September 2025 Newsletter

The first quarter of FY26 has seen Australian and global markets navigate persistent uncertainty, with resilience a defining feature. The ASX 200 reached new highs in August, briefly breaching 9,000 before settling around 8,950 in early October. Over the past year, the ASX 200 has recorded 16 all-time highs, capping an 11% return and reflecting strong sector rotation—resources have begun to outperform banks, reversing last year's trend. Investor sentiment is cautiously optimistic, supported by expectations of further rate cuts and robust corporate earnings in select pockets, though valuations remain elevated and earnings growth at the index level is flat to negative.

The Reserve Bank of Australia left the cash rate unchanged at 3.60% in September and October, following three cuts earlier in the year. While inflation has eased significantly from its 2022 peak, the pace of decline has slowed, and recent data suggest underlying inflation may be stickier than anticipated. The RBA remains cautious, signalling that further rate cuts will be data-dependent, with the next decision likely hinging on the Q3 CPI figures due later this month. Most economists now expect the easing cycle to slow, with the next cut potentially delayed until 2026.

The Australian dollar has stabilised around 65–66 US cents in October, after reaching a seven-month high in September. The currency's strength reflects broad US dollar weakness, ongoing rate cut expectations, and Australia's relative insulation from severe US tariff actions. Gold has been a clear beneficiary of the US dollar's recent weakness, rallying to record highs above US$4,000 per ounce as its appeal as a safe-haven asset and inflation hedge has intensified.

Global equity markets have rallied, led by US technology stocks and a resurgence in small caps. All U.S. indices recorded record highs in early October, with dozens of new all-time highs set in the past year as strong corporate earnings, AI optimism, and expectations of further rate cuts from the Federal Reserve drove momentum. Oil prices remain volatile, with Brent crude trading around $65–71 per barrel in October; most analysts expect prices to trend lower into 2026.

The easy gains on the various local and global indices are now behind us. While Australian equities remain supported by strong fundamentals and resilient household demand, elevated valuations, sticky inflation, and unpredictable global trade policy warrant a cautious approach. We continue to monitor developments closely and will adjust portfolio strategies as conditions evolve.

Returns for the first Quarter of FY2026 were:

All Ordinaries: 9135, up 362 points, or 4.1%.
S&P/ASX 200 A-REIT: 1,863.20, up 103 points or 4.0%.
90 Day Bank Bills: 3.59%, down 0.02%.
AUD vs US Dollar: 65.79c, up 0.33c or 0.51%.
UK FTSE 100: 9350 points, up 582 points or 6.64%.
Dow Jones Industrial Avg: 46,397 points, up 2,320 points or 5.27%.

Guardian Investments

Level 1
52 Old Cleveland Road
Stones Corner QLD 4120

PO Box 1284
Coorparoo DC
QLD 4151

P 07 3394 3755
F 07 3394 3360
E info@guardianinvestments.com.au
W www.guardianinvestments.com.au

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Keeping your cool when the markets heat up

Investing isn't just a numbers game. It's an activity that stirs various emotions from hope and optimism to fear and anxiety.

Whether the ASX is surging or stumbling, emotional responses to market movements can shape outcomes just as much as economic fundamentals. Understanding those responses is crucial to building resilience, especially in unpredictable times.

These patterns underscore the importance of long-term perspective, especially in a market shaped by both global sentiment and uniquely local factors.

How emotions enter the equation

We like to think our financial decisions are rational, but the truth is more complex. Investors aren't robots crunching numbers in isolation. We are influenced by news cycles, cultural values and personal stories from friends, family and colleagues.

When markets rise, euphoria and FOMO can drive hasty buying decisions. During downturns, anxiety and regret can push investors to sell at a loss, despite having sound long-term strategies.

This pattern has played out across decades, from the dot-com bubble to the COVID recovery. And remember that emotional investing isn't just a beginner's problem. Even seasoned investors can be swept up by sentiment if safeguards aren't in place.

Psychologists have long observed how financial stress activates similar responses to physical threats, triggering fight-or-flight instincts rather than thoughtful analysis. That's why even well-informed investors may react defensively when facing market instability.

The good, the bad and the balancing act

Emotional investing isn't all risk. In the right conditions, it reflects conviction, clarity and purpose. For example, values like patience and belief in the future can help investors stay committed during market dips.

Life changes such as home ownership, welcoming a child or retirement can bring useful emotional clarity to financial decisions. And ethical investing often stems from emotions such as care and connection to community.

When used with discipline, emotions can reinforce sound decisions rather than undermine them. Investors who use emotional clarity to establish long-term goals tend to feel more confident, even when short-term volatility strikes.

That said, emotions can also derail strategy. Panic selling during downturns, overconfidence after gains and herd mentality all pose risks.

The 2022 market correction saw many Australians pull out of super investments prematurely, missing the rebound that followed. These reactions stem not just from fear but also from a desire to act, even when patience may be more effective.

Learning from behavioural finance

Behavioural finance gives us tools to interpret emotional reactions. Biases like loss aversion, recency bias and anchoring affect decision-making in subtle but powerful ways.

These include:

- Loss aversion – People often feel the sting of losses more intensely than the joy of equivalent gains, which can lead to overly cautious or reactive choices.
- Recency bias – Recent events weigh heavily on perceptions, leading investors to expect trends will continue simply because they've just occurred.
- Anchoring – Fixating on a past portfolio value or arbitrary benchmark can skew rational assessment.

Recognising these tendencies helps investors avoid knee-jerk decisions and design portfolios that stay aligned with goals over time. It's not about eliminating emotion; it's about becoming aware of how it operates and mitigating its effects through smart responses.

After all, markets are always shifting. Emotions will always emerge. The goal isn't to shut them out, but to understand them and develop structures to keep emotions from steering the ship. When investors learn to pause, reflect and act with intent, they not only improve outcomes but feel more confident in their journey.

If you'd like to explore strategies to build emotional resilience in your portfolio, or tools to help remove bias from investment decisions, please give us a call.

TAKE CONTROL of your digital safety

Scams, card fraud and online impersonation are a big problem these days, with the latest statistics showing in the past year 3.5 million Australians fell victim to various forms of cybercrime.[i]

The government is so concerned, it announced an extra $6.7 million in the 2025-26 Federal Budget to fight the problem. The money will extend the operations of the National Anti-Scam Centre, which aims to protect consumers and businesses from scam activity.

So, what can you do to guard against online scams for you and your business?

Security is more than just a strong password

One key tip for better online protection is multi-factor authentication, because it uses several layers of security.

When using government services, always access them directly via my.gov.au, ato.gov.au or the ATO app – not by following a link in an email or text message. Further boost your security by setting a Strong myID, which is designed to help protect against tax fraud and identity crime.

Consider using passphrases rather than passwords. The phrases should be easy to remember and include a set of four or more random words, numbers and/or symbols. Longer passphrases are stronger.

Update devices and watch downloads

Make sure that your device security is always up-to-date by applying patches as soon as they become available, or by turning on automatic update controls. You should also consider using vulnerability scanning software to constantly monitor your systems for security risks.

For older devices, apps or software, consider upgrading to newer versions if they no longer receive updates.

Regularly backup your files to physical devices (such as an external hard drive) or the cloud to ensure your data is not damaged, lost or infected in a ransomware attack.[ii]

When downloading new software, ensure the source is legitimate. Free programs may contain malware that infects your computer or harvests personal data.

Stay alert to outsmart scammers

Use a spam filter on your email account and do not open unsolicited messages. Be careful clicking email links, even if they are from someone you know.[iii]

Regularly monitor your online accounts (including your myGov Inbox, banking and online services), to make it harder for scammers to convince you there is a problem.

If an organisation you deal with sends you an email or SMS about unexpected changes in your account, do not click on included hyperlinks or open attachments. Immediately check your account and contact the organisation by phone.

Keep personal information private and do not share it on social media, even when your security controls are set to private. Criminals use combinations of personal information harvested from different sources to impersonate you to access money and apply for credit cards and loans.[iv]

Sensitive personal information (such as your tax file number, passwords, superannuation and bank account details) must be keep secure. It should never be shared with others, including in emails or to prospective employers.

Protect your people, data & reputation

Cyber security should be a priority issue for businesses, with information about staff, clients and your operations carefully protected. If this data is lost or compromised, it can be difficult and time-consuming to recreate or recover.

It's also important to establish controls limiting employees' access to specific accounts, systems and files, particularly if those containing sensitive data. Unauthorised access to a business' systems by past employees is a common cause of fraud, so ensure you remove system access for anyone who no longer works for you, or who has changed positions and no longer requires certain access levels. Login details for shared accounts should be changed.[v]

A key business rule should be no use of USBs or external hard drives from unfamiliar sources and avoid using public wireless networks, particularly for online transactions.

Take care using social media as a business. Scammers can use shared information to impersonate your business, or send emails designed to trick staff into providing valuable information or paying bogus debts.

It is also important to check the cyber security policies and practices for organisations you deal with.

For more information about improving your businesses cyber security visit *Small Business Cyber Resilience Service*.

i https://www.abs.gov.au/statistics/people/crime-and-justice/personal-fraud/2023-24

ii https://www.cyber.gov.au/protect-yourself/securing-your-devices/how-back-up-your-files-and-devices

iii https://www.cyber.gov.au/protect-yourself/securing-your-email/email-security/secure-your-email

iv https://www.ato.gov.au/online-services/cyber-safety/top-cyber-security-tips-for-individuals#ato-BevigilantaboutwhatyoushareonsocialmediaBe

v https://www.ato.gov.au/online-services/cyber-safety/top-cyber-security-tips-for-businesses