aim is not perfection. It is repetition. Once these micro habits settle in, building on them becomes surprisingly easy as they create a steady drip feed of activity that quickly becomes habit. Once the habit settles in you can build up the intensity or duration naturally.

Build habits that last the whole year

Schedule movement exactly the way you schedule important tasks. Protect the time even if it is brief. Focus on consistency not perfection. Your future self will never wish you had moved less.

A healthier year starts with small steps

You do not need a dramatic transformation to feel stronger, clearer and more energised. A little extra movement sprinkled through each day supports your mind, your body and your ability to handle whatever the year brings.

Start small, stay steady and let your habits grow with you. You might be surprised at how quickly incidental exercise adds up.

i https://www.scimex.org/newsfeed/study-pinpoints-the-length-of-incidental-activity-linked-to-health-benefits

We hope you enjoy our latest edition of Prepare for Life.

Please contact our office if you would like to discuss anything in this edition.

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