

Informed Investor

February 2026

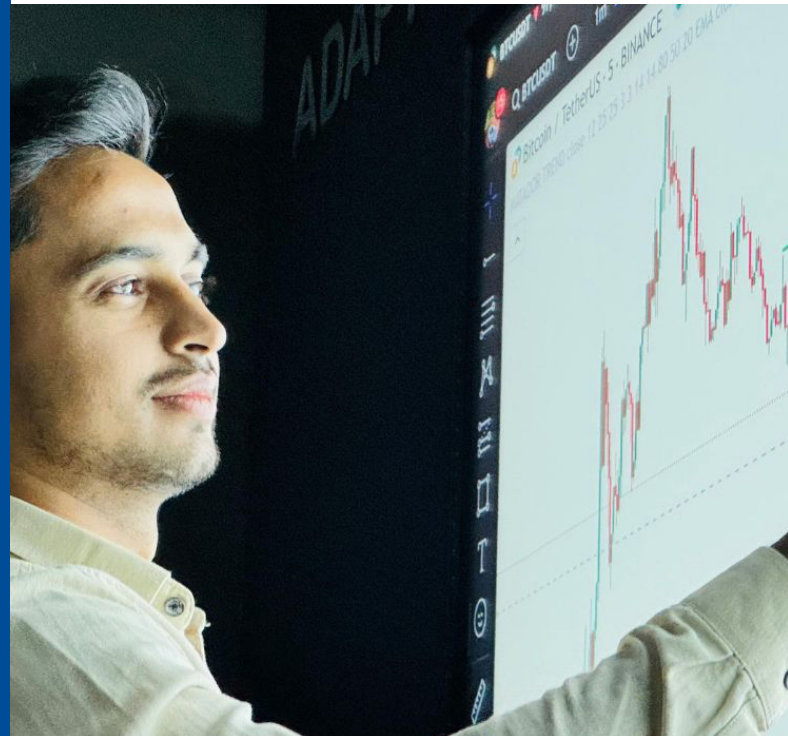
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Welcome to the February edition of our quarterly newsletter, Informed Investor.

Economic update

Market developments during January 2026 included:

Key Points

- The domestic equity market took the lead from European and US markets, finishing higher in January, while Real Estate Investment Trusts (REITs) moved lower.
- US equity markets rose in January in the face of rising geopolitical tension and the start of another US earnings season.
- Fixed interest performance was generally mixed over the first month of the year, with Japan normalising its monetary policy and European yields moving off December highs.

Australian Equities

The S&P/ASX 200 Accumulation Index rose by 1.8% in January, with five of the 11 sectors closing higher for the month. The Energy and Materials sectors (+10.6% and +9.5%, respectively) led the gains, while the Health Care sector (+2.2%), the Consumer Staples sector (+2.0%) and the Utilities sector (+0.6%) also rose. The Information Technology sector (-9.4%) led the declines again, while the REIT sector (-2.7%) was also softer. The S&P/ASX Small Ordinaries Index rose 2.7% in January, taking the past twelve months' gains to 22.8%, compared to the 7.4% rise in the S&P/ASX 200 Accumulation, as smaller companies continue to outperform large caps.

Deep Yellow Limited (DYL) was the month's top gainer, rising 54.3%, thanks to a strong quarterly update and a significant increase in uranium spot prices. Paladin Energy (PDN) Limited also benefited from rising uranium prices in January, as they rebounded to April 2024 levels, closing the month 44.3% higher.

FURTHER INFORMATION

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Zip Co Limited (ZIP) was the worst performer for the month, declining 19.5%, following rising concerns about the US consumer. However, the quarterly update indicated strong user growth, aligning with the potential 10% cap on credit card interest rates in the US. Silex Systems Limited (SLX) fell 19.1% after the company failed to secure US\$900m in funding from the US Department of Energy.

December's inflation rate of 3.8% exceeded market expectations of 3.6% and was significantly above the RBA's 2% to 3% target range, paving the way for an early rate hike. Service inflation reached two year highs, while electricity costs increased as rebates expired.

The unemployment rate was 4.1% in December, lower than the previous month's 4.3% and market expectations, while the number of employed increased by 65,200 – above the forecast of 30,000 and higher than the revised increase of 28,700 in the prior month.

Global Developed Equities

Global equities were mixed in January, with developed market equities down 2.7% (MSCI World NR Index [AUD]). US equities were marginally higher after a flat December, with the S&P 500 Index rising 1.4%, lifting 12 month returns to 14.9%. The US earnings season kicked off in late January and geopolitical volatility took centre stage, with the US capture of the Venezuelan President, US's bid to acquire Greenland and unrest in Iran.

Across developed markets, value (+4.1%) outperformed growth (-0.8%), whilst quality (+2.8%) and momentum (+2.7%) also outperformed. Global small caps outperformed in January, returning 3.6%.

European equity markets were broadly positive, with the UK's FTSE 100 Index rising 2.9% and Germany's DAX Index up 0.2%. In Japan, the Nikkei 225 surged by an impressive 5.9%, lifting rolling year returns to 34.8%, as Prime Minister Takaichi announced a snap election and plans for robust fiscal stimulus.

On the economic front, the Federal Reserve held interest rates steady in January after cutting them in December, signalling a more cautious approach as officials stressed the need for further progress on inflation before easing again. Fed communication remained a key focus, with policymakers continuing to indicate a mild and data dependent easing cycle and little change to expectations that rate cuts in 2026 and beyond will be limited unless economic conditions soften significantly.

Inflation data was mixed over the month, with headline inflation edging higher in December, reflecting firmer energy and services prices, while core inflation proved stickier than in prior readings and above market expectations.

Growth momentum remained solid, with recent GDP data confirming a strong end to 2025 driven primarily by resilient consumer spending, although some leading indicators pointed to a gradual cooling in activity compared with the strength seen in the previous quarter.

Overall commodity prices rose in January, with the S&P Goldman Sachs Commodity Index (USD) up by 9.1%. Oil reversed consecutive months of declines, rising 13.6% in January, driven by geopolitical tensions and supply issues involving Iran, Venezuela, and Cuba, along with US winter conditions and outages in Kazakhstan. Gold surged 13.3%, reaching US\$5,600 per ounce before the US President's nomination of the Fed Chair. Copper continued to rise (+4.9%), while Iron ore remained mostly steady (+0.5%).

Emerging Market Equities

Emerging market equities outperformed developed markets in January, rising 3.6% (MSCI Emerging Markets Index [AUD]). In China, the CSI 300 gained 1.7% in January, with a rotation towards the region's technology stocks continuing. Economic data from China softened again in January, with the NBS Manufacturing PMI falling back below the expansion threshold to 49.3, reversing December's brief return to growth and highlighting ongoing fragility in factory activity. Industrial production growth remained steady in December, increasing around the mid-single digits year on year and broadly in line with expectations, while retail sales showed only a modest improvement, underscoring continued weakness in household consumption despite policy support measures.

Property and Infrastructure

The S&P/ASX 200 A-REIT Accumulation Index fell by 2.7% in January, bringing its rolling annual return to 1.6%. Global real estate equities outperformed, rising by 2.8% during the month, as shown by the FTSE EPRA/NAREIT Developed NR Index (AUD Hedged). Global infrastructure also outperformed, up 3.8% in January, as measured by the S&P Global Infrastructure TR Index (AUD Hedged).

Fixed Income

Fixed income performance was mixed across global government bond markets in January, as longer dated yields climbed after a period of late 2025 volatility. The U.S. 10 year Treasury yield increased by 16 basis points to close the month at 4.26%, while the Federal Reserve kept policy steady in January after the last rate cut at the end of December and reiterated that inflation remains above target.

Japanese government bonds also saw notable moves, with the 10 year yield climbing nearly 17 basis points to 2.24%, driven in part by reduced bond purchases and monetary policy normalisation expectations ahead of snap elections.

Elsewhere, most European 10 year benchmark yields retreated from December highs, though UK gilts continued to push modestly higher.

Domestically, Australian 10 year bond yields increased again, rising by 7 basis points in January, ending the month at 4.81%, as strong inflation data continues to extinguish any thoughts of interest rate cuts in 2026.

Alternatives

Preliminary estimates for January indicate that the index increased by 4.6 per cent (on a monthly average basis) in SDR terms, after increasing by 1.7 per cent in December. The nonrural, rural and base metals subindices all increased in the month. In Australian dollar terms, the index increased by 2.6 per cent in January.

Over the past year, the index has increased by 2.6 per cent in SDR terms. Decreases in the prices of iron ore, oil and coking coal have been more than offset by increases in gold, lithium and rural commodity prices. The index has decreased by 0.9 per cent in Australian dollar terms.

Source: Lonsec, February 2026 (January update)

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What's in store for 2026 and beyond?

Prepare for any changes that may be occurring in 2026 and beyond.



Looking ahead: What's changing in 2026?

At this time of year, many of us start thinking about what's next – new goals, fresh opportunities and trying to understand what's ahead. Over the next year, a number of changes to superannuation, tax and even aged care may affect you or your loved ones. Some changes have been confirmed while others have been proposed or are pending confirmation. Some may impact your financial circumstances.

Here is a summary of some of the key changes in 2026 and beyond. It's a great time to speak to your financial adviser to discuss these changes and any opportunities that may be available. Most of the changes detailed involve complex rules that may lead to penalties if not followed correctly. Your financial adviser can help you understand these changes, turn complexity into clarity, help you make decisions that keep your future on track and help you avoid costly breaches. Refer to ato.gov.au for more information.

Confirmed changes

Personal tax cuts from 1 July 2026

What this means: Most taxpayers will receive modest tax cuts starting from 1 July 2026. The 16% tax rate on taxable income between \$18,201 and \$45,000 will reduce to:

- 15% from 1 July 2026
- 14% from 1 July 2027.

There will be no changes to the other marginal tax rates and thresholds. The following table summarises the potential tax savings based on a range of taxable incomes.

Taxable income	Annual tax savings in 2026/27*	Annual tax savings from 2027/28 onwards*
\$25,000	\$68	\$136
\$35,000	\$168	\$336
\$45,000 or more	\$268	\$536

*Compared to 2025/26 financial year.

How it may impact you: Pre-tax (concessional) contributions into superannuation are generally taxed at 15%. With a reduced personal tax rate, making tax deductible super contributions for those with income below \$45,000 will not be as tax effective. If you fall into this category, there may be other types of contribution to consider that may qualify you for other benefits, such as personal contributions that may attract the Government co-contribution.

Carry forward or 'catch up' concessional contribution opportunities before 30 June

What this means: If your concessional contributions (CCs) in a financial year are below the annual CC cap, you can accrue these unused amounts and carry them forward for up to five years. This means if you meet certain eligibility rules, you can make larger CCs in a later financial year. This may give you greater flexibility to make larger CCs when your circumstances allow.

What's changing? The unused CC cap amounts from 2020/21 will expire if not used by 30 June 2026, as only unused CC cap amounts from five prior financial years are available to use. Furthermore, if your total super balance (TSB) will grow to \$500,000 or more on 30 June 2026, 2025/26 may also be the last financial year that you can take advantage of catch up CCs.

To be eligible to make catch up CCs, you must:

- Have a 'total superannuation balance' below \$500,000 on 30 June 2025.
- Be eligible to claim a deduction if making personal contributions.
- Have unused CC cap amounts accrued from one of the five prior financial years.

How it may impact you: The CCs you contribute is generally taxed at 15%. Any earnings are also taxed at a concessional rate of 15%. Compare this with your marginal rate, which could be up to 47%.

Depending on your situation, this strategy could result in a tax saving of up to 32% and allow you to increase your super savings.

New aged care rules and fees commenced on 1 November 2025

What this means: New aged care rules changed certain residential aged care fees and how financial support from the Government is allocated to residents in aged care facilities and those receiving support at home.

What's changed? Residential care fees are broken down into 'accommodation fees' and 'ongoing care fees'. The changes impact both of these fee categories, including who is eligible for Government assistance and how much residents need to contribute towards these costs, based on their income and assets.

Residents with lower levels of income and assets who are eligible for Government support will continue to receive certain levels of subsidised care from the Government.

Residents with higher levels of income and/or assets are expected to contribute more to the cost of their accommodation costs and ongoing care.

Changes have also been made to the way that the Government will provide support to older Australians living at home. One of the key changes is the replacement of the previous 'Home Care Packages' with a new 'Support at Home' program.

How it may impact you: If aged care is something you or your family might need in the coming years, now is the time to start the conversation. Understanding the rules early can help you make informed choices and avoid surprises later.

Exiting certain legacy lifetime and life expectancy pensions

What's changed? Regulations commenced on 7 December 2024 that provide a five year window to commute lifetime, life expectancy and market linked income streams (also known as term allocated pensions) which were non commutable.

For Centrelink recipients with legacy pensions, any social security debts will be waived if a legacy pension is commuted correctly within the amnesty period from 28 October 2025 to 6 December 2029.

How it may impact you: If you have a legacy pension, there are tax, transfer balance cap and social security implications to consider before exiting a legacy pension. It's important to consider the impact of all these considerations as exiting a legacy pension may not be the best option. For example, consider the impact of losing a full or partial assets test exemption when exiting the pension against the flexibility to access your funds.

Proposed or unconfirmed changes

- Super contribution caps may increase from 1 July 2026 – Unconfirmed, awaiting release of wage growth data.
- Pension transfer balance cap may also increase from 1 July 2026 – Unconfirmed, awaiting release of inflation data.
- Keep an eye on Division 296 tax for higher super balances – Proposed, awaiting draft legislation.

Other changes

Some other changes and proposals to consider in the year ahead and beyond:

Help to Buy scheme commences 5 December 2025

The Help to Buy scheme allows eligible persons or families to purchase a home with as little as a 2% deposit. If that's on your radar, your adviser can help you weigh up whether this scheme fits your plans. The scheme has commenced. For more information, refer to Housing Australia's First Home Buyers website.

Superannuation guarantee (SG) payments to align with salary and wages (Payday Super)

From 1 July 2026, superannuation guarantee (SG) payments are to be made within a specified time period (generally seven days) from when salary and wages are paid. This measure is now law and commencing on 1 July 2026. Refer to the ATO page on Payday Super for more information. Your financial adviser can help you understand how your SG payments will be received to ensure you do not breach your CC caps, particularly in the year that Payday Super commences.

LISTO rate and income threshold: Proposed increase

The Government proposed changes to the Low Income Superannuation Tax Offset (LISTO). From 1 July 2027, the maximum tax offset is proposed to increase from \$500 to \$810 and the income threshold may increase from \$37,500 to \$45,000. This proposal is not yet law and needs to be passed by Parliament.

Protect yourself from ransomware



Ransomware is a common and dangerous type of malware. It works by locking up or encrypting your files so that you can no longer access them.

A ransom, usually in the form of cryptocurrency, is demanded to restore access to the files, or to prevent data and intellectual property from being leaked or sold online.

A ransomware attack could block you from accessing your device or the information on it. Take some time to consider how a ransomware attack might affect you. This will help you to invest the right amount of time, effort and money into protecting your systems.

You should consider:

- What can you replace? For example, files you downloaded from the internet.
- What can't you replace? For example, photos that aren't backed up.
- What would you spend to recover your information or device after a ransomware attack?

Follow the steps in this guide to mitigate the risk and impact of a ransomware attack.

Secure your devices to stop ransomware attacks

1. Regularly update your devices

Cybercriminals use known weaknesses to hack your devices. Updates have security upgrades so known weaknesses can't be used to hack you. You should always update your system and applications when prompted. You can also turn on automatic updates on some devices and applications so that updates happen without your input.

If you have a server or Network Attached Storage (NAS) device in your network, make sure they are regularly updated too.

2. Set up and perform regular backups

A backup is a digital copy of your most important information (e.g. photos, customer information or financial records) that is saved to an external storage device or to the cloud.

The best recovery method from a ransomware attack is to restore from an unaffected backup. Regularly backup your files to an external storage device or the cloud. Backing up and checking that backups restore your files offers peace of mind.

3. Implement access controls

Controlling who can access what on your devices will help reduce the risk of ransomware. It will also limit the amount of data that ransomware attacks can encrypt, steal and delete.

To do this, give users access and control only to what they need. This can be done by making sure each person who uses the device has the right type of account.

There are two types of accounts you can set up on Microsoft Windows and Apple macOS; a standard account and an administrator account. Everyday users should have a standard account. Only those who need to should have an administrator account. Consider creating a standard account to use as your main account as they are less susceptible to ransomware. It's also important that users don't share their login details for accounts.

4. Use antivirus software

Antivirus software can help to prevent, detect and remove ransomware on your device. Make sure you turn on your antivirus software and keep it up to date.

5. Turn on ransomware protection

Some antivirus products offer ransomware protection. Make sure you enable this function to protect your devices.

For Microsoft Windows devices, you can enable 'controlled folder access' within Windows Security. This will prevent designated files on your device from being encrypted by ransomware.

6. Disable macros

Microsoft Office applications can execute macros to automate routine tasks. Macros can be used to deliver ransomware to your device so they should be used with caution.

If you don't need to run macros, it is best practise to disable them. If you do need to run macros, consider preventing macros from running automatically and restricting which macros can run.

7. Turn on multi-factor authentication

Multi-factor authentication (MFA) makes it harder for cybercriminals to gain initial access to your device, account and information by making them jump through more security hoops and additional authentication layers. This means that the cybercriminal will have to spend more time, effort and resources to get into your device before any ransomware attacks can begin.

MFA typically requires a combination of two or more of the following authentication types before granting access to an account:

- something a user knows (PIN, password/passphrase)
- something a user has (smartcard, physical token)
- something a user is (fingerprint, iris scan).

8. Use unique passphrases

If your accounts do not have multi-factor authentication then make sure to use a unique passphrase. Never reuse a passphrase across multiple accounts. This could help stop ransomware from spreading or your accounts being compromised.

Extra measures for small business or advanced home networks

1. Secure your servers

If you use a NAS or other server in your home or business, take extra care to secure them. These devices are common targets for cybercriminals because they often store important files or perform important functions.

2. Minimise external facing footprint

Audit and secure any internet exposed services on your network (Remote Desktop, File Shares, Webmail, remote administration services). Discuss this with an IT professional if you are unsure.

3. Migrate to cloud services

Consider using online or cloud services that offer built in security, instead of managing your own. For example, use online services for things like email or website hosting.

Understand how to prevent ransomware attacks

1. Check messages you receive

Cybercriminals will send you fake messages to try and get you to take some action. For example, they might ask you to click a link, download a file or give away your personal information. If you receive a message that you weren't expecting it might be a way for a cybercriminal to get access to your account or device.

2. Be careful opening files and downloading programs

Sometimes you need to open a file or download a program from the internet.

Avoid opening files that you receive unexpectedly or from people you don't know. As an example, don't open an email attachment if you don't recognise the email address or weren't expecting to receive it.

Do not download files if they have a different file extension than what you were expecting (for example, a file that ends in .exe or .msi when you were expecting a PDF or image).

Check that software is made by a reputable company before downloading and installing on your device. Always download software from the company's official website or an official app store.

3. Avoid links that ask you to log in or reset your password

Sometimes you might receive a link that asks you to enter your credentials or reset your password. Do not enter your credentials after receiving instructions from an unexpected message. This could be a phishing attempt designed to steal your login details.

If you think the message might be legitimate, find another way to action the request. For example, if you need to change your password for an account go to the official website and request to reset your password there.

4. Remain vigilant and informed

Sign up to get alerts through the free [ASD's ACSC alert service](#). This service will send you an alert when a new cyber threat is identified.

Source: Australian Cyber Security Centre (ACSC)

Handling market highs and lows



What goes up, must come down. Market highs and lows are a normal part of the investment world but they can be hard to handle when it's your money at stake.

Market volatility

Investment markets tend to move in cycles, from boom periods when assets rise in value and deliver strong gains, to events like the global financial crisis when assets fall in value and generate losses for investors.

This 'volatility' can be unsettling for investors, and during intense periods, it's easy to focus on daily market movements. While these reactions are understandable, it's important to remember that market ups and downs are a normal part of investment cycles.

Don't put your eggs all in one basket

Diversifying your investments across different asset classes can help shield your portfolio from market volatility.

Asset classes typically behave differently at different times. Some investments will rise in value while others fall. For example, when interest rates are low, share and property values may climb. Spreading your money across a variety of investments means you are less likely to wear the full brunt of a fall in one particular asset class.

Focus on the bigger picture

During periods of intense volatility, it can be easy to become too focused on day to day market movements. This can lead to knee jerk reactions bought on by concerns over falling asset values.

These sorts of responses are understandable but it is also important to keep your eyes on your longer term goals. If your longer term goals and your circumstances haven't changed, there may be less reason to change your investment strategy in the short term.

Don't be caught up by short term movements

When markets drop for a prolonged period, you may feel as though investment losses are piling up and be tempted to bail out altogether.

At these times, bear in mind investment markets tend to be cyclical and quality assets, like some shares, that drop in value today, may well recover its value – and go on to achieve even greater gains in the future. Selling out during a low will mean those paper losses will become real losses. And you will be forced to pay more to get back into the market at a later stage if these values recover.

See a downturn as a potential opportunity

At most times in life, we try to buy when prices are down and sell when they are high. It makes sense to take the same approach to your investments. When markets hit a downturn and values are lower, investors can look to take advantage of the opportunity to buy into quality assets at reduced prices.

Source: BT