Your PERSONAL WEALTH

Winter 2026

We hope you enjoy this Winter edition of Your Personal Wealth.

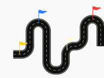
With geopolitical tensions, inflation, and Budget announcements in the headlines, we hope this edition addresses some of your concerns. In addition to our market update, we look at small changes that can make a big difference and what to do when the world gets speed wobbles. We've been here before. This time, you have tools, a superannuation system, and access to advice that previous generations didn't.

Happy reading!

We've been here before
Page 1

Market update
Page 1

Small changes big results
Page 3


Staying the course
Page 4

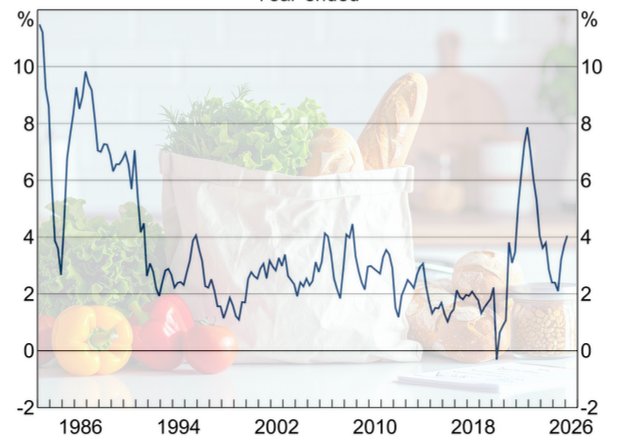
We've been here before

Australia experienced its most painful inflation era in the 1970s, when the OPEC oil shocks pushed CPI to a peak of 17.7% in 1974[1].

However, today's environment is meaningfully different. Nonetheless, the parallel is worth heeding. Inflation that persists above the RBA's band for an extended period quietly erodes real wealth.

Continue reading on page 3

[1] Western Union / ABS data, 'Australia's Inflation Rates Over the Years'; IMF, 'Inflation and Monetary Policy Reform in Australia' (elibrary.imf.org).



*Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999–2000.
Sources: ABS; RBA

Share markets continue to rise, however significant headwinds cloud the outlook for the year

Despite an overwhelming news cycle in 2026, global shares have performed well. US share prices reached new historic highs, supported by corporate profit margins hitting 15-year peaks.

Continue reading on page 2

Continued from page 1

Major themes dominating financial markets

- The war in the Middle East and the associated price increases in crude oil, natural gas and fertiliser pose a threat to global economic activity.
- National Self-Sufficiency: Countries are prioritising national security by focusing on local supply chains for energy, minerals, and technology.
- The "Old-Economy" Comeback: Spending is underway as nations race to build data centres and secure independent energy sources, bringing traditional industrial and energy firms back into focus.
- The AI execution phase. Investors are now rewarding companies that successfully use AI to cut costs or grow sales, rather than just the "chip makers".
- Structural Inflation: Inflationary pressures are returning, leading many central banks to raise interest rates and bond yields to rise.

Share markets have delivered unusually strong returns over the past three years, and global bonds have also been positive. The strengthening of the Australian Dollar significantly reduced returns in AUD.

US share prices reached new historic highs, supported by corporate profit margins hitting 15-year peaks. Returns since February have been driven by a resurgence in technology companies following a brief period of scepticism regarding AI sustainability. Emerging markets remained strong, driven by Asian technology (Korea and Taiwan) and Latin American energy and commodities.

In Australia, the headline results mask a sharp divide between sectors. While the overall market was subdued, the Energy and Materials sectors surged 34% and 17%, respectively, year-to-date (with returns of 58% and 46% over 1 year). Conversely, Australian Small Companies and Listed Property were hit by rising interest rates. Small companies are currently experiencing a correction following a massive 25% return in 2025. Healthcare continues to slump. In the fixed-income space, Australian bond returns were lower than cash due to rising yields, though Investment Grade Credit continued to offer attractive yields.

The numbers (to 30 April 2026)

Asset Class %	CYTD	3 months	6 months	1 year	Ann.3 year	Ann. 5 Year	Ann.10 year
Global Shares in USD	6.8	3.7	7.9	31.7	20.5	11.3	12.9
Global Shares in AU	0.1	1.0	-1.7	17.2	17.2	12.9	13.6
US Shares in AU	-2	1.5	-3.5	16.6	18.3	14.8	16.0
Emerging Markets in AU	6.3	2.6	5.0	31.3	17.9	8.1	10.3
Australian Shares	0.5	1.2	-0.9	10.1	9.7	8.4	9.3
Australian Small Companies	-7.9	-10.4	-8.0	15.3	8.7	3.7	7.3
Australian Listed Property	-9.5	-7.0	-11.3	-0.2	9.2	6.2	5.9
Australian Bonds	-0.3	-0.5	-1.8	-0.1	2.0	0.1	1.8
Global Bonds (Hedged AUD)	0.1	-0.1	0.0	2.4	3.1	-0.1	1.6

Outlook for economies and markets

The outlook for the remainder of 2026 remains for strong global earnings, but several headwinds persist. These include high sovereign debt levels, energy supply disruptions, and high valuations in the US and Australian markets. The US and Emerging markets are the most positive. Europe/UK is slowing, and both Europe/UK and Asia are highly vulnerable should the energy crisis continue.

Domestically, following resilient growth in 2025, the war in the Middle East has made the Australian economy more fragile and slower. Business investment is mostly technology-related, and business and consumer confidence have fallen sharply. The spike in inflation saw interest rates rise to 4.35% in May 2026, exacerbating cost-of-living pressures.

We remain positive on growth assets and quality credit, but emphasise active management to identify relative value in specific sectors and sub-asset classes.

Conclusion: Our preferred approach

- Continue to be diversified by asset classes.
- Remain flexible and incorporate active management.
- Review currency hedging in your portfolio.
- Bonds and high-quality credit for income and stability.
- Seek inflation protection with exposure to listed global property and infrastructure.
- Regularly rebalancing to maintain target allocations.

Small changes that create big financial results

Right now, saving feels hard. That's not a personal failing, it's the economic reality for many Aussie households. The average Australian has $42,246 in savings, down nearly $4,600 from the previous year[1]. More than a quarter of Australians report having no money left over after payday. The pressure on household budgets is very real.

But here's what I've seen consistently in my practice: the people who build wealth are not necessarily the ones who earn the most. They're the ones who act consistently, even in small ways.

Start smaller than you think you need to

The biggest mistake people make with savings is waiting until they can save a significant amount. Don't. Whilst financial planners consistently recommend building an emergency fund of three to six months of expenses as a priority, you don't get there all at once. You get there by starting.

Micro-savings strategies work because they remove the psychological resistance to sacrifice. Removing a subscription you've forgotten about or making your lunch instead of eating out doesn’t feel dramatic, but they compound in ways that do.

Automate everything you can

The single most effective thing you can do for your financial future is to make saving the default, not the decision. Set up an automatic transfer to a separate high-interest savings account on payday, before you see the money in your account.

Many banking apps or ASIC's MoneySmart calculators can help you track spending patterns and model the impact of small changes over time.

If you're an employee, even a modest increase in your salary sacrifice super contribution each time you receive a pay rise costs you very little in take-home pay but adds meaningfully to your long-term position.

Review your fixed costs first

With national rents up 5.5% over the year to February 2026[2] and energy rebates having expired at the end of December 2025, the smartest budgeting move right now is to audit your recurring costs. Compare your energy provider. Review your insurance premiums. Check whether your mortgage rate is still competitive. These are not exciting tasks, but they often yield more savings than cutting your morning coffee ever could.

Track progress without obsession

Set a monthly check-in. Look at one number: are you saving more this month than last? Progress doesn't need to be dramatic to be real. Small, consistent gains are how snowballs form. The environment is difficult right now. But difficult is not the same as impossible, and the habits you build in a tough economy tend to stick.

[1]Australia’s surprise cash hoard revealed – and the bad news behind it | news.com.au — Australia’s leading news site for latest headlines
[2]Australian renters endure needless suffering - MacroBusiness

Continued from page 1

Today, the Reserve Bank of Australia (RBA) has a formal 2–3% inflation target and an independent monetary policy framework that didn't exist in the 1970s[2]. Superannuation, now at a 12% employer contribution rate, helps provide a structural savings buffer that was previously absent[3].

The 1970s taught Australia that ignoring inflation is costlier than confronting it. The difference this time is that you have tools, a superannuation system, and access to advice that previous generations didn't.

[2] Reserve Bank of Australia, Inflation Overview (rba.gov.au/inflation-overview.html); RBA Speech, Glenn Stevens, 'Inflation Targeting: A Decade of Australian Experience', April 2003.
[3] Australian Taxation Office / SIGA, Superannuation Rate 2026: New Rules & Key Changes — SG rate reached 12% on 1 July 2025

Staying the course when the world gets speed wobbles

If you've been watching the news lately, you'd be forgiven for feeling uneasy. Geopolitical tensions, persistent inflation, rising interest rates, Budget announcements, and global trade uncertainty have created a cocktail of market volatility that's testing the nerves of even experienced investors.

March 2026 saw the ASX experience its worst monthly decline since 2022[1], reflecting real sensitivity to global uncertainty, rising interest rate expectations, and geopolitical risk. That kind of headline is uncomfortable. But discomfort and danger are not the same thing, and it's important not to confuse them.

What history tells us

Volatility is not an aberration. It's a feature of markets, not a flaw in them. In 2025 alone, the Australian market fell 15% on the back of US tariff headlines, only to recover to new highs just two months later. That is the nature of long-term investing: bumpy, occasionally frightening, and ultimately rewarding for those who stay the course[2].

Historical analysis of 124 years of Australian sharemarket data shows that while there was approximately a 20% chance of incurring a loss over any 12-month period, that probability fell to zero over any rolling eight-year period[3]. Time, it turns out, is one of the most powerful risk management tools available to any investor.

Volatility creates opportunity

Here's the part that rarely makes the headlines. Periods of market uncertainty are also when some of the best long-term opportunities appear. Quality assets go on sale. Investors who remain calm and systematic, particularly those with regular contribution strategies or dollar-cost averaging in place, are often buying at prices that future them will appreciate.

Investment managers with a long-term focus note that significant opportunities remain in quality companies at reasonable prices, and that disciplined long-term investing in resilient businesses remains the clearest path to lasting returns.

Morningstar's latest Mind the Gap study found that the difference between market returns and actual investor returns was 1.2% in 2025, driven almost entirely by overtrading. The more they traded during volatility, the less they made. The instinct to do something when markets fall is entirely human. But in investing, the best action in uncertain times is usually thoughtful non-action. Stay invested, stay diversified, and stay focused on the long game.

Feeling uncertain about where your portfolio sits in the current environment? Time for a conversation with someone who can look at the bigger picture with you. We are here to help.

[1] ASX ends up; posts worst month since 2022 with 7.8pc March fall
[2] ASX ends 'stressful' year with gold and lithium stocks surging despite Trump's trade war threats - ABC News
[3]MLC+Australian+Sharemarket+Returns+flyer+(1900-2024).pdf

Nigel Johnston and Johnston Financial Pty Ltd are Authorised Representatives of Lifespan Financial Planning (AFSL 229892)

170 Bridge Street, Tamworth NSW 2340
P: 02 6766 8211
E: nigel@johnstonfinancial.com.au
W: www.johnstonfinancial.com.au

Disclaimer: The content in this newsletter is of a general nature only and are not to be taken as recommendations as they might be unsuited to your specific circumstances. The contents herein do not take into account the investment objectives, financial situation or particular needs of any person and should not be used as the basis for making any financial or other decisions. Your Lifespan adviser or other professional advisers should be consulted prior to acting on this information. This disclaimer is intended to exclude any liability for loss as a result of acting on the information or opinions expressed.