

Perpetual knowledge bank series: Defensive Assets

By Perpetual Asset Management

13 March 2022



Asset classes are often split into two categories - growth assets and defensive assets - with the latter aiming to provide long-term stable returns to investors with lower volatility. Examples of defensive assets are fixed interest investments options, such as debentures and bonds, and cash investment options, which include bank and bank deposits.

These defensive or income assets tend to provide more stable, albeit lower returns over the long term than growth assets like shares or property. A diversified investment portfolio should combine both, ideally with exposure to multiple asset classes, markets market and regions. A further distinction is that defensive assets generally to provide a steady and/or stable income stream. The trade-off for investors is that these assets generally have lower investment risk, with more stable returns in the short term, but the potential for lower return over the longer term.

The general rule is the longer an investor's timeframe, the higher the level of growth assets you can include in your portfolio. However, if your primary need is for income and you need quick assets you can include in your portfolio. As always, the right type of investment depends on each individual investor's depend on each individual investor's investment objective, time frame and risk tolerance.

This analysis has been prepared by [Perpetual Investment Management Limited \(PIML\)](#) ABN 18 000 866 535, AFSL 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The information is believed to be accurate at the time of compilation and is provided in good faith. This document may contain information contributed by third parties. PIML and PSL do not warrant the accuracy or completeness of any information contributed by a third party. Any views expressed in this document are opinions of the author at the time of writing and do not constitute a recommendation to act.

The product disclosure statement(PDS) for the Perpetual Diversified Income Fund issued by PIML, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website <http://www.perpetual.com.au> .

No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. Past performance is not indicative of future performance.