

Your PERSONAL WEALTH

Spring 2025

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

In addition to our market update, we look back 20 years to see what has changed in Australia. Needing to access some equity in your home? We examine what to look out for in reverse mortgages and the government's alternative, the Home Equity Access Scheme. Retirement around the corner? We wrap up with what the doctor ordered for a healthier, more active retirement. Happy reading!



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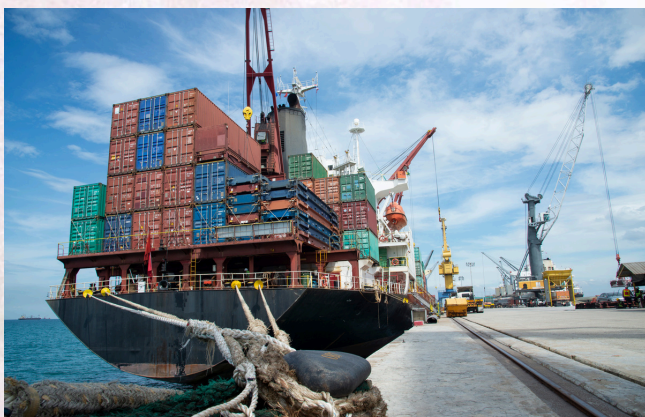
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Looking back 20 years in Australia

“ Reserve Bank of Australia interest rates cut another 0.25% in to 3.6% in August; substantially lower than the 5.5% they were 20 years ago.

You may be surprised at what has changed over the past 20 years in Australia.

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Markets remain positive despite increasing uncertainty and slowing growth in the developed world

“ Valuations for global share markets are at highly elevated levels. While earnings growth continues to be strong, the impact of US tariffs in the second half of 2025 will challenge markets.

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Key points

The major themes dominating markets are:

- Slowing economic growth in the developed world, primarily due to President Trump's ongoing global tariff war, continuing geopolitical tensions, rising budget deficits and government debt.
- Investor sentiment has recovered from depressed levels in April to euphoric levels as investors anticipate positive outcomes to tariff negotiations and interest rate cuts.
- Global market share indexes are expected to reflect increased earnings from stocks other than the Mag7 in late 2025 and into 2026.
- Opportunities continue away from the US, e.g. Australia, Europe, the UK, Japan and emerging markets.

The year so far

The 3 months to 31 July were a complete contrast to the negative returns on all share indexes that were reported for the 3 months to 30 April. The sentiment around the share markets believes that the US administration will continue to negotiate tariffs, and interest rates will fall in the developed world. Europe and the UK are benefitting from increased stimulus for defence and infrastructure spending.

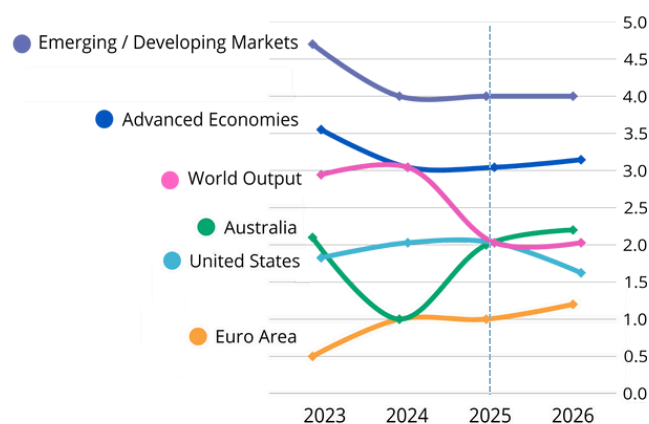
Returns for all asset classes were positive for the 3 months to 31 July. The returns for 12 months were very strong across all asset classes. The returns for global shares over 3 years were exceptional, driven by US equities that have provided unprecedented returns of over 20% each year. Over one year, Australian bonds outperformed both global bonds (hedged) and the cash rate.

Asset Class %	3 months	6 months	1 year	Ann.3 year	Ann. 5 Year	Ann.10 year
Global Shares in USD	12.10	8.20	16.40	15.80	13.30	10.60
Global Shares in AU	11.40	4.80	18.10	19.00	15.80	12.10
US Shares in AU	13.50	2.40	18.00	20.30	18.40	15.20
Emerging Markets in AU	12.20	12.20	19.60	14.00	8.20	7.60
Australian Shares	8.20	4.20	11.80	12.30	12.30	8.70
Australian Small Companies	9.70	4.70	11.50	7.10	7.70	7.80
Australian Listed Property	10.40	4.60	10.20	12.30	13.00	8.10
Australian Bonds	0.90	3.70	5.20	2.70	-0.20	2.20
Global Bonds (Hedged AUD)	0.40	2.10	3.30	1.40	-0.90	1.90

Outlook for economies and markets

The IMF produced the following forecasts last month in its World Economic Update.

IMF World Economic Outlook actual & projections (July 2025)



The forecasts show very anemic world growth for 2026. Nevertheless, advanced economies led by the US have slowed from 2023/4 levels. The growth in the Eurozone varies considerably by country. Australia is expected to improve modestly to 2.2% and Emerging Markets are anticipated to show the highest growth, led by India and China.

The International Monetary Fund points out, however, that the risks to growth are skewed to the downside, the level of US tariffs being the main concern.

The issue facing investors is that valuations for global share markets are at highly elevated levels, with the Australian and the US being at the highest levels in 20 years. While earnings growth continues to be strong, the impact of the US tariffs in the second half of 2025 will challenge markets.

Conclusion

Our preferred approach in times of uncertainty remains:

- Continue to be diversified by asset classes.
- Incorporate active management.
- Bonds and high-quality credit for income and stability.
- Regular rebalancing to maintain target allocations.

Reverse mortgages: Don't get caught out

More Australians are exploring reverse mortgages – but it's not easy

If you're approaching retirement or already enjoying it, you might have heard more talk lately about reverse mortgages. You're not alone in your curiosity – a recent study by Seniors First found that inquiries about reverse mortgages have jumped by 300% in just two years.

The idea may appeal - tap into the equity you've built up in your home without having to sell it. However, the process can be confusing, often leading to costly mistakes.

Why is it so complicated?

The short answer? There are too many options and not enough clear information. Seniors First looked at Australia's top four reverse mortgage providers and found over 150 different variables. That's a lot to wrap your head around!

Many rules and eligibility requirements aren't publicly available, making it even harder to figure out on your own.

The reverse mortgage market is more complex than ever. This complexity can be overwhelming for many over-60s who are simply trying to access the equity in their homes, without making a costly mistake.

Every situation is different

There's no "one-size-fits-all" reverse mortgage. What works for your next-door neighbour might not be right for you. Your age, home value and location, financial goals, and family situation all play a role in determining the best option.

Getting the right help

The good news? You don't have to navigate this alone. Two types of professionals can make this process much more transparent and safer for you.

Mortgage Brokers who specialise in reverse mortgages understand the "hidden" components. A good broker will:

- Compare options from multiple lenders
- Explain the differences in plain English
- Help you understand the true costs and long term implications
- Find features that match your specific needs.

Financial Planners can help you see the bigger picture. We can look at your overall retirement strategy and help you understand:

- Whether a reverse mortgage fits your long-term goals
- How it might affect your pension or other government benefits
- What alternatives might work better for your situation
- How to structure your finances to best suit your needs.

Moving forward safely

Consider your options carefully; this is a significant financial decision that will affect your retirement and potentially your estate.

Speaking with qualified professionals can help ensure you make the right choice for your circumstances, in a way that supports your retirement dreams while protecting your financial security.

What about the Home Equity Access Scheme?

The government's Home Equity Access Scheme may be an alternative to a reverse mortgage if you and your partner are looking to supplement your retirement income.

This scheme lets older Australians who are Age Pension age or older get a voluntary non-taxable loan from the government. You need to use equity in Australian real estate as security for the loan. Visit <https://www.servicesaustralia.gov.au/home-equity-access-scheme> to find out more and discuss your personal circumstances with us.



Just what the doctor ordered

A successful retirement isn't just about having your finances in tip-top shape; good health and wellbeing are also key to being able to enjoy your retirement years. Here are some handy tips for a healthier, more active life in retirement:



Undertake regular health checks and stay current with your vaccinations.



Maintain a healthy body weight to help prevent diabetes, hypertension, and high cholesterol.



Follow a balanced diet rich in vegetables, minimise red meat intake, drink plenty of water, and practise good oral hygiene.



Engage in aerobic exercise. Consult your doctor and aim for at least 150 minutes of moderate activity or 75 minutes of vigorous activity each week.



Use body weight and functional exercises to help preserve muscle mass.



Stretch regularly and perform functional movement exercises or yoga to keep flexible.



Develop an anti-stress regimen such as meditation or 'forest bathing'.



Consider getting a pet to provide companionship and encourage activity.



Maintain strong social connections with family, friends and community.



Practice gratitude and maintain a sense of purpose.



Engage in hobbies that align with your values and interests.

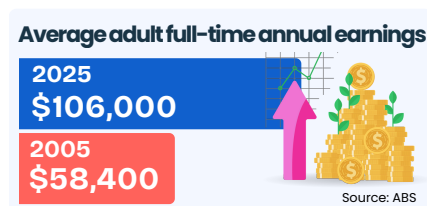
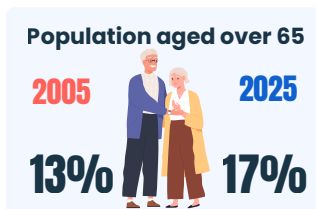
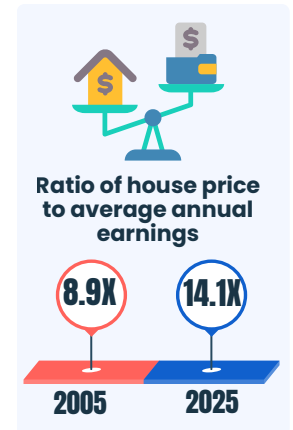
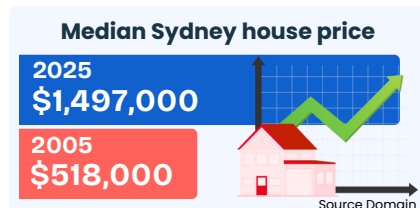
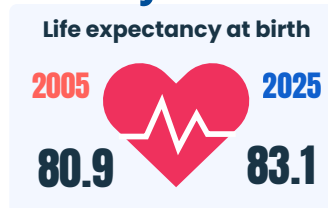
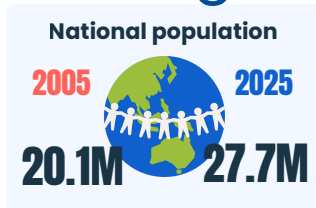


Optimise your brain function through lifelong reading and learning, puzzles, games, learning a language, or musical instrument can help.



Get adequate sleep and maintain a consistent sleep schedule.

Looking back 20 years in Australia...



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