

A more sustainable investment strategy for the aged care sector?

By Perpetual Private Insights

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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.

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