

# Scenarios for Property and Shares

April 2026

**Dr Sam Wylie**

**Director, Windlestone Education**

**Principal Fellow, Melbourne Business School**

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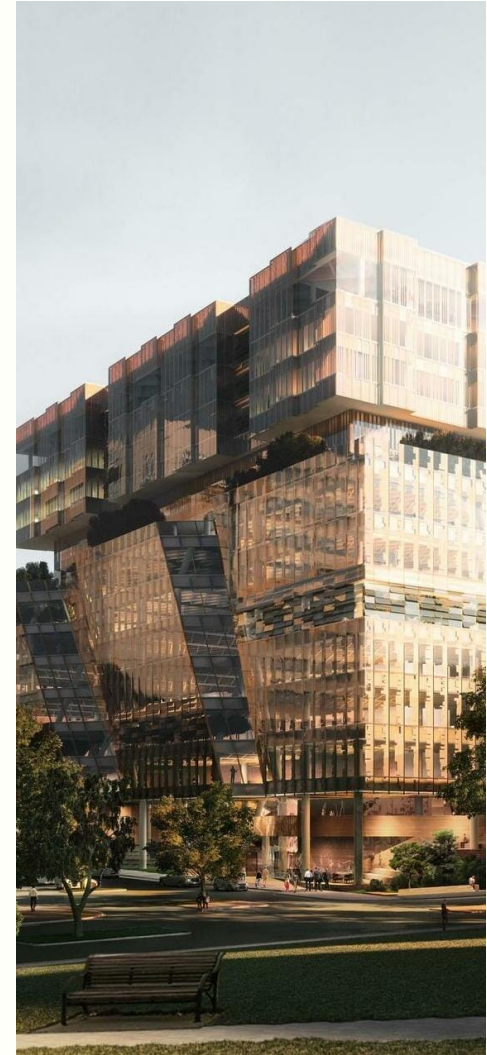
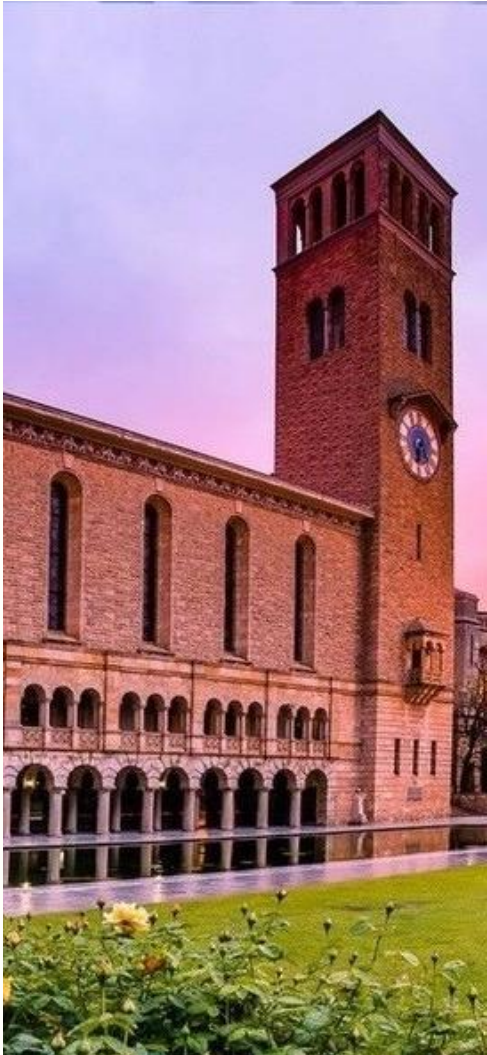
[swylie@windlestone.com.au](mailto:swylie@windlestone.com.au) [s.wylie@mbs.edu](mailto:s.wylie@mbs.edu)

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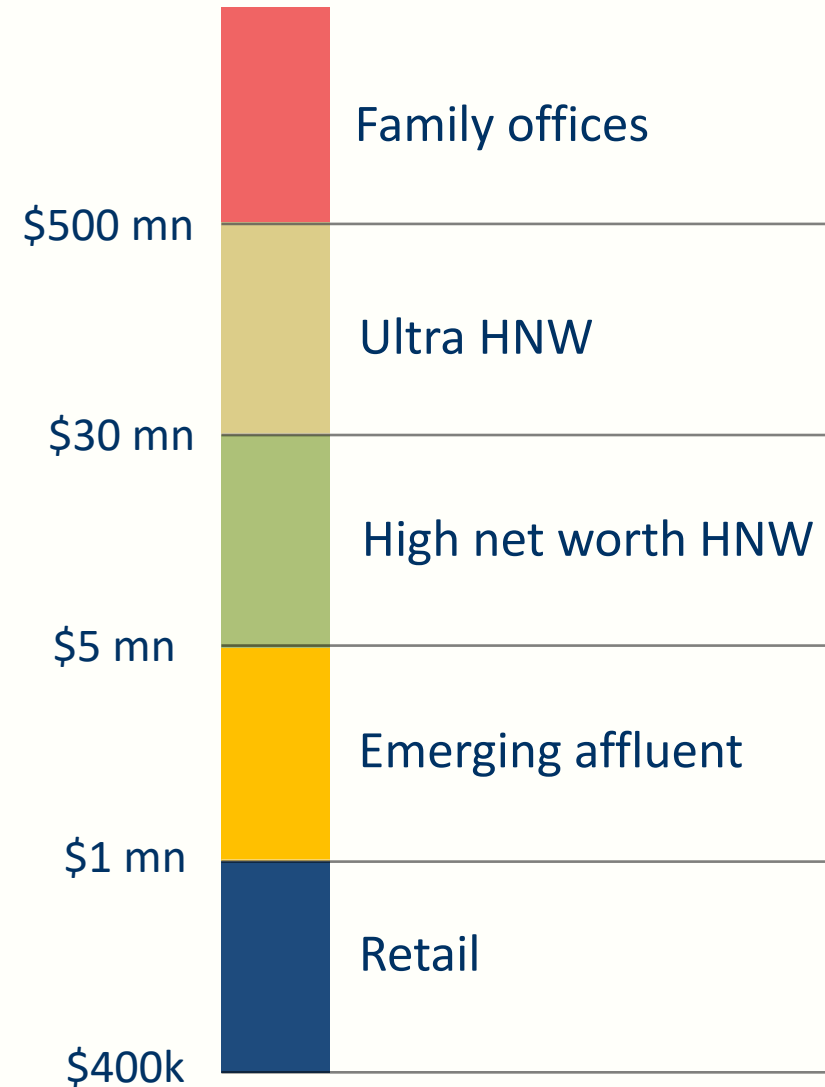
# About Sam



# About Sam



# Investment Education & Consulting



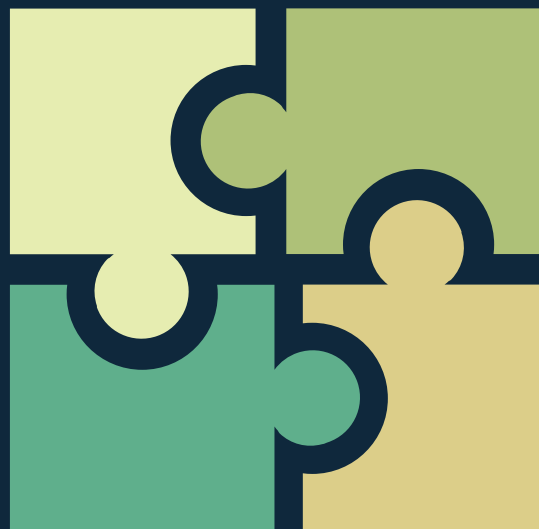
# Investment Strategy

## What to invest in?

- Strategic asset allocation

## How much extra risk?

- How much extra risk and return



## Where to hold investments?

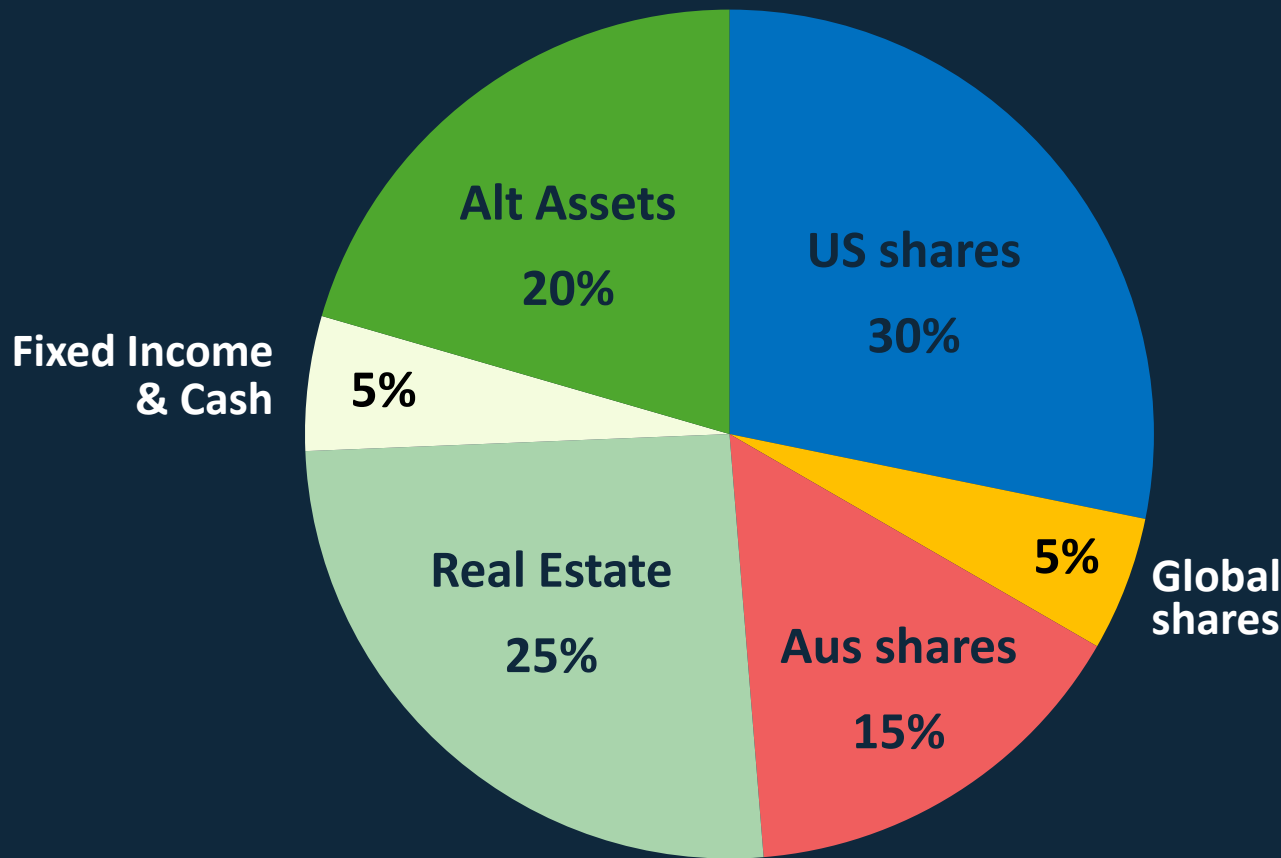
- Structuring and tax

## How to Implement?

- Bringing strategy into existence

# Target SAA (Strategic Asset Allocation)

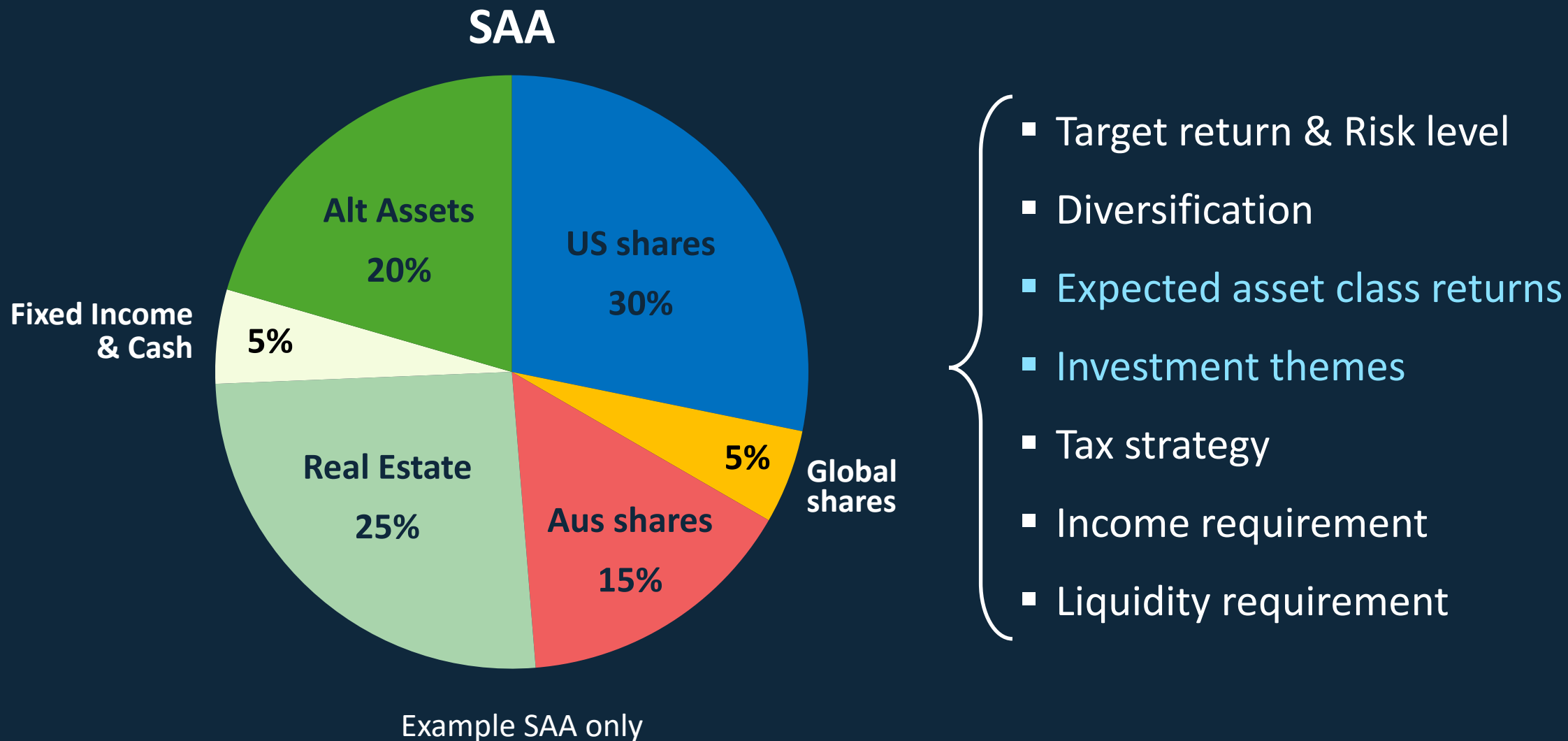
## SAA



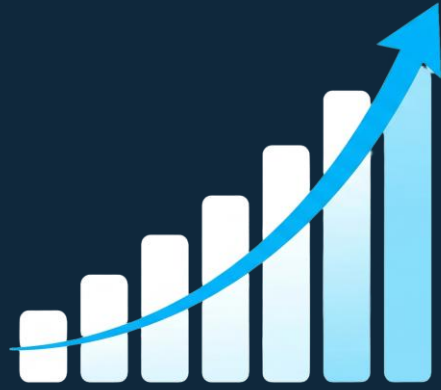
30%	US shares
5%	Global shares
15%	Aus shares
25%	Real Estate (Equity part)
20%	Alt Assets
3%	Fixed Income
2%	Cash

Example SAA only

# Target SAA (Strategic Asset Allocation)



# Scenarios



Interest rates

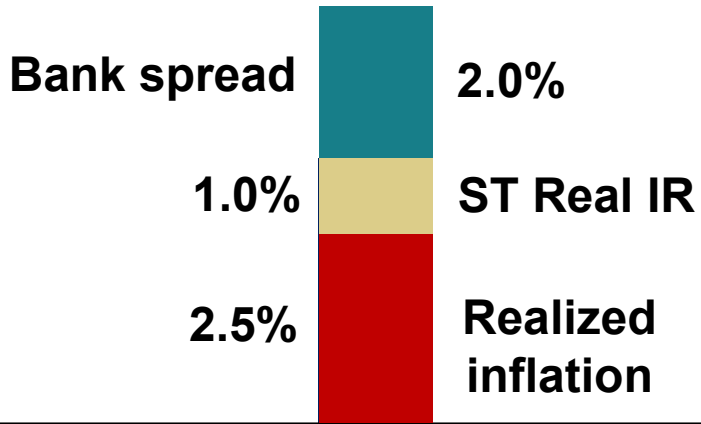


AI

# Investments

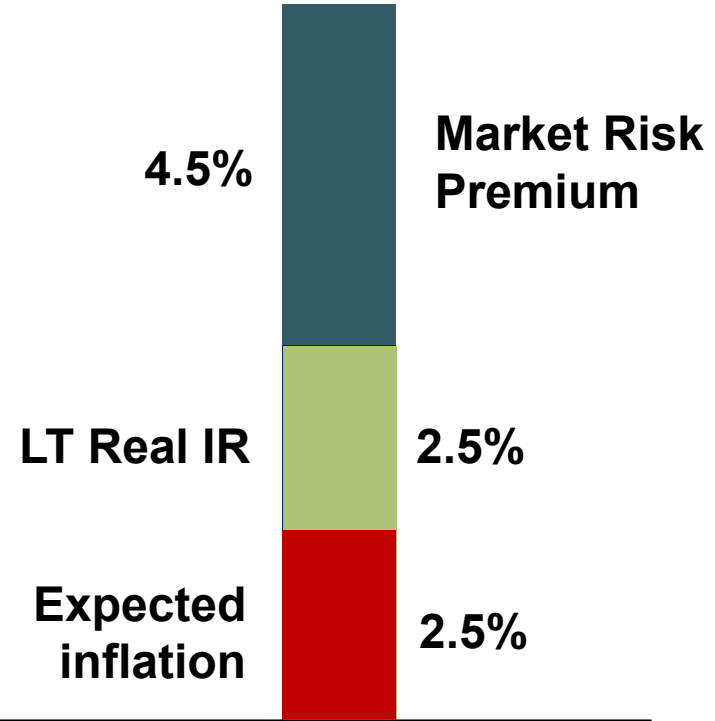


**More important  
for property**



**Central bank rates  
Overnight  
Short term**

**More important  
for shares**

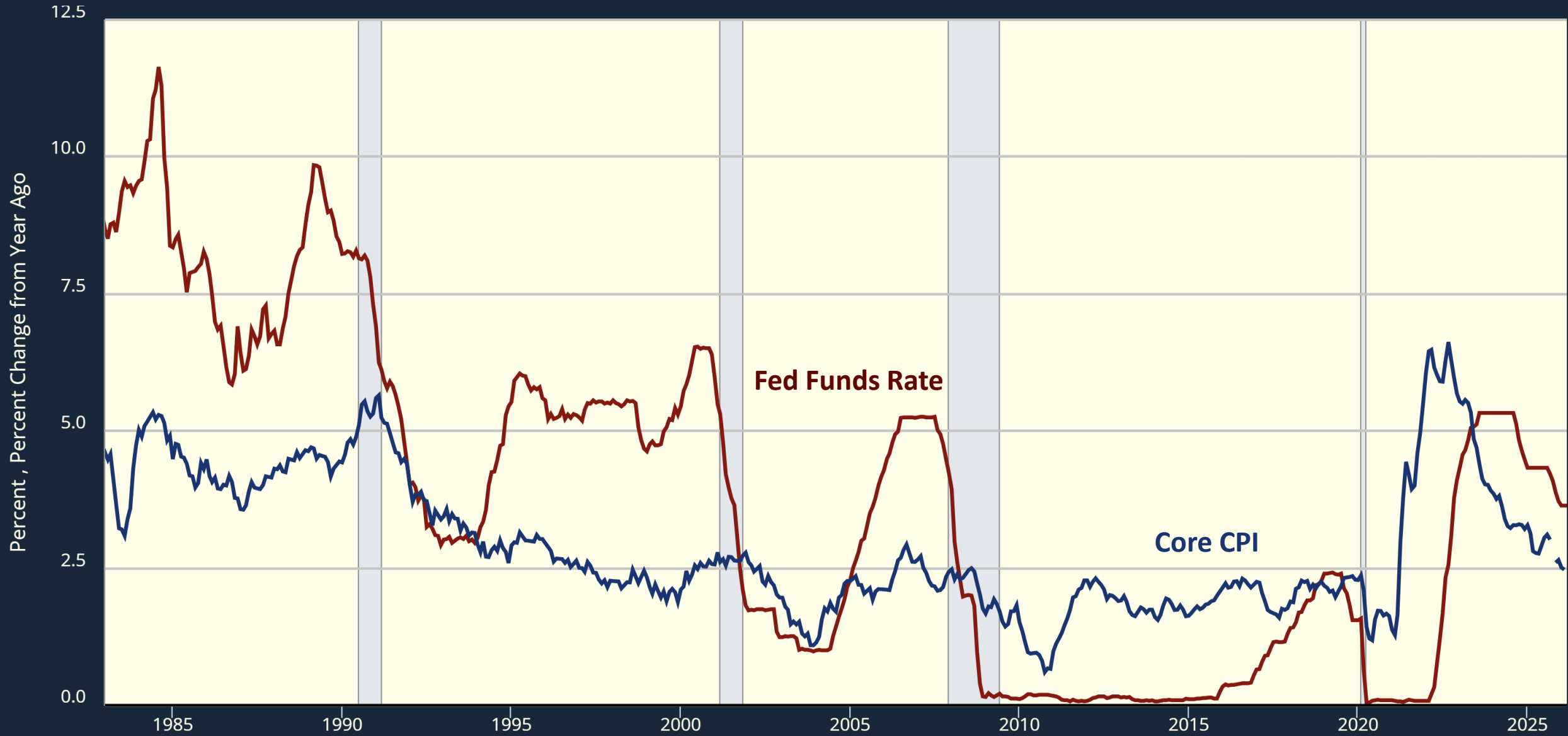


**Treasury bond yields  
30 years  
Long term**

# US Core CPI



# Fed Funds Rate Vs US Core CPI



Source: Federal Reserve Bank of St. Louis

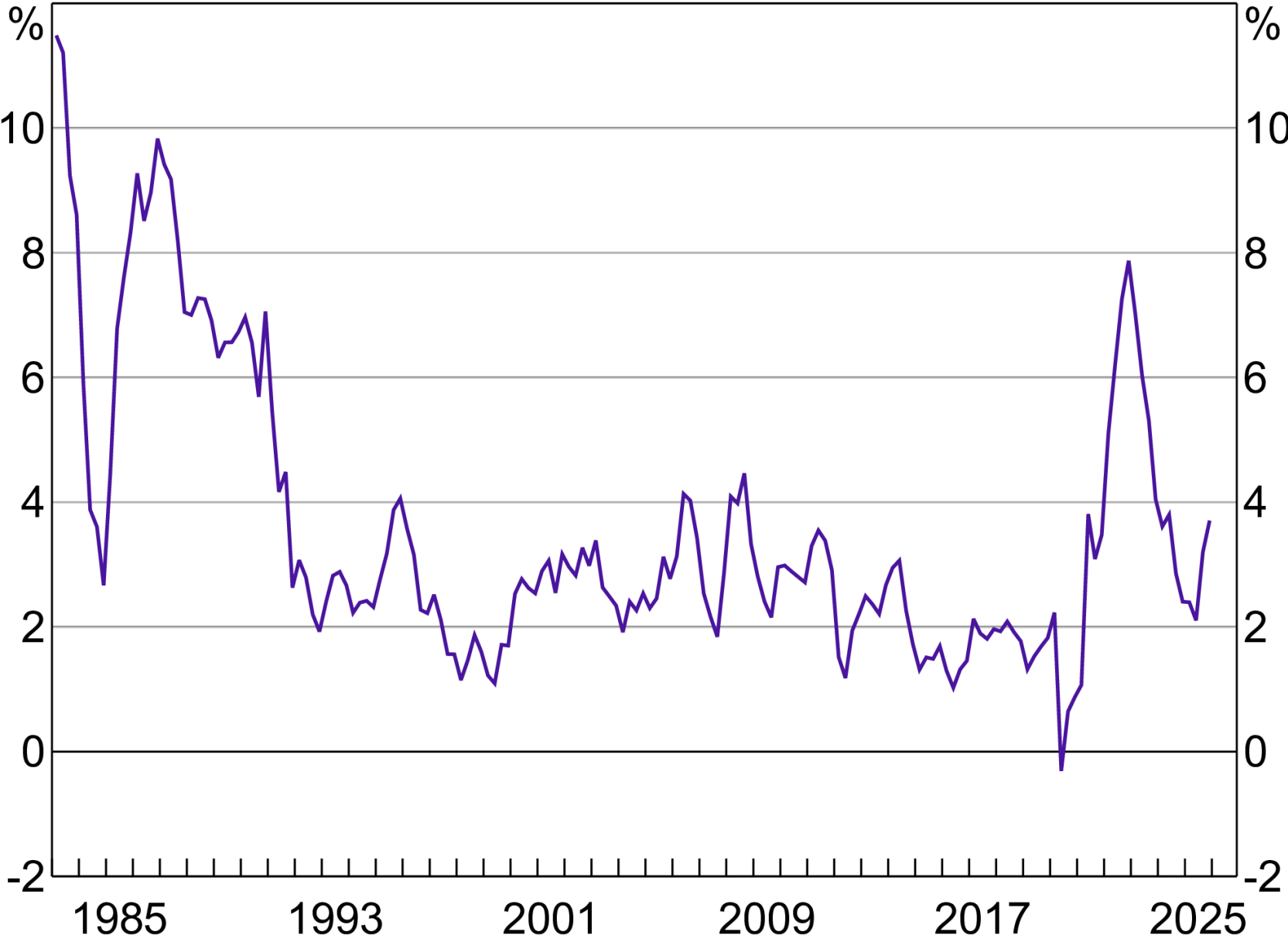
# Fed Funds Rate minus US Core CPI



Source: Federal Reserve Bank of St. Louis

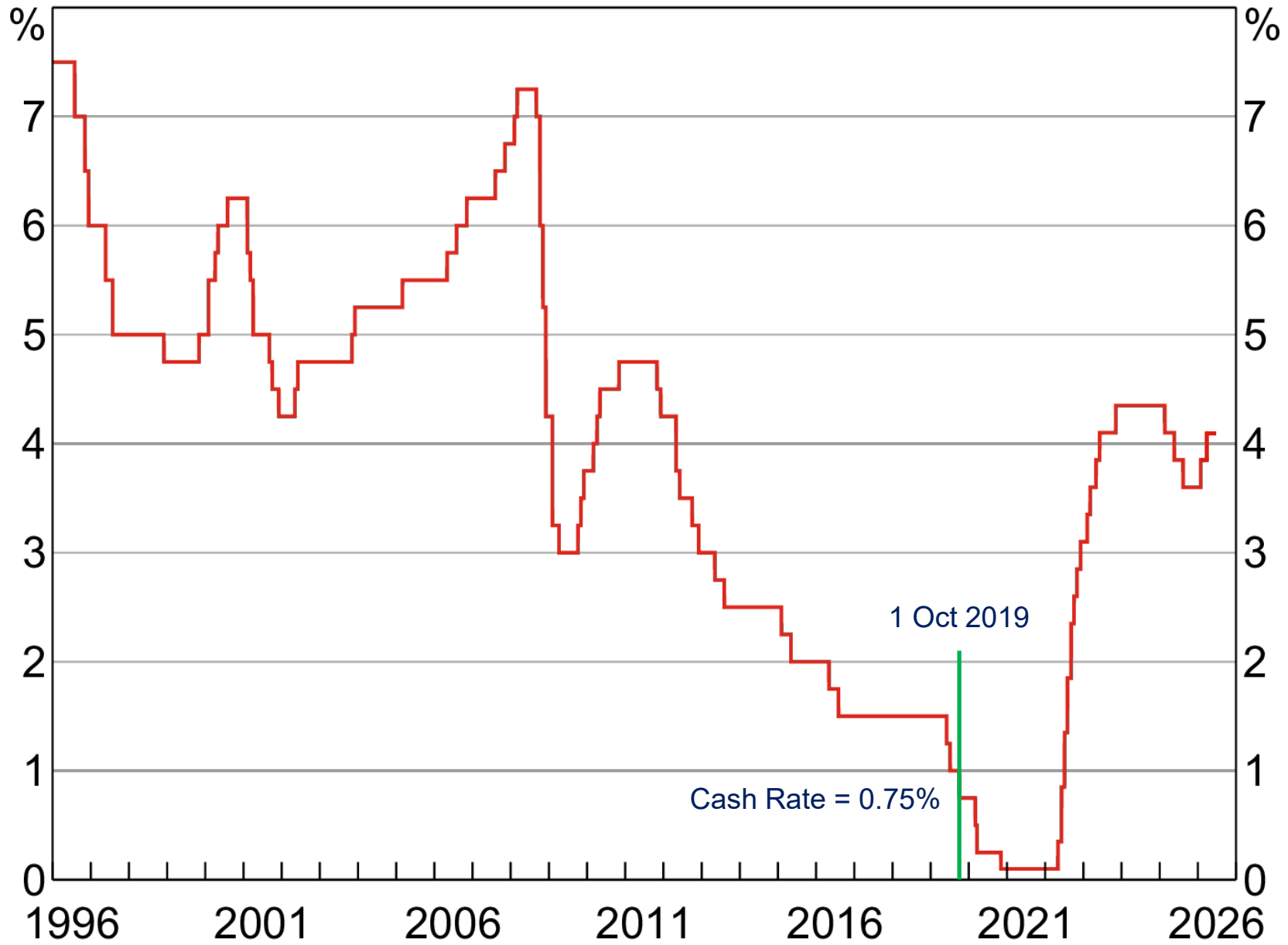
# Consumer Price Inflation\*

Year-ended



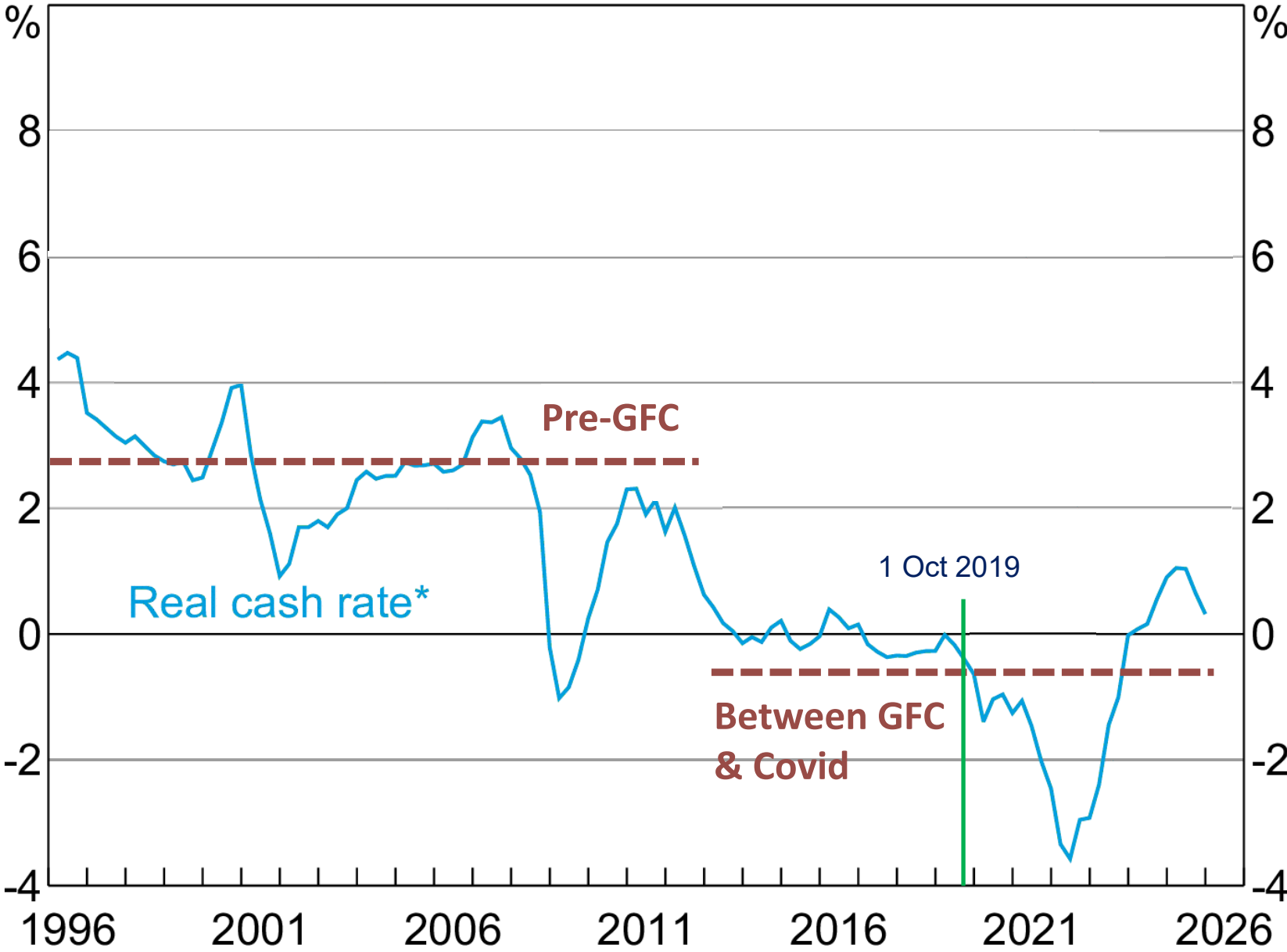
Sources: ABS; RBA.

# Australian Cash Rate Target



Source: RBA.

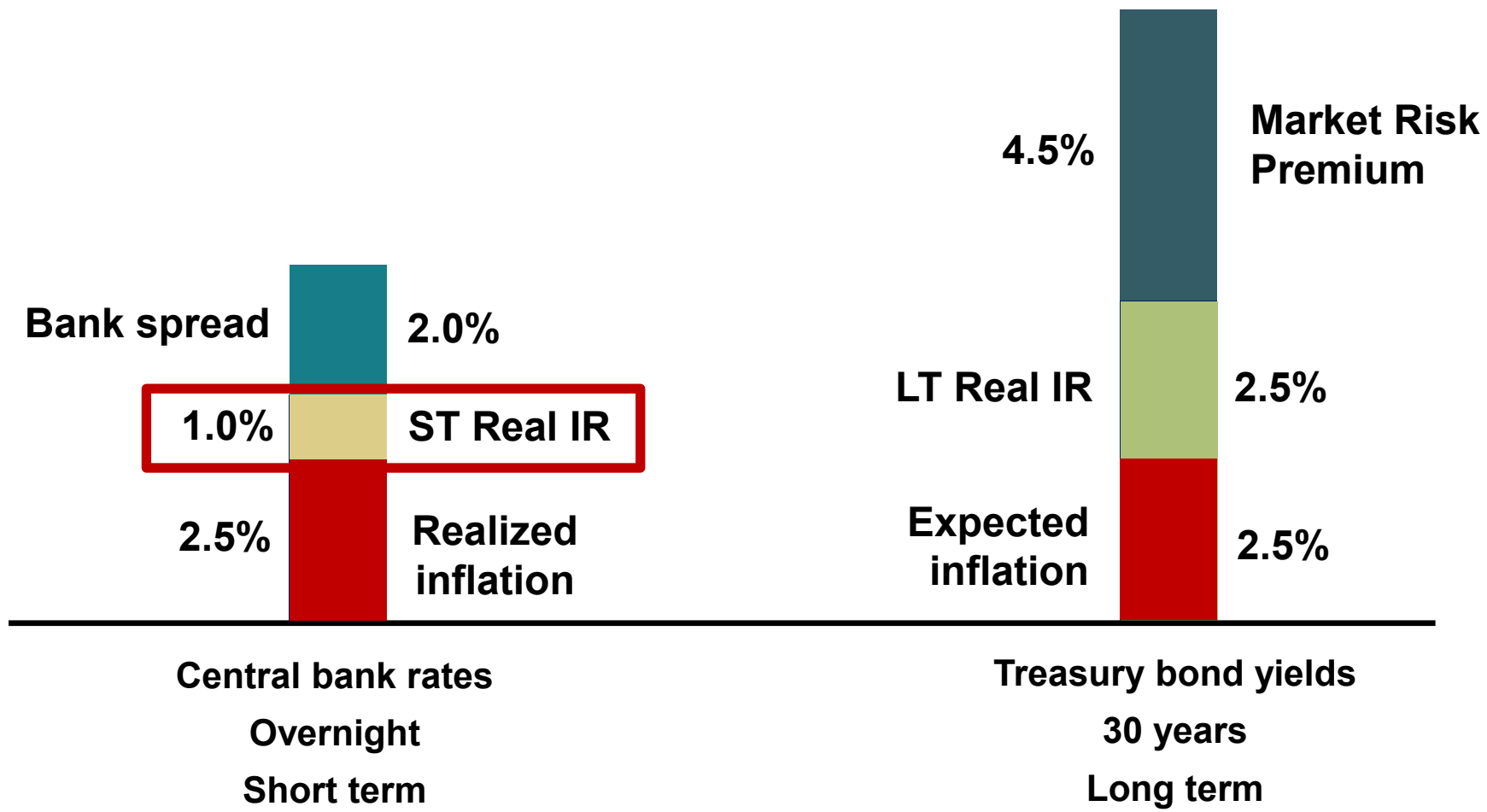
# Australian Cash Rate and 90-day Bill Yield



Sources: ABS; AFMA; ASX; RBA.

**More important  
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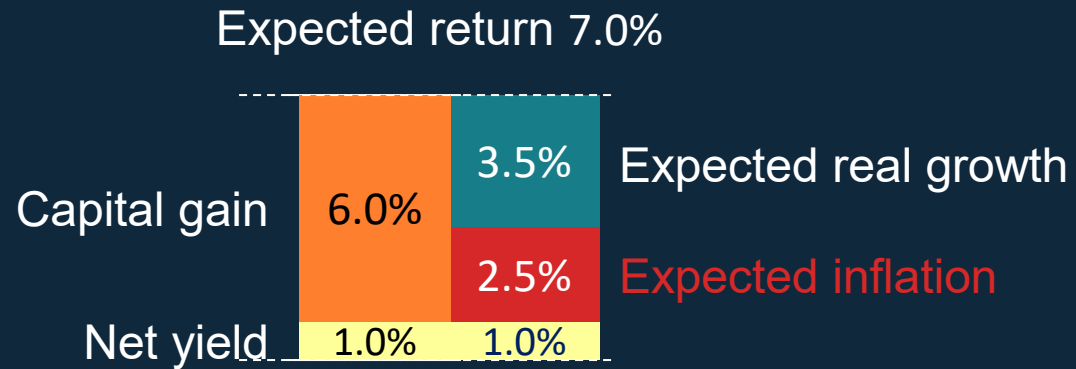
**More important  
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# Borrow \$3 for every \$1 invested (75% LVR)

## Balance Sheet

Asset      Funding



# Borrow \$7 for every \$3 invested (70% LVR)

## Balance Sheet

Asset      Funding

Property \$400	Debt \$300
	Equity \$100

Expected return 7.0%

Capital gain	6.0%	× 4
Net yield	1.0%	× 4

# Borrow \$7 for every \$3 invested (70% LVR)

## Balance Sheet

Asset	Funding
Property \$400	Debt \$300
	Equity \$100

Expected return 23.3%

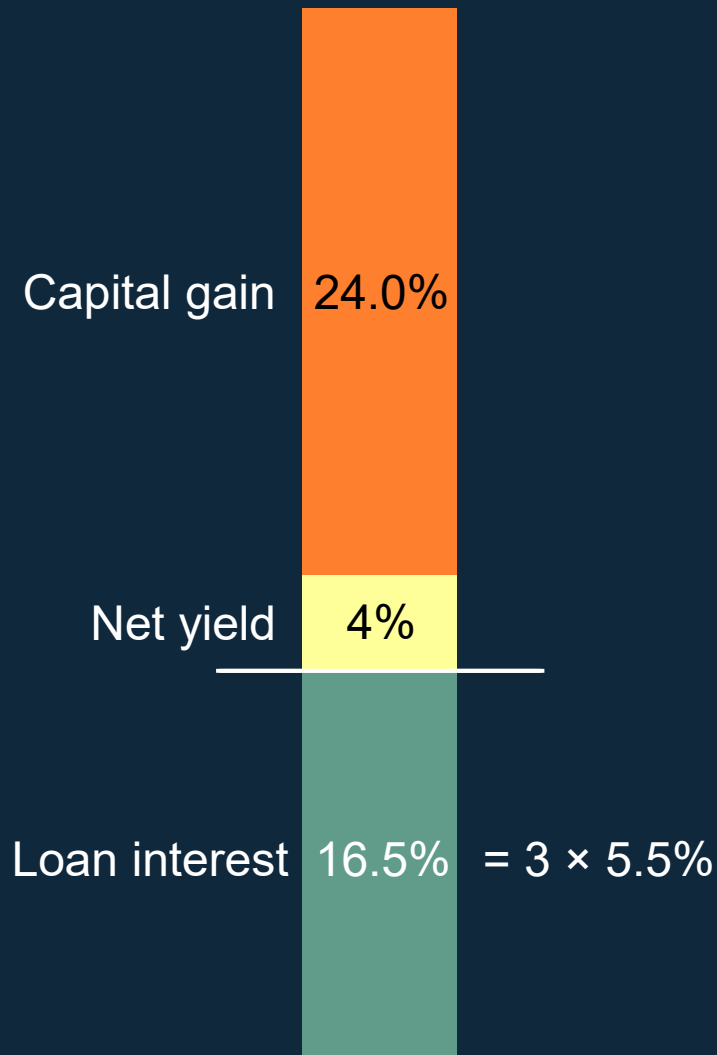
Capital gain 24% =  $6\% \times 4$

Net yield 4% =  $1\% \times 4$

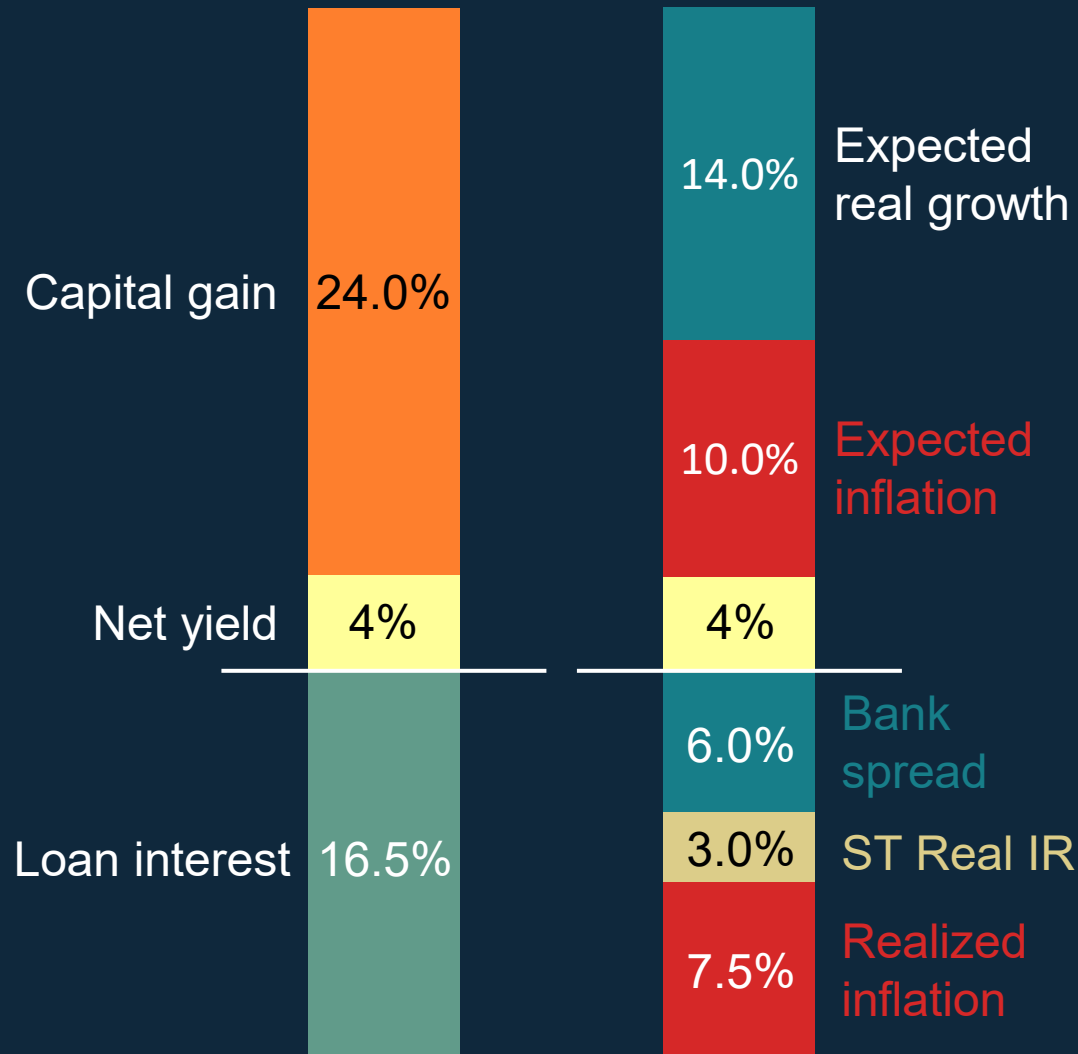
# Borrow \$7 for every \$3 invested (70% LVR)

Balance Sheet

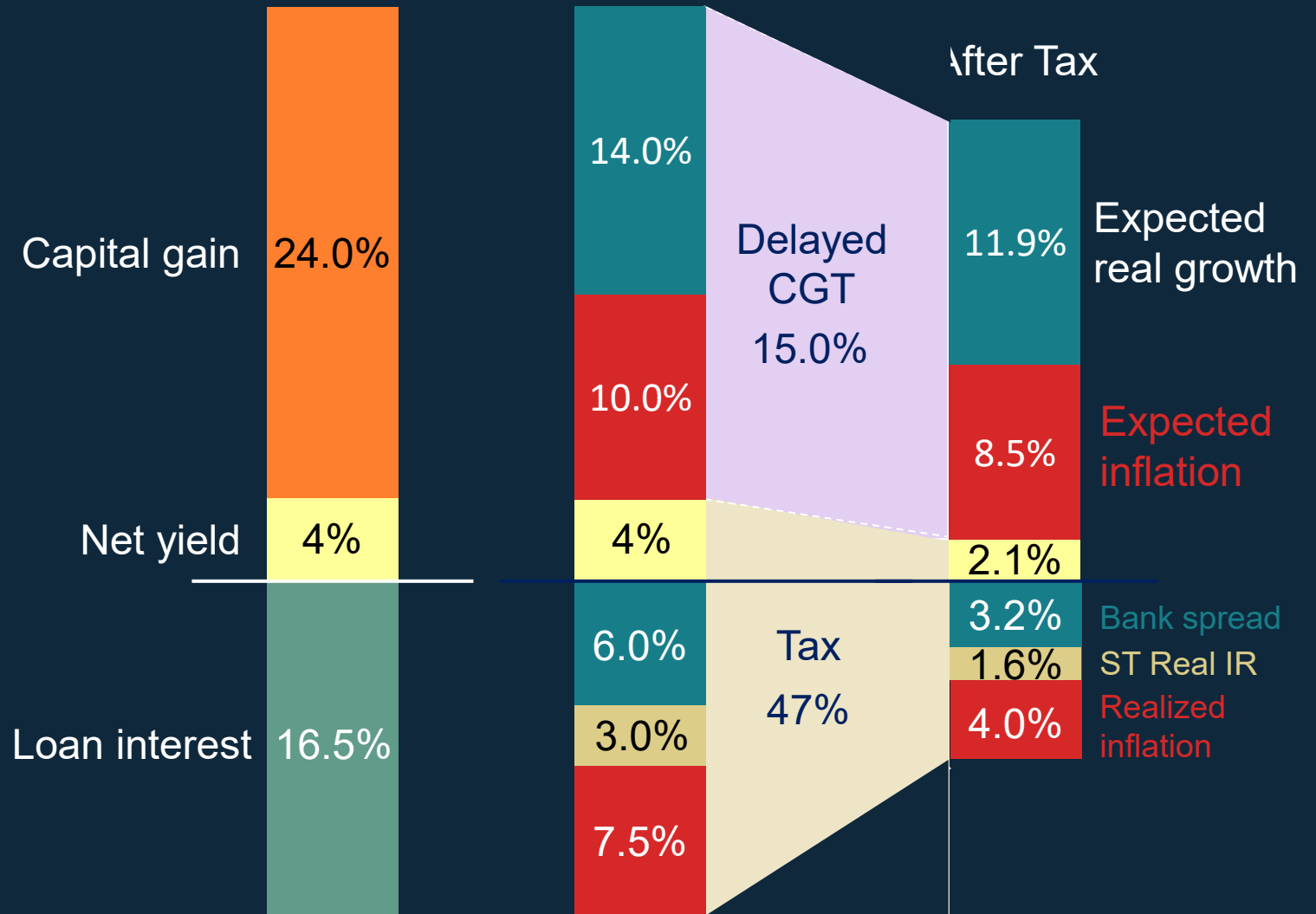
Asset	Funding
Property \$400	Debt \$300
	Equity \$100



# Borrow \$7 for every \$3 invested (70% LVR)



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# Finance Education for Investors

## Next course: 7 May

### 100% On-demand

- 10 weekly 2 hour classes
- Live Q&A sessions
- Supplementary videos to go deeper

## Empowerment and Better investment outcomes

Investment process, knowledge and a guided self-examination of your investing

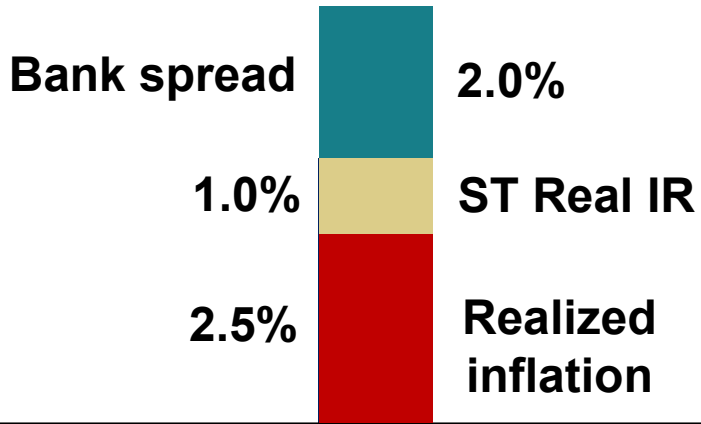
\$1600 + GST per household

**Windlestone.com.au**  
to enrol and more  
information

## Everything you need

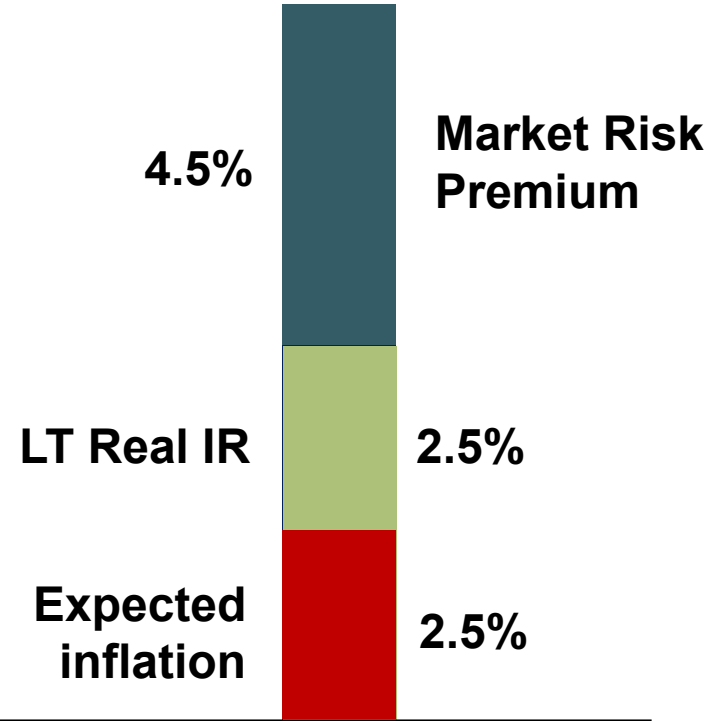
- Videos and supporting materials online in a learning management system
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**Central bank rates**  
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**Treasury bond yields**  
**30 years**  
**Long term**

⊕	GT5:GOV 5 Year	+3.93%	+20	+1
⊕	GT10:GOV 10 Year	+4.30%	+16	+0
⊕	GT30:GOV 30 Year	+4.89%	+13	+12

Expected LT inflation

## Treasury Inflation Protected Securities (TIPS)

Name ▾	Yield ▾	1 Month ▾	1 Year ▾	
⊕	GTII5:GOV 5 Year	+1.29%	+21	-18
⊕	GTII10:GOV 10 Year	+1.95%	+17	-11
⊕	GTII30:GOV 30 Year	+2.67%	+14	+11

2.22%

# 30 year US Treasury Bond Yields



Sources: Federal Reserve Bank of St Louis

# 30 year US Treasury Bond Yields

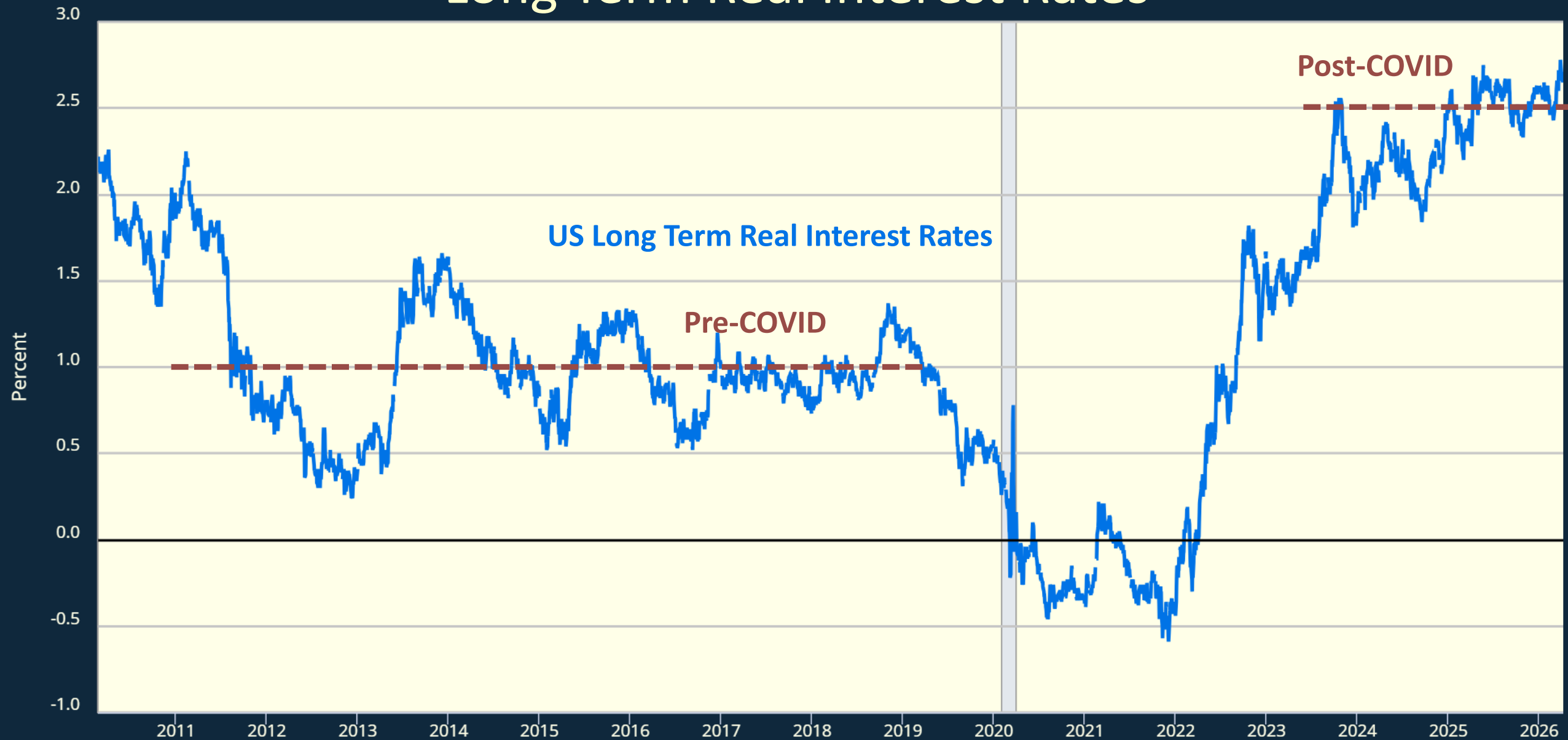


Sources: Federal Reserve Bank of St Louis

# US 30 year real interest rates

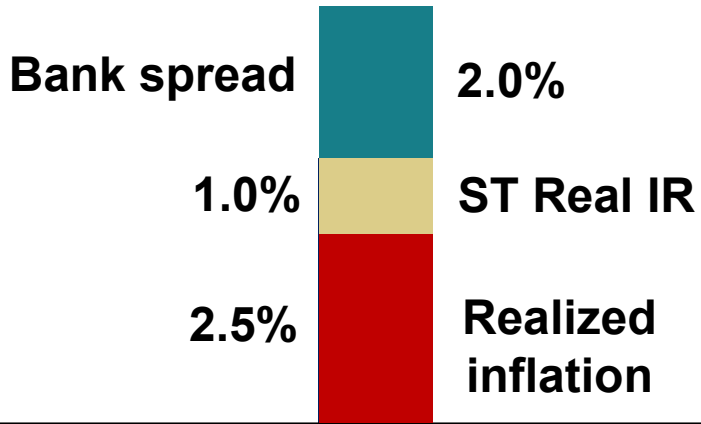


# Long Term Real Interest Rates



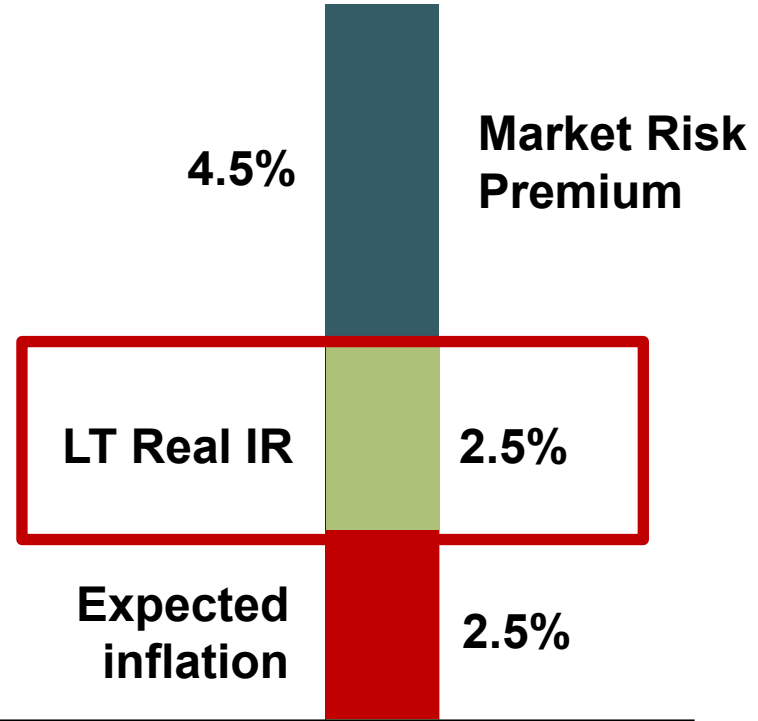
Source: Federal Reserve Bank of St. Louis

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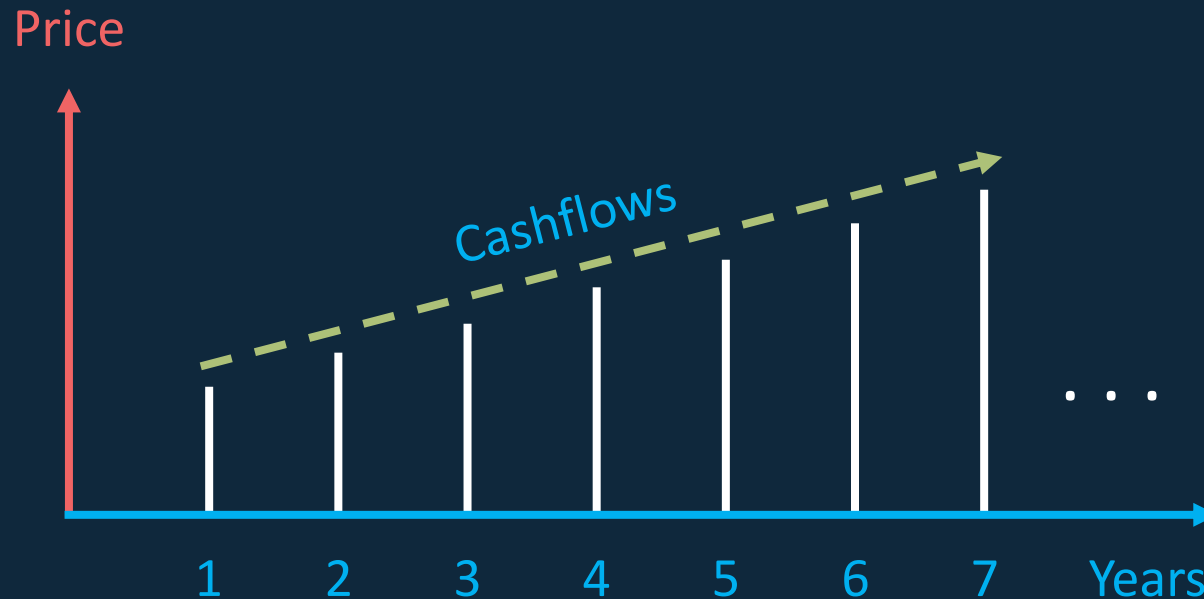
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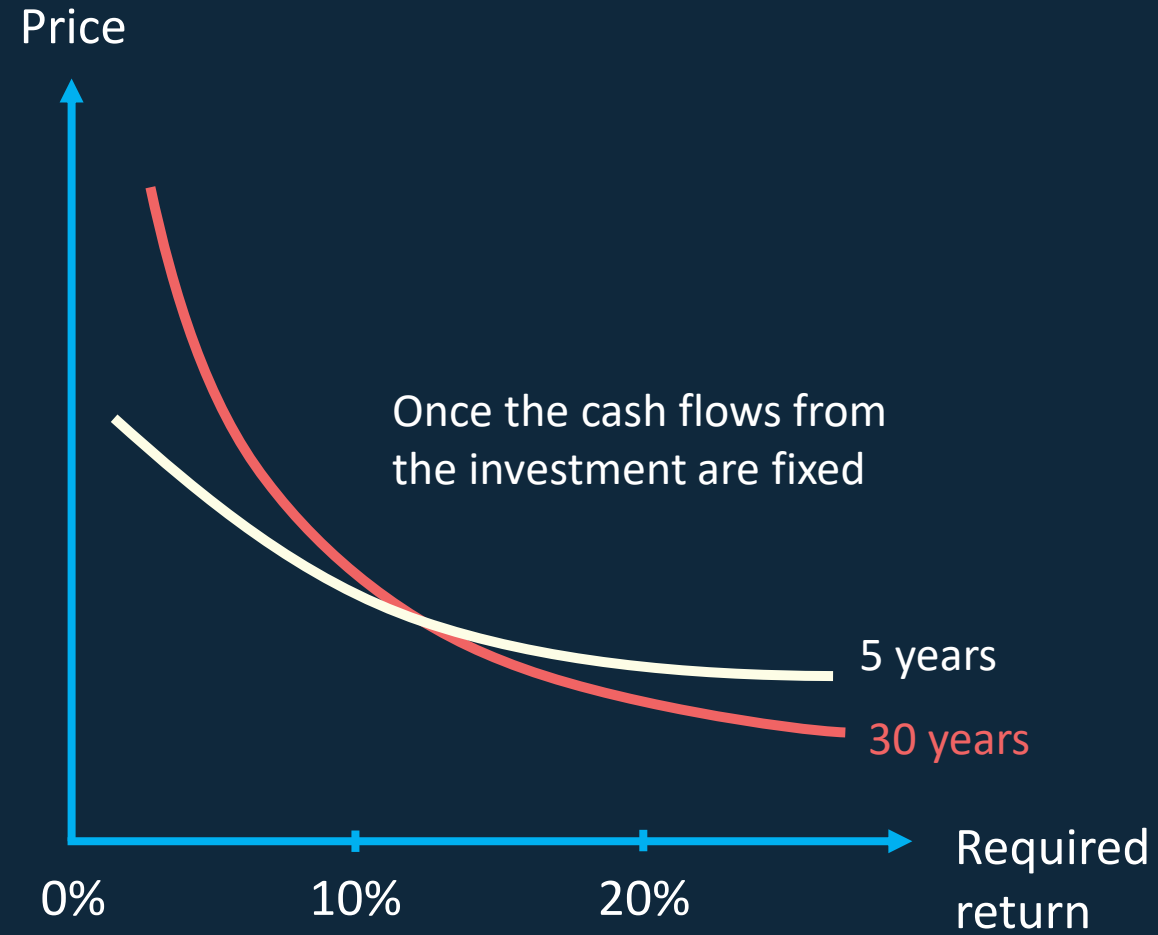
Treasury bond yields  
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# Cash flows & required return imply Price

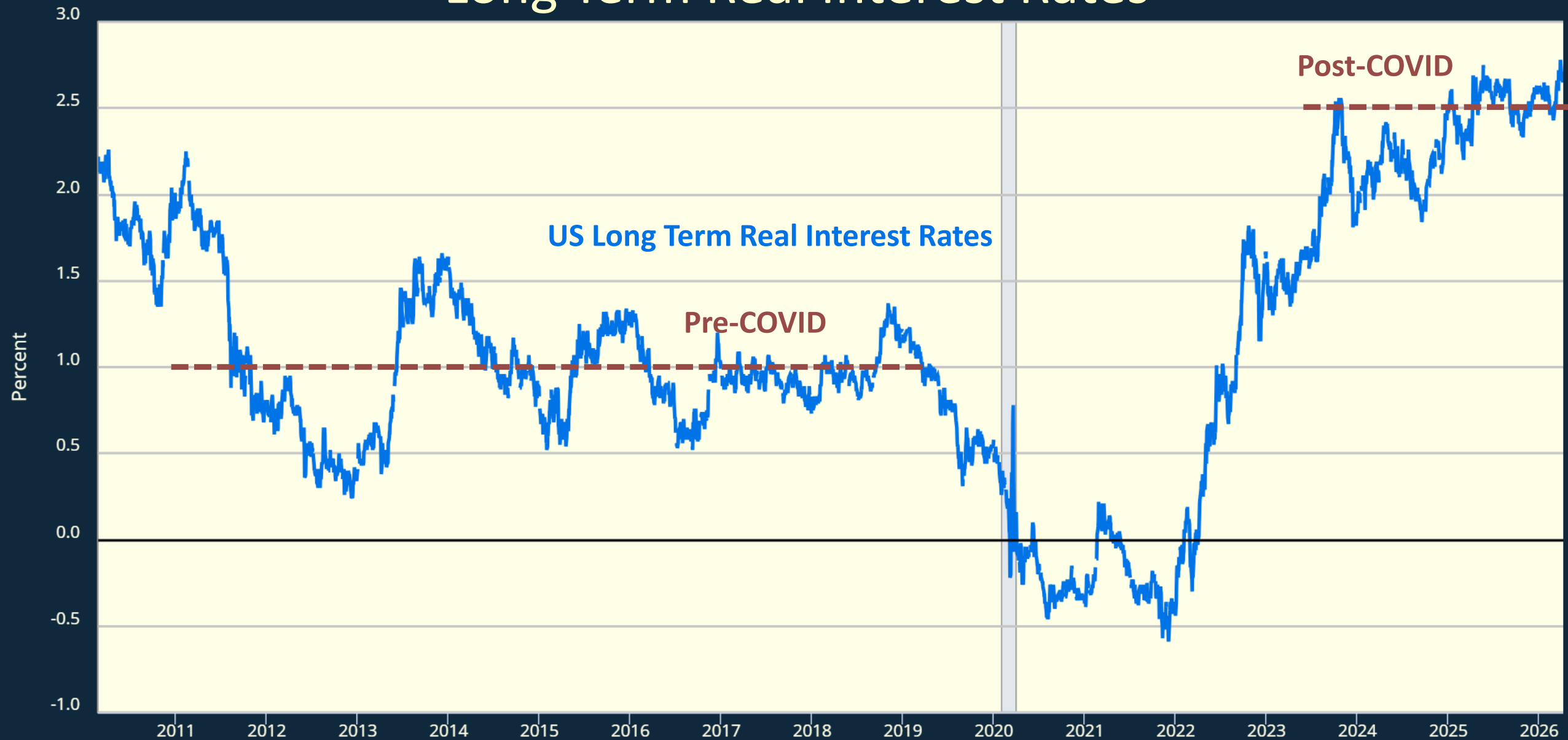


- Price
1. Estimate expected cashflows Quantity
  2. Estimate required (expected) return Required return
- $$= r_f + \text{Risk Premium} + \text{Asset Liquidity Premium}$$

# Price v Expected return



# Long Term Real Interest Rates



Source: Federal Reserve Bank of St. Louis

Scenarios		Investments			
Real IRs		Property		Shares	
ST	LT	Growth	Yield	US	Aus
Low	Low	✓ ✓	✓	✓ ✓	✓
Low	High	✓ ✓	✓	✗ ✗	✗
High	High	✗ ✗	✗	✗ ✗	✗

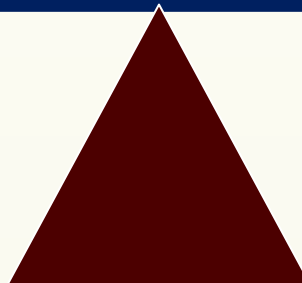
## Core Inflation

### Persists

- Low productivity
- Government spending
- Rising wages
- High energy prices

### Falls quickly

- Slowing global growth
- Slowing Aus growth
- \$A higher
- Low consumer confidence



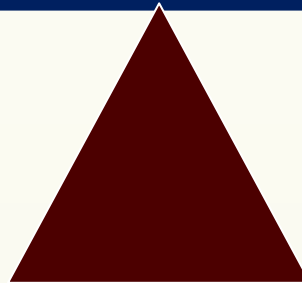
# Will deflationary forces return and dominate

## Deflationary forces strong

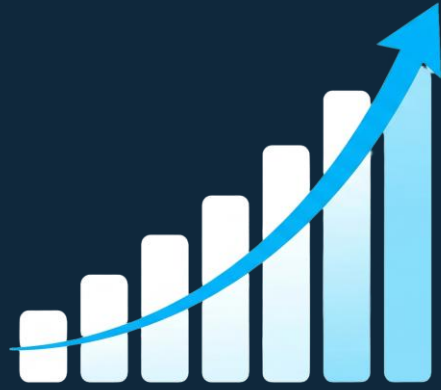
- Demographics: Ageing accelerated by Covid
- Tech advances – remote work will bring more workers into the global economy

## Deflationary forces recede

- Demographics – power may shift to developed country workers putting upward pressure on wages
- Globalisation has slowed and may reverse



# Scenarios



Interest rates



AI

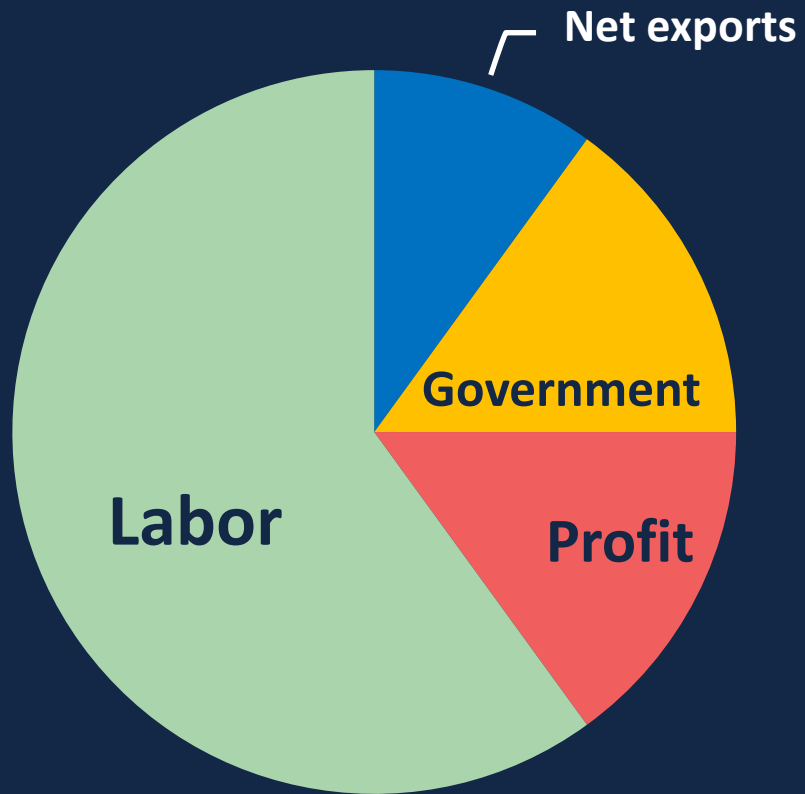
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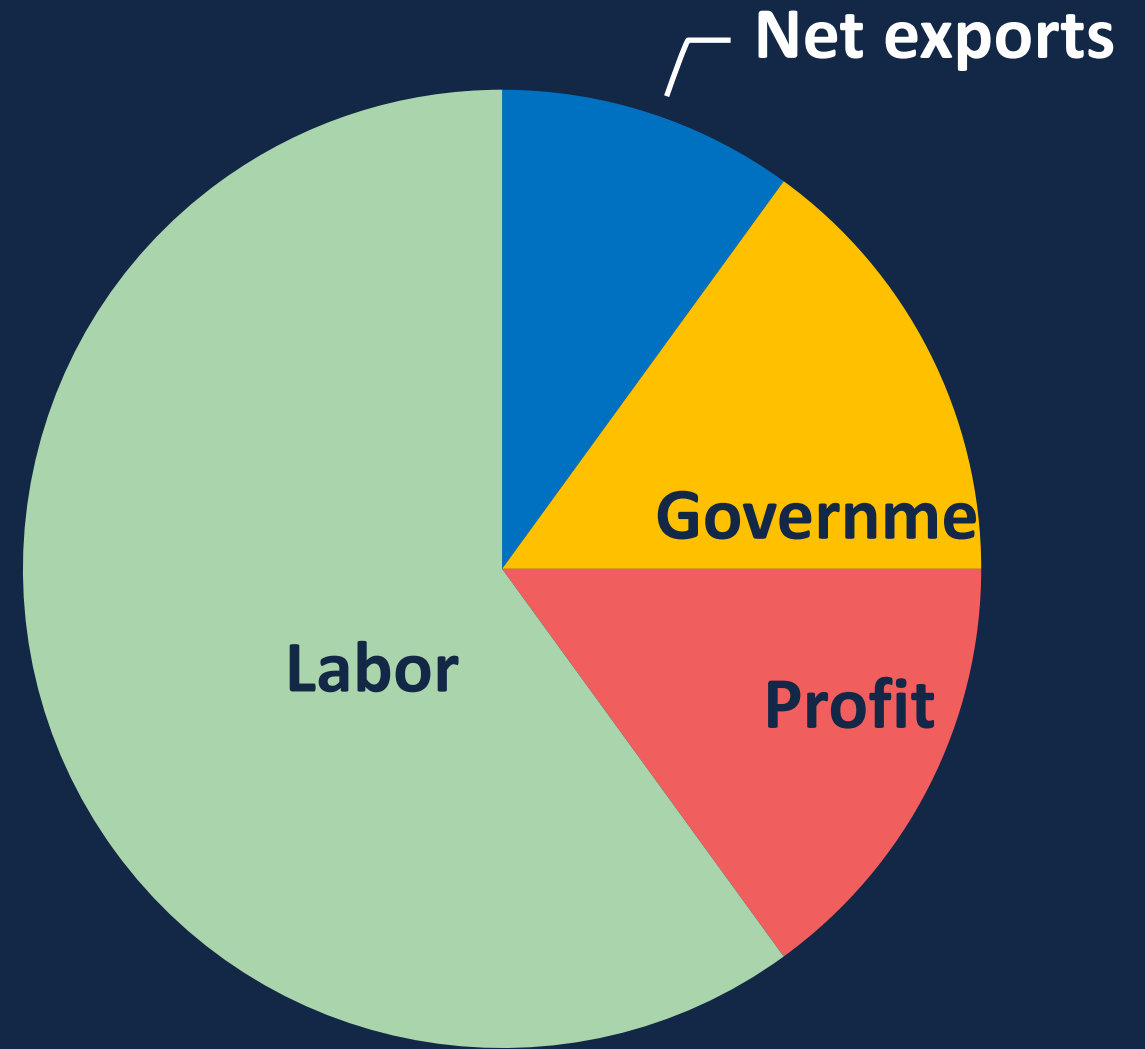
# Dividing the Value Created by AI



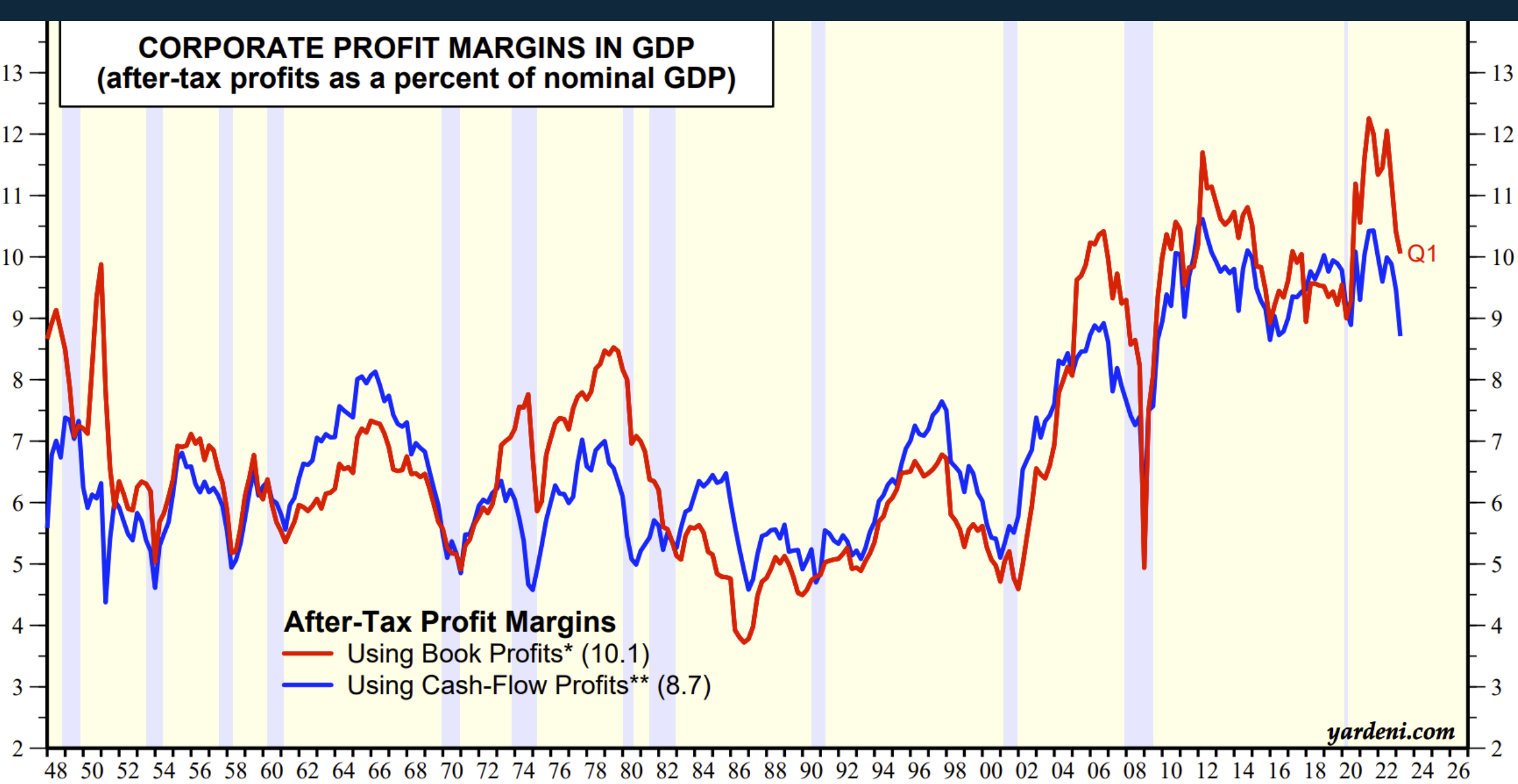
# Division of Pie



# Size of Pie



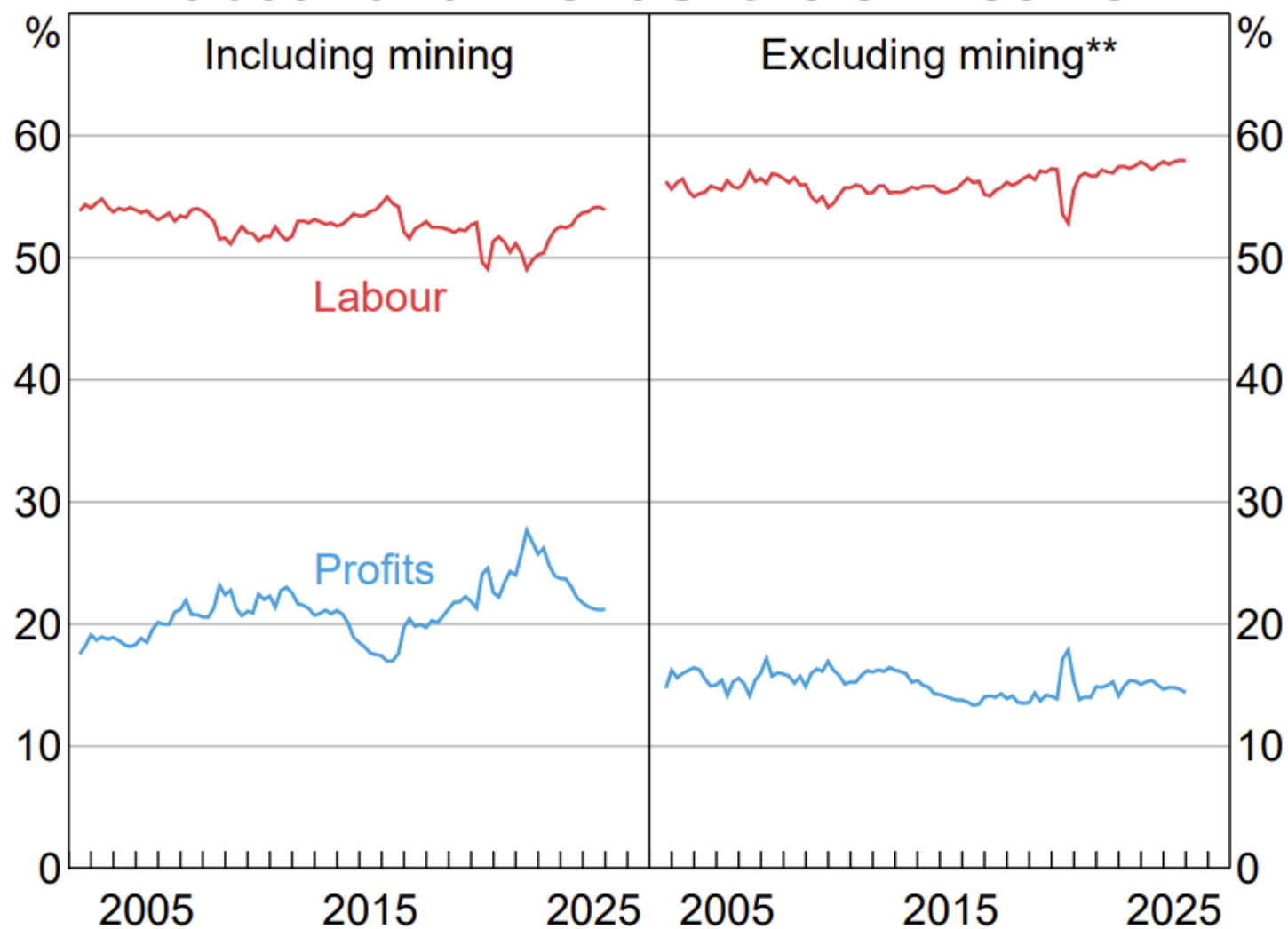
# CORPORATE PROFIT MARGINS IN GDP (after-tax profits as a percent of nominal GDP)



**After-Tax Profit Margins**  
— Using Book Profits\* (10.1)  
— Using Cash-Flow Profits\*\* (8.7)

yardeni.com

# Labour and Profit Share of Income\*



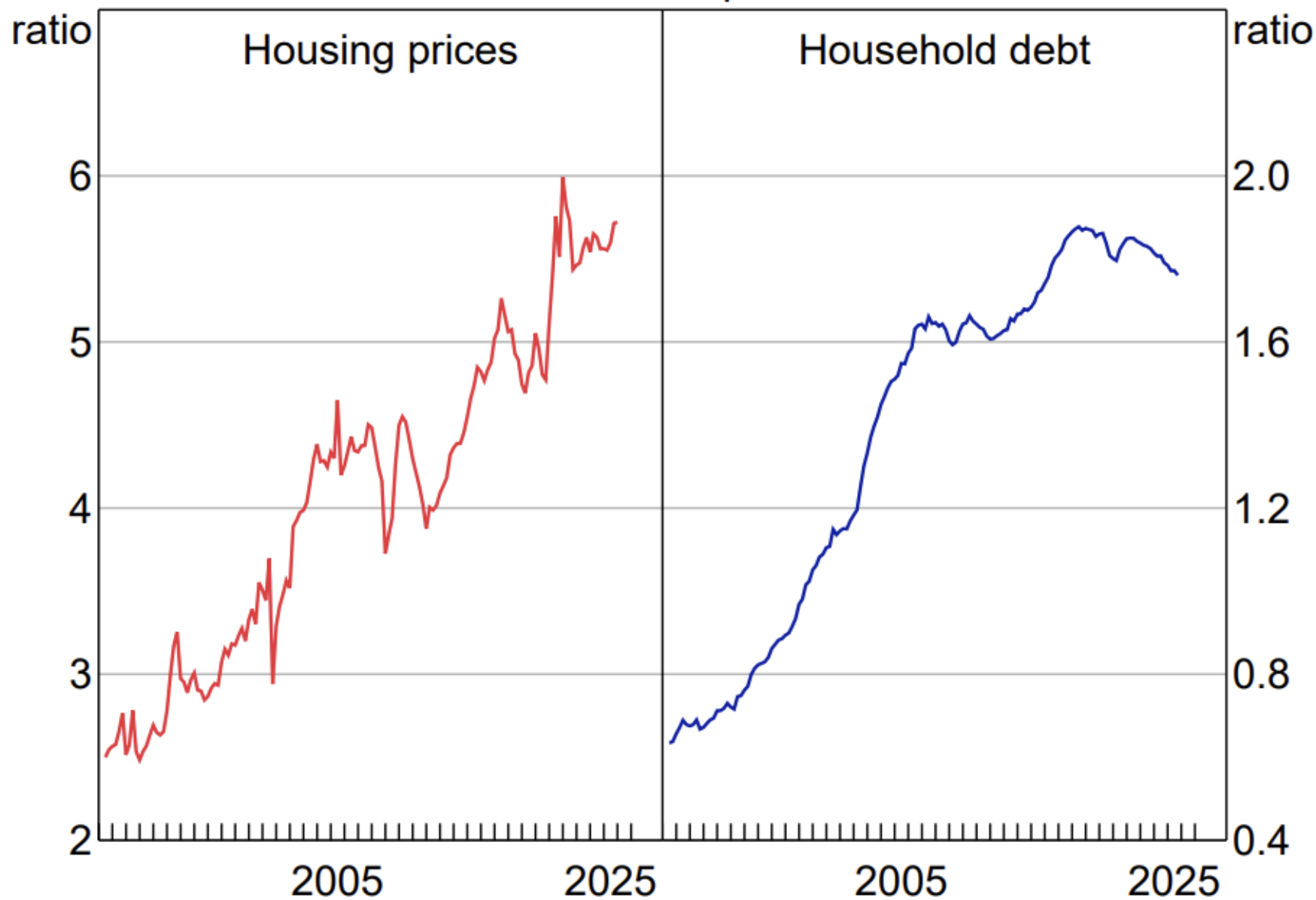
\* Shares do not sum to 100 per cent due to the exclusion of gross mixed income, and the gross operating surplus of public corporations, financial corporations, general government and dwellings.

\*\* Excluding mining sector profits and mining sector labour income.

Sources: ABS; RBA.

# Housing Prices and Household Debt\*

Ratio to household disposable income



Scenarios		Investments			
Factors		Property		Shares	
Employment	Profits	Growth	Yield	US	Aus
Low	High	✗	✗ ✗	✓ ✓	✓
Low	Low	✗	✗ ✗	✗ ✗	✗
High	High	✓	✓	✓ ✓	✓
High	Low				

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