

# A more sustainable investment strategy for the aged care sector?

By Perpetual Private Insights

25 November 2020



Today the aged care sector faces a perfect storm of issues that affect their financial sustainability:



- The Royal Commission is likely to mandate more staff – and staff who are better paid and trained. That means higher costs – and costs baked in for years to come.
- The additional safety and hygiene requirements of COVID-19 will also add to cost pressures while likely slowing demand for aged care accommodation.
- Government policy – particularly more focus and resources for home care services – could also have a negative effect on occupancy rates for the aged care sector.

Whilst these pressures are offset to some extent by the sector's strong underlying demand demographics and by property prices that continue to support Refundable Accommodation Deposits (RADs), many aged care providers need to rethink operations if they are to stay financially sustainable.

To help aged care providers in their search for sustainability, Perpetual's new white paper looks at these financial challenges and what aged care leaders can do to generate extra income to offset rising costs.

[Download the whitepaper](#)

One of the levers aged care providers can pull is extracting more income from their investment holdings. This paper covers the key issues aged care leadership need to consider before making that move, including:

- **The cash crash.** Cash rates are low – and staying low. Aged care providers who rely on cash-heavy portfolios are putting themselves behind the financial eight-ball.
- **Return focused or risk-averse?** Organisations need to balance the search for higher returns with the liquidity required to pay back RADs. What are the factors that affect that balance?
- **Culture and leadership.** Can traditionally cautious and conservative organisations make the decisions required to make the move to a more active investment strategy? What kind of help do they need to get those decisions right?

We also look at a worked example of the difference between a traditional portfolio and one more suited to today's investment and operational environment.

[Download the whitepaper](#)

## MORE INFORMATION

Perpetual runs Investment Strategy Management workshops that can help aged care providers tailor their investment strategy to today's low-rate investment environment – and in doing so, help manage today's high-costs operating environment.

If your organisation would like to talk through these issues – including a tailored investment strategy and liquidity management assessment – please fill in the form below or contact one of our aged care specialists.

Anthony Hamawi

[anthony.hamawi@perpetual.com.au](mailto:anthony.hamawi@perpetual.com.au)

03 9611 6665

## More information

Perpetual runs Investment Strategy Management workshops that can help aged care providers tailor their investment strategy to today's low-rate investment environment – and in doing so, help manage today's high-costs operating environment. If your organisation would like to talk through these issues – including a tailored investment strategy and liquidity management assessment – please fill in the form below.

[Get in touch](#)

Perpetual Private advice and services are provided by Perpetual Trustee Company Limited (PTCo), ABN 42 000 001 007, AFSL 236643. This publication has been prepared by PTCo and may contain information contributed by third parties. It contains general information only and is not intended to provide you with advice or take into account your personal objectives, financial situation or needs. The information is believed to be accurate at the time of compilation and is provided by PTCo in good faith. You should consider whether the information is suitable for your circumstances and we recommend that you seek professional advice. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. PTCo does not warrant the accuracy or completeness of any wording in this document which was 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. Past performance is not indicative of future performance.