

IMAP Webinar Series

**Global Interest Rates and the
implications for Fixed Interest
Investing –
Portfolio construction in the current
environment**

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Moderated by

Khurram Jan, JANA Investment Advisers

Upcoming events

Advice in Action Conference 2026

28th July – Sydney

Alternatives Week

15th - 17th September – Sydney

Independent Thought Conference

27th October – Sydney

MDA Providers Symposium

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Chat



Raise Hand



Q&A





Khurram Jan
JANA Investment Advisers

Chamath De Silva

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IMAP SESSION 3 · 20 MAY 2026

Global interest rates and the implications for fixed interest

Chamath De Silva, CFA · Head of Fixed Income · Betashares



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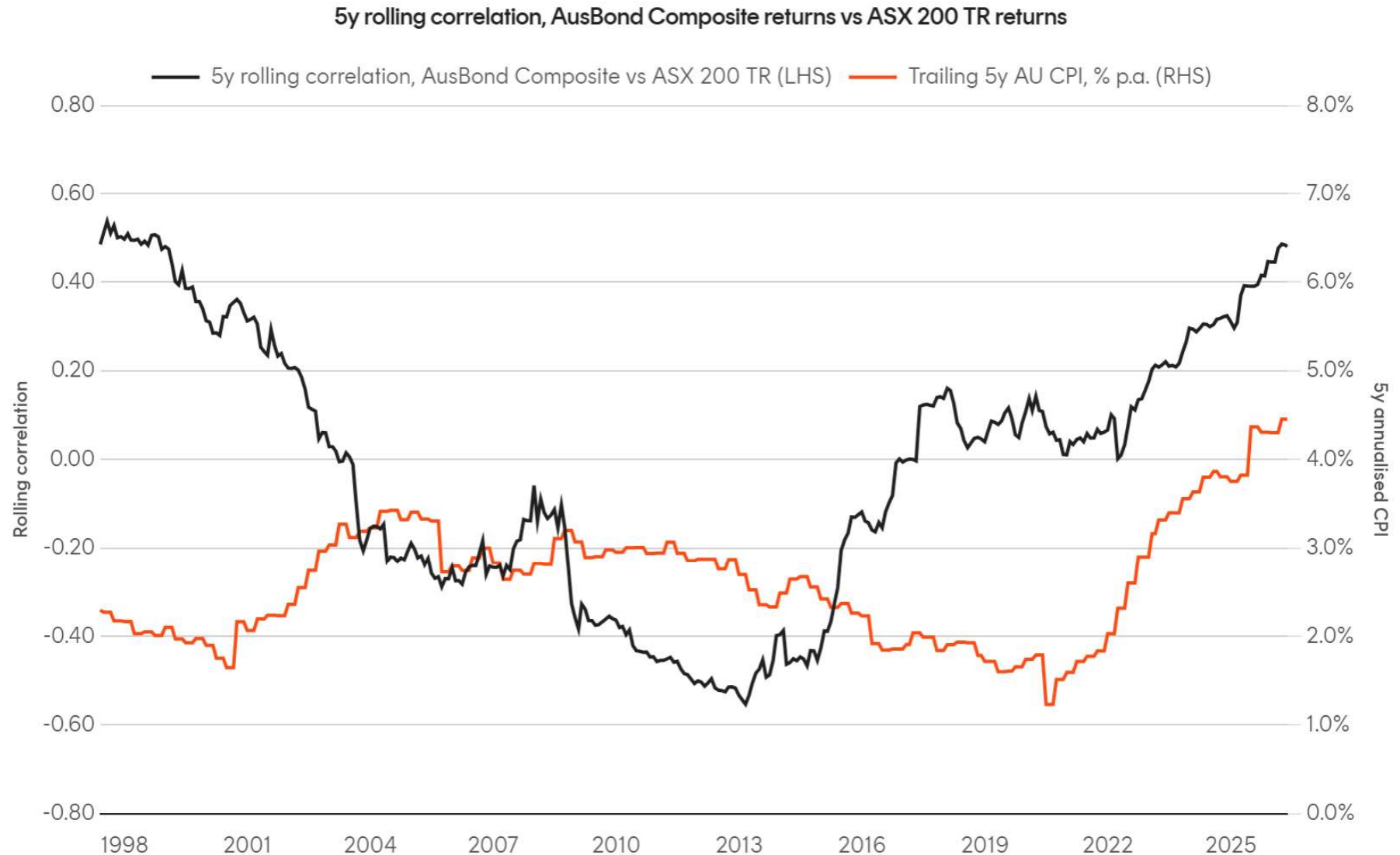
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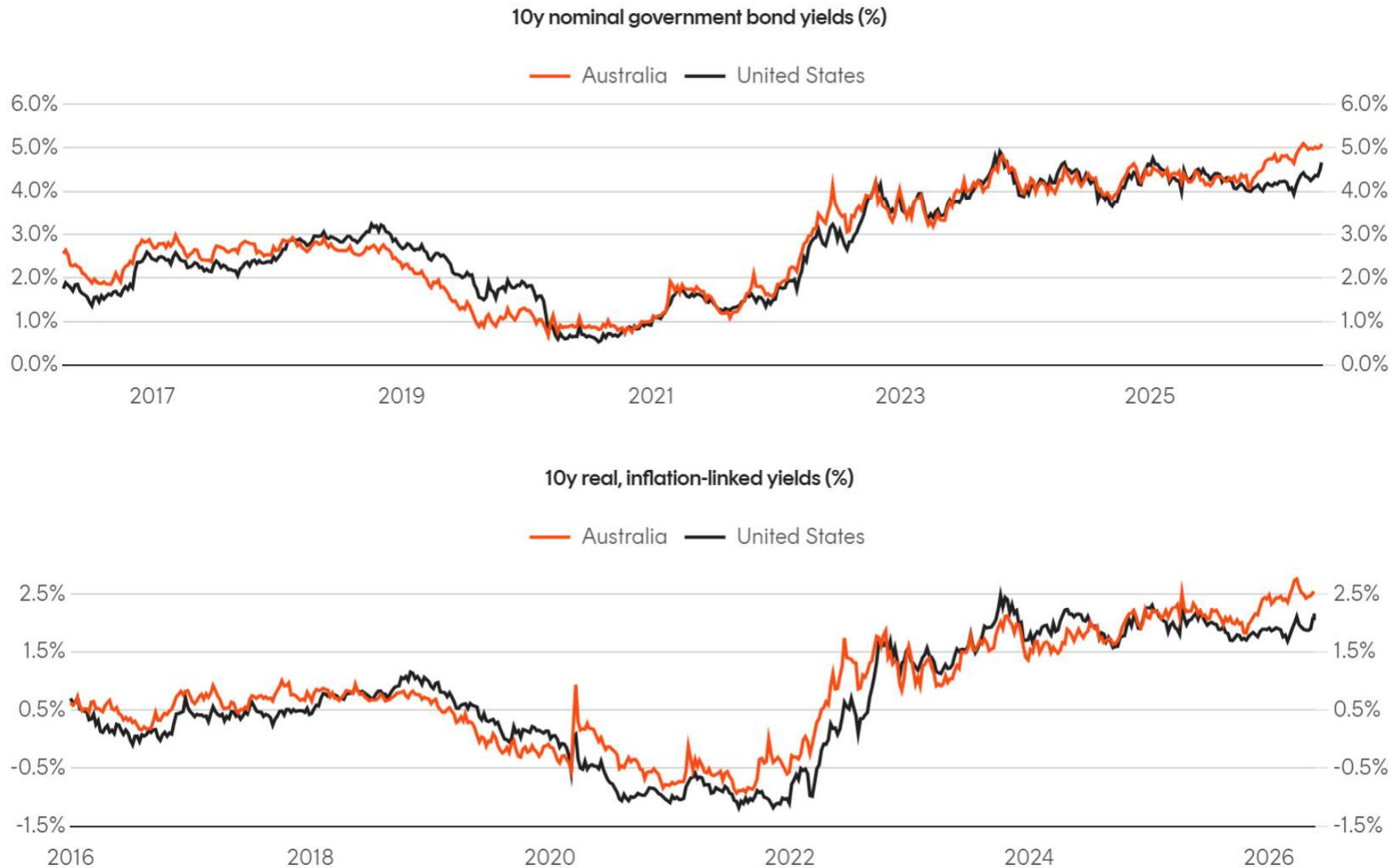
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Stock-bond correlations and diversification benefits are a function of the inflation regime



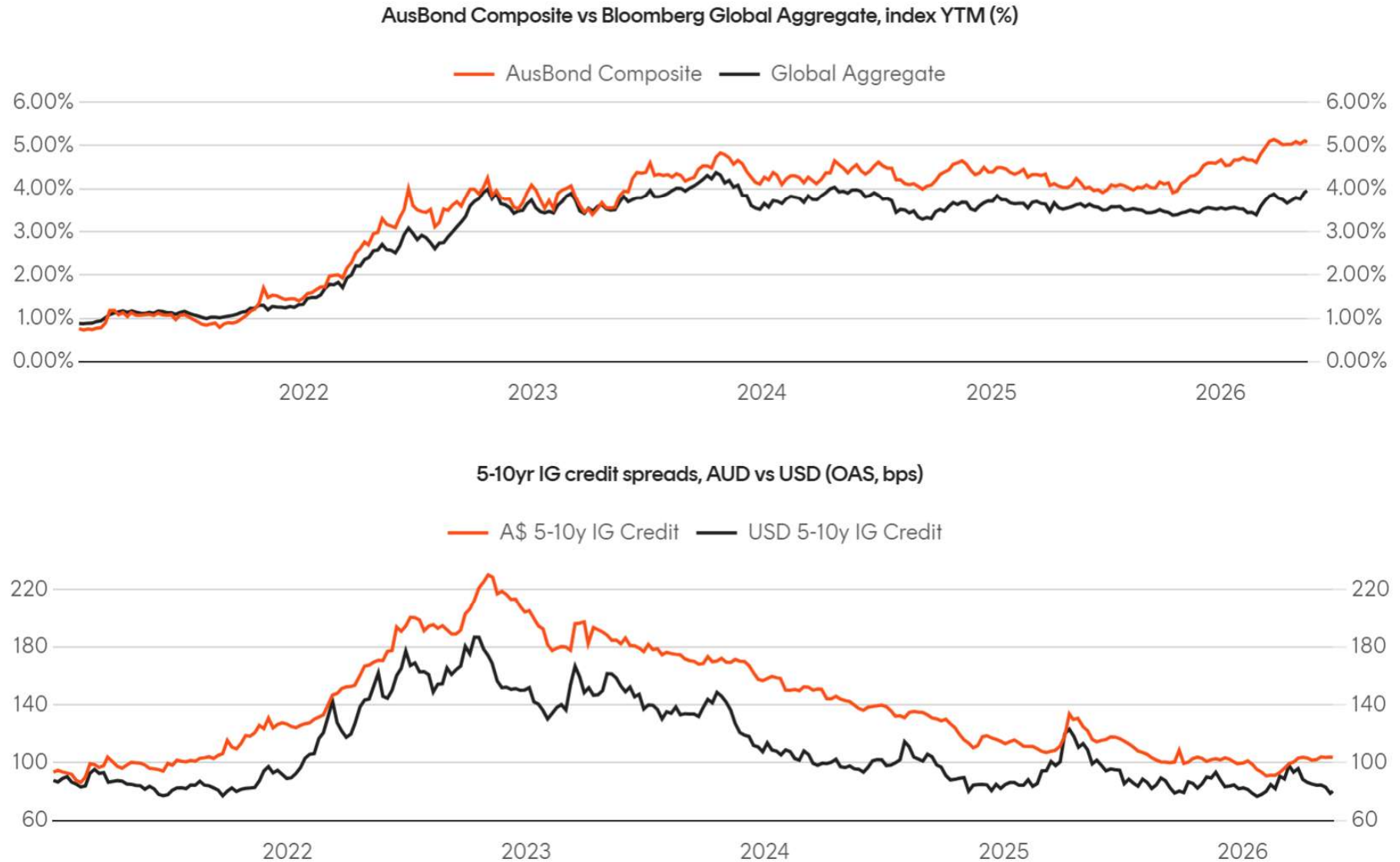
Source: Bloomberg, ABS, Betashares. As at 20 May 2026.

But real yields and term premiums are higher to compensate



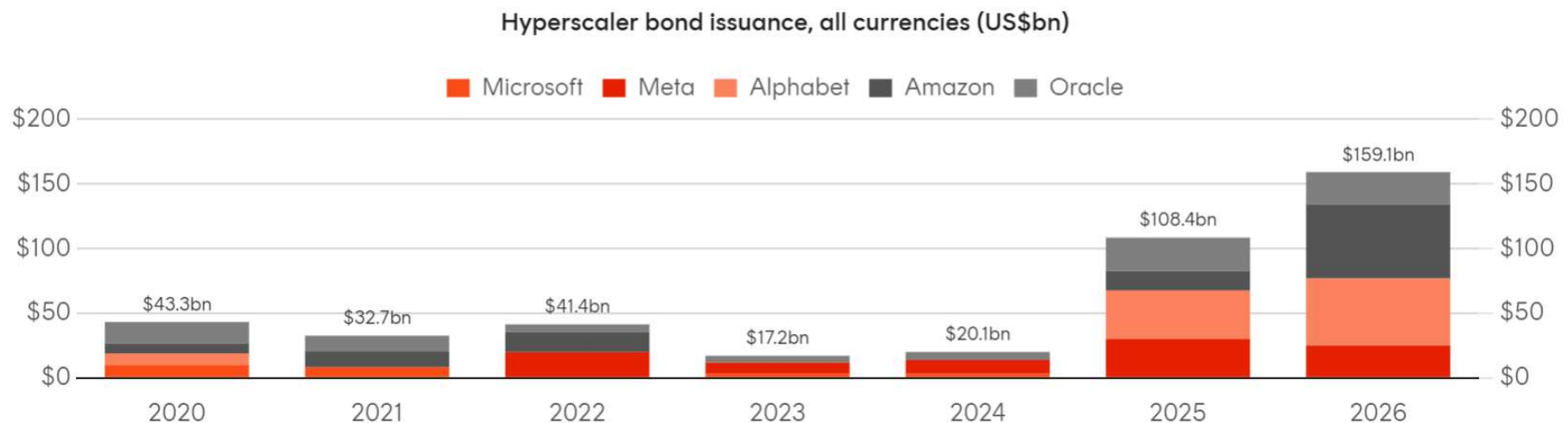
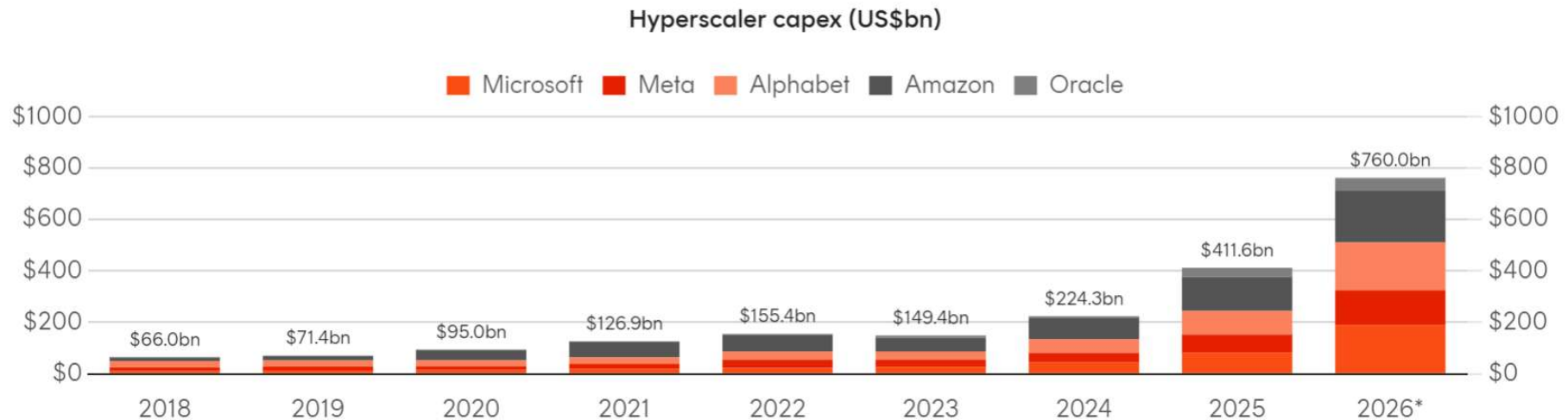
Source: Bloomberg, Betashares. As at 20 May 2026.

AUD bonds offer compelling relative value



Source: Bloomberg, Betashares. As at 19 May 2026.

AI capex has the bond market's attention, and the AUD market likely has the hyperscalers'



Source: Bloomberg, Betashares. As at 20 May 2026. Capex 2026* = guidance midpoint (META, GOOGL) / analyst consensus (MSFT, ORCL, AMZN).

Tristan Bowman Cameron Harrison

Cameron Harrison x IMAP

Tristan Bowman, CFA

Fixed Income: Macro Context

1

Complex macro backdrop

Rate cutting cycles have stalled, inflation has reaccelerated, driving bond yields and term premiums higher. Domestically, the inflation trajectory was uncomfortable for the RBA **before** the Iran conflict. The oil shock adds fuel to the inflation fire, but at the cost of consumer spending. How many more rate hikes can the Australian consumer withstand? Has monetary policy become ineffective?

2

Uncertain rates path

Bond yields have become extremely volatile. +/- 5-10bps daily moves are now more frequent. Markets now price in a terminal RBA rate of 4.8%, but with a wide dispersion

3

Structural inflation risk






Demographics are changing, government spending has shifted higher to 26.5% (from the old 'norm' of 24%), de-globalisation is on foot.

4

Diversification has become less reliable

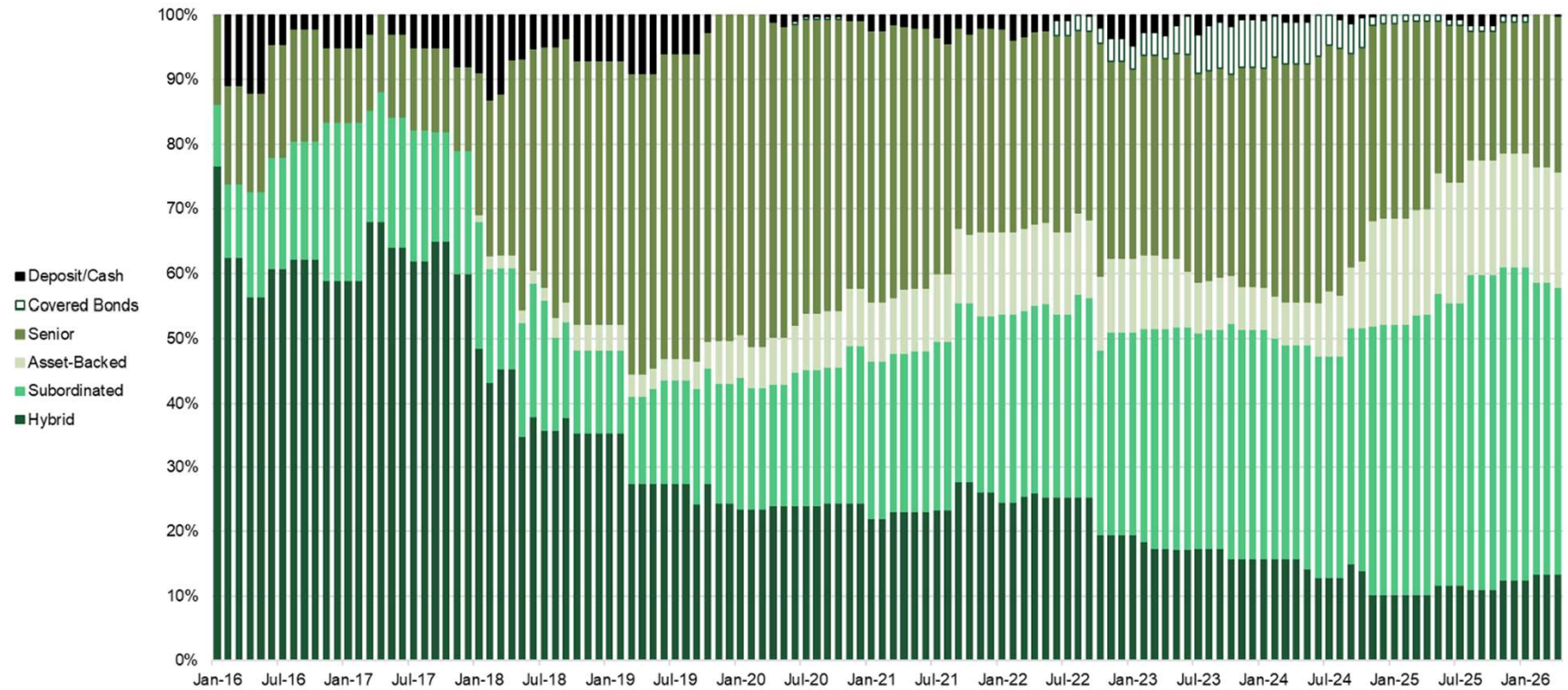
Do higher starting nominal (and real) yields mean a negative bond-equity correlation return?

Fixed Income: Meeting the Challenges

The Challenge		The Approach
Inflation-driven rate volatility makes the equity-bond correlation unstable		Separate interest rate and credit duration as distinct, actively managed exposures.
When rates rise sharply, duration impacts bonds, growth equities, property and infrastructure equally.		Prioritise floating rate securities in portfolios where significant property/growth equity/infrastructure holdings exist.
True diversification may not eventuate		Actively manage fixed income positions to reflect macro conditions.
Flow-on effects from the oil shock are uncertain. Business and consumer spending may stall.		Prioritise quality investment grade over high yield.
Genuine protection against inflation.		Inflation-linked bonds – theoretically right but practically constrained.

Fixed Income: Manage positions actively – our perspective

Strategy Mix - 2016-2026



Prudent risk management requires credit exposures to be actively managed over time to capture relative value and retain quality in a strategy. Key to this is sub-asset class exposure within the fixed income universe, principally where you sit in the credit stack.

Fixed Income: Key Considerations

- 1** What are you trying to achieve?
 - 2** What is your risk appetite?
 - 3** Portfolio specifics: investment horizon, risk profile, portfolio duration
-

Fixed Income: Client Considerations and Positioning

Client Factor		Portfolio Position
Investment horizon	→	Interest rate duration (incl. total portfolio)
Risk appetite	→	Credit duration, IG/high yield
Income/liquidity Need	→	Sub-asset class, tenor
Longevity / inflation protection	→	FRNs, inflation-linked bonds

Fixed income is not a one-sized fits all approach. Client considerations underpin bespoke portfolio management.

Thank you

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