



D R U M M O N D

C A P I T A L P A R T N E R S

## Drummond CFS Managed Accounts

Why Drummond: People, Process & Partnership

# Welcome to Drummond CFS Managed Accounts

---

Drummond Capital Partners are pleased to partner with Colonial First State to offer an innovative managed account solution, tailored specifically for CFS clients.

Utilising the institutional experience of Drummond's investment team, systems and proprietary research, clients can access a diversified range of actively managed multi-asset portfolios incorporating our asset allocation expertise.

Leveraging the CFS mandate structure, these portfolios contain an allocation to the Drummond Dynamic Plus Fund. This structure delivers our proven tactical asset allocation process, providing real time risk management and a smoother investment journey.

## OUR DIFFERENCE



Institutional investment management processes



Purpose built for CFS



Best in class reporting and communication



Real time TAA approach



Cost aware approach blending passive and active funds

# Drummond CFS Managed Accounts

---

Drummond Capital Partners are a multi-asset investment manager providing institutional grade portfolio management solutions to clients via the transparent and efficient managed account structure. The firm was established in 2017 and is owned and managed by the investment team that has 100+ years of combined investment experience.

At Drummond, we believe in the power of asset allocation as academic evidence shows this is the primary driver of long-term returns. We invest considerable time and resources into both strategic and tactical asset allocation which in conjunction with our proprietary manager research deliver high quality, risk aware portfolios.

## BENEFITS OF PARTNERING WITH DRUMMOND



A dedicated investment team delivering a robust and repeatable investment process



Disciplined and equitable execution of ideas with real time updates



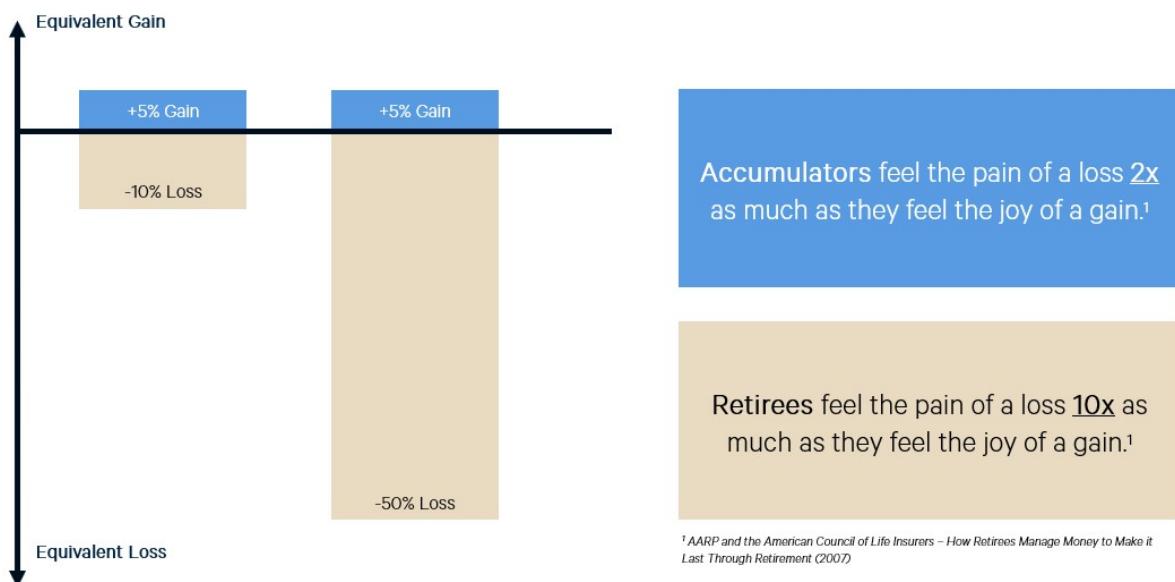
Strong risk management and more consistent portfolio outcomes over time



Well established client reporting and market insights content enhancing client engagement

# Managing For a More Stable Journey

Our CFS portfolios are tailored specifically for the needs of CFS clients. CFS is one of the largest pension payers in the country and we know that volatility reduces returns for clients in pension phase. We therefore believe it's important to minimise large drawdowns to increase the longevity of one's retirement savings. Our proven tactical asset allocation process has delivered 2% lower volatility compared to its static benchmark since inception (DS70 vs SAA) almost 5 years ago. We believe this is attractive for CFS investors seeking a smoother investment journey to reduce the impact of sequencing and longevity risk. In addition to managing sequencing risk, this approach helps address behavioural risks, such as loss aversion, which is particularly amplified in retirement.



CFS has a restricted investment menu compared to other wrap platforms, therefore, to allow us to drive a better outcome for investors, Drummond CFS portfolios include an allocation to the Drummond Dynamic Plus Fund. The Drummond Dynamic Plus Fund was launched in January 2021 and is an extension of our flagship Drummond Dynamic Portfolio launched at the firm's inception. The Fund is a dynamically managed, global multi-asset strategy and has been rated by SQM 4 Stars, Superior. Suitable for inclusion on most APLs: High Investment Grade.

Allocating to a real return fund is an innovative way to provide diversified sources of returns across liquid markets such as equities, bonds, and credit as well as reducing drawdown risk through Drummond's proven tactical asset allocation process. The inclusion of an allocation to the Dynamic Plus Fund achieves the following:

### Deliver a Smoother Investment Journey

Incorporating a real return fund in the managed account is beneficial to advisors and their clients seeking the ability to manage market risk, by reducing overall portfolio volatility and managing drawdown risk.

In addition to the proven behavioural benefits of this strategy, we believe that financial outcomes of clients are better served by focusing on capital preservation.

### Efficiently Apply Tactical Views

By including a real return strategy within the managed account, portfolio changes that represent current market views can be made in real time, across all markets, in a more cost and tax effective manner.

This also alleviates the time required to implement trades and identify the best possible funds (if at all available) on the platform to express that view.

### Access a Wider Range of Asset Classes

By incorporating a real return fund within the Drummond CFS managed account, the portfolio becomes more diversified across asset classes, including less traditional ones that may not be accessible via the existing investment options on CFS.

In our view, portfolio diversity helps to drive better investment outcomes.

# Drummond Team & Service

Drummond is independently owned and operated by co-founders Nick Reddaway and Tom Schubert, the combined team and investment committee have over 160 years investment management experience spanning equities, foreign exchange, fixed income, and alternatives both in Australia and overseas.

	<b>Nick Reddaway</b> Co-Founder / CIO Melbourne 8 / 25 years		<b>Tom Schubert</b> Co-Founder / CEO Melbourne 8 / 20 years
INVESTMENT TEAM			
	<b>Alex Cathcart, CFA</b> Partner Senior Portfolio Manager Brisbane 6 / 20 years		<b>Matt O'Neill, CFA</b> Partner Portfolio Manager Melbourne 4 / 11 years
	<b>Adele O'Shannassy, CFA</b> Head of Research Melbourne 3 / 10 years		<b>Mark Fenech</b> Senior Asset Consultant Sydney 1 / 24 years
	<b>Jason Jia</b> Investment Analyst Melbourne 1 / 6 years		<b>Riya Maben</b> Portfolio Analyst Melbourne 3 / 4 years
	<b>Aaron Segal</b> Quantitative Analyst Melbourne		<b>Caitriona Wortley</b> Partner Head of Strategic Growth Sydney 4 / 21 years
CLIENT & OPERATIONS TEAM			
	<b>Elliott Kavanagh</b> Head of Operations Melbourne 4 / 10 years		<b>Harry Graham</b> Account Manager Melbourne 4 / 8 years
	<b>Catherine Cooke</b> Regional Manager NSW Sydney 1 / 21 years		<b>Ben Dallimore</b> Associate Melbourne 1 / 1 years
	<b>Shyan Sunnassee</b> Business Development Manager Melbourne 2 / 10 years		<b>Luke Grundy</b> Regional Manager WA Perth 1 / 15 years
	<b>New Hire</b> Implementation & Compliance Melbourne		
EXTERNAL ADVISORS			
	<b>Mark Nicholson</b> Partner Investment Committee Melbourne 7 / 36 years		<b>Peter Hodgson</b> Partner Investment Committee Melbourne 7 / 38 years
	<b>Shannon Ryan</b> Legal Counsel Melbourne 7 / 30 years		<b>Murray Jones</b> Compliance Officer Melbourne 1 / 25 years

We have offices in Melbourne, Sydney and Brisbane and established clients in every state which will see us host regular events specifically for the CFS managed accounts across the country. Our client service team is available to assist with any queries at: [clientservice@drummondcp.com](mailto:clientservice@drummondcp.com).

Drummond are well known for quality reporting and communications and our CFS solution is no exception. On the dedicated website: [www.drummondcp.com/drummond-cfs](http://www.drummondcp.com/drummond-cfs) you will find:

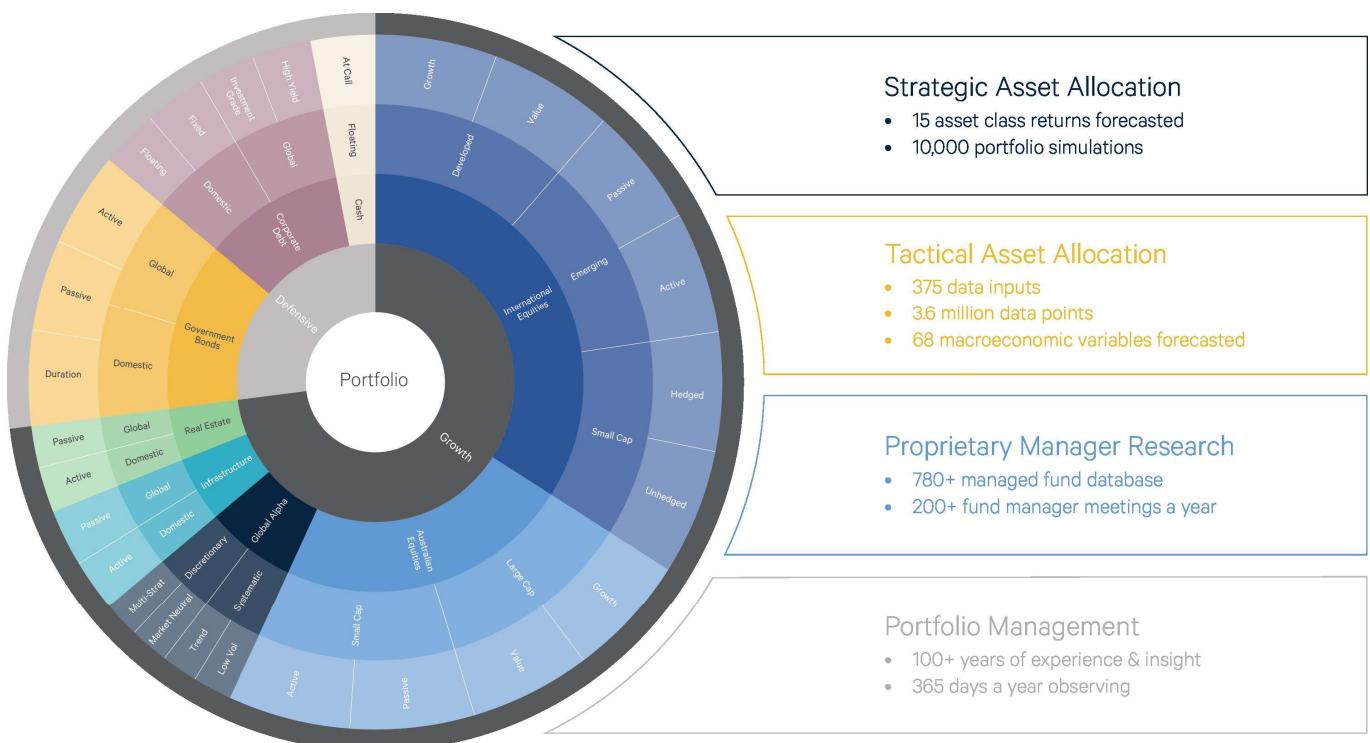
- Portfolio fact sheets
- Monthly reports for each portfolio
- Real time portfolio updates
- Monthly video updates from our investment team
- Videos on our business and investment process
- Excel file with detailed portfolio holdings

# Investment Process & Philosophy

The Drummond Investment Philosophy is centred around the belief that markets are not always efficient in the short term. By minimising potential for losses in weak periods, we believe the compounded growth will be superior over time, creating a better investment journey.

We believe in active management both at a portfolio level (tactical asset allocation) and within the asset classes, seeking to identify which sub-sectors have persistent opportunities for outperformance (alpha) and seeking to find those managers best positioned to generate alpha over time.

Our process has 3 distinct processes which is combined with our extensive portfolio management experience and proprietary systems to deliver robust investment portfolios.



# Portfolio Overview

	Conservative	Moderate	Balanced	Growth	High Growth
<b>Description</b>	This portfolio has a neutral exposure to growth assets of 30% and is suitable for investors with a moderate tolerance to risk, seeking less volatile returns and regular income.	This portfolio has a neutral exposure to growth assets of 50% and is suitable for investors with a balanced tolerance to risk, seeking less volatile returns and regular income.	This portfolio has a neutral exposure to growth assets of 60% and is suitable for investors with a balanced tolerance to risk, seeking less volatile returns and regular income.	This portfolio has a neutral exposure to growth assets of 70% and is suitable for investors with a high tolerance to risk, seeking capital growth and regular income.	This portfolio has a neutral exposure to growth assets of 90% and is suitable for investors with a high tolerance to risk, seeking long term capital growth.
<b>Growth range</b>	20-40%	40-60%	50-70%	60-80%	80-100%
<b>Neutral growth</b>	30%	50%	60%	70%	90%
<b>Dynamic Plus Fund allocation</b>	10%	10%	15%	15%	15%
<b>Average number of holdings</b>	17	19	19	17	14
<b>Minimum timeframe</b>	3 years	5 years	6 years	7 years	9 years
<b>Benchmark &amp; objective</b>	FE AMI Moderate	FE AMI Balanced	FE AMI Balanced	FE AMI Growth	FE AMI Aggressive
<b>Active / passive split (estimate)</b>	88%	82%	83%	76%	73%
<b>Fees – CFS Super *</b>	Refer to latest CFS "Portfolio Holdings" spreadsheet located on microsite <a href="http://www.drummondcp.com/drummond-cfs">www.drummondcp.com/drummond-cfs</a>				
<b>Fees – CFS Pension*</b>	Refer to latest CFS "Portfolio Holdings" spreadsheet located on microsite <a href="http://www.drummondcp.com/drummond-cfs">www.drummondcp.com/drummond-cfs</a>				
<b>Fees – Accelerate 100* (PDS)</b>	0.64%	0.67%	0.69%	0.72%	0.73%

\*Fees are total administration and investment fees and costs excluding transaction costs.

# Drummond Conservative

---

## INVESTORS THIS PORTFOLIO IS DESIGNED FOR

This portfolio has a neutral exposure to growth assets of 30% and is suitable for investors with a conservative tolerance to risk, seeking less volatile returns and regular income. The portfolio is highly diversified across equities, real assets, government bonds, corporate debt, and alternatives.

## OBJECTIVE

The objective of this portfolio is to exceed, over the investment time horizon, the return of the FE AMI Mixed Asset Moderate Peer Group. Through tactical asset allocation, we also seek to achieve this with equal to or lower than peer volatility.

## BENCHMARK & INVESTMENT HORIZON

The benchmark for this portfolio is the FE AMI Mixed Asset Moderate Peer Group. Investors should consider the investment horizon to be at least 3 years.

## INVESTMENT STRATEGY

The portfolio combines the four pillars of Drummond's investment process - strategic asset allocation, tactical asset allocation, investment manager research and portfolio construction. In general, the portfolio will have a long-term average exposure of around 70% to defensive assets (including fixed interest and cash) and 30% to growth assets (including shares, property, infrastructure, and alternatives). However, these allocations will be actively managed within the allowable ranges depending on market conditions.

## ASSET ALLOCATION RANGE

Asset Class	Minimum %	Neutral %	Maximum %
Australian Equities	5	8	20
International Equities	5	11	20
Real Estate & Infrastructure	0	1	15
Drummond Dynamic Allocation	0	10	10
Cash	20	20	50
Government Bonds		25	
Corporate Debt		25	
Defense	80	70	60
Growth	20	30	40

# Drummond Moderate

## INVESTORS THIS PORTFOLIO IS DESIGNED FOR

This portfolio has a neutral exposure to growth assets of 50% and is suitable for investors with a balanced tolerance to risk, seeking less volatile returns and regular income. The portfolio is highly diversified across equities, real assets, government bonds, corporate debt, and alternatives.

## OBJECTIVE

The objective of this portfolio is to exceed, over the investment time horizon, the return of the FE AMI Mixed Asset Balanced Peer Group. Through tactical asset allocation, we also seek to achieve this with equal to or lower than peer volatility.

## BENCHMARK & INVESTMENT HORIZON

The benchmark for this portfolio is the FE AMI Mixed Asset Balanced Peer Group. Investors should consider the investment horizon to be at least 5 years.

## INVESTMENT STRATEGY

The portfolio combines the four pillars of Drummond's investment process - strategic asset allocation, tactical asset allocation, investment manager research and portfolio construction. In general, the portfolio will have a long-term average exposure of around 50% to defensive assets (including fixed interest and cash) and 50% to growth assets (including shares, property, infrastructure, and alternatives). However, these allocations will be actively managed within the allowable ranges depending on market conditions.

## ASSET ALLOCATION RANGE

Asset Class	Minimum %	Neutral %	Maximum %
Australian Equities	10	16	25
International Equities	10	20	25
Real Estate & Infrastructure	0	4	20
Drummond Dynamic Allocation	0	10	10
Cash	10	10	30
Government Bonds		26	
Corporate Debt		14	
Defense	40	50	60
Growth	40	50	60

# Drummond Balanced

## INVESTORS THIS PORTFOLIO IS DESIGNED FOR

This portfolio has a neutral exposure to growth assets of 60% and is suitable for investors with a balanced tolerance to risk, seeking a combination of capital growth and regular income. The portfolio is highly diversified across equities, real assets, government bonds, corporate debt, and alternatives.

## OBJECTIVE

The objective of this portfolio is to exceed, over the investment time horizon, the return of the FE AMI Mixed Asset Balanced Peer Group. Through tactical asset allocation, we also seek to achieve this with equal to or lower than peer volatility.

## BENCHMARK & INVESTMENT HORIZON

The benchmark for this portfolio is the FE AMI Mixed Asset Balanced Peer Group. Investors should consider the investment horizon to be at least 6 years.

## INVESTMENT STRATEGY

The portfolio combines the four pillars of Drummond's investment process - strategic asset allocation, tactical asset allocation, investment manager research and portfolio construction. In general, the portfolio will have a long-term average exposure of around 40% to defensive assets (including fixed interest and cash) and 60% to growth assets (including shares, property, infrastructure, and alternatives). However, these allocations will be actively managed within the allowable ranges depending on market conditions.

## ASSET ALLOCATION RANGE

Asset Class	Minimum %	Neutral %	Maximum %
Australian Equities	15	17	30
International Equities	15	21	30
Real Estate & Infrastructure	0	7	20
Drummond Dynamic Allocation	0	15	15
Cash	10	10	30
Government Bonds		19	
Corporate Debt		11	
Defense	30	40	50
Growth	50	60	70

# Drummond Growth

## INVESTORS THIS PORTFOLIO IS DESIGNED FOR

This portfolio has a neutral exposure to growth assets of 70% and is suitable for investors with a high tolerance to risk, seeking capital growth and some income. The portfolio is highly diversified across equities, real assets, government bonds, corporate debt, and alternatives.

## OBJECTIVE

The objective of this portfolio is to exceed, over the investment time horizon, the return of the FE AMI Mixed Asset Growth Peer Group. Through tactical asset allocation, we also seek to achieve this with equal to or lower than peer volatility.

## BENCHMARK & INVESTMENT HORIZON

The benchmark for this portfolio is the FE AMI Mixed Asset Balanced Peer Group. Investors should consider the investment horizon to be at least 7 years.

## INVESTMENT STRATEGY

The portfolio combines the four pillars of Drummond's investment process - strategic asset allocation, tactical asset allocation, investment manager research and portfolio construction. In general, the portfolio will have a long-term average exposure of around 30% to defensive assets (including fixed interest and cash) and 70% to growth assets (including shares, property, infrastructure, and alternatives). However, these allocations will be actively managed within the allowable ranges depending on market conditions.

## ASSET ALLOCATION RANGE

Asset Class	Minimum %	Neutral %	Maximum %
Australian Equities	15	21	40
International Equities	15	27	40
Real Estate & Infrastructure	0	7	20
Drummond Dynamic Allocation	0	15	15
Cash	0	2	10
Government Bonds		20	
Corporate Debt		8	
Defense	20	30	70
Growth	60	70	80

# Drummond High Growth

## INVESTORS THIS PORTFOLIO IS DESIGNED FOR

This portfolio has a neutral exposure to growth assets of 90% and is suitable for investors with a high tolerance to risk, seeking long term capital growth. The portfolio is diversified across equities, real assets and alternatives.

## OBJECTIVE

The objective of this portfolio is to exceed, over the investment time horizon, the return of the FE AMI Mixed Asset Aggressive Peer Group. Through tactical asset allocation, we also seek to achieve this with equal to or lower than peer volatility.

## BENCHMARK & INVESTMENT HORIZON

The benchmark for this portfolio is the FE AMI Mixed Asset Aggressive Peer Group. Investors should consider the investment horizon to be at least 9 years.

## INVESTMENT STRATEGY

The portfolio combines the four pillars of Drummond's investment process - strategic asset allocation, tactical asset allocation, investment manager research and portfolio construction. In general, the portfolio will have a long-term average exposure of around 10% to defensive assets (including fixed interest and cash) and 90% to growth assets (including shares, property, infrastructure, and alternatives). However, these allocations will be actively managed within the allowable ranges depending on market conditions.

## ASSET ALLOCATION RANGE

Asset Class	Minimum %	Neutral %	Maximum %
Australian Equities	25	28	50
International Equities	25	38	60
Real Estate & Infrastructure	0	9	20
Drummond Dynamic Allocation	0	15	15
Cash	0	2	10
Government Bonds		6	
Corporate Debt		2	
Defense	0	10	20
Growth	80	90	100

## DISCLAIMER

The information in this document has been provided by Drummond Capital Partners (ABN: 15 622 660 182) AFSL 534213. All the information in this document is general in nature and should not be considered personal advice. This document is not intended for public or third-party use. To the maximum extent permitted by law, neither Drummond nor any of their associates, related parties, directors, officers, employees, advisers (including financial, accounting and legal advisers) or representatives make any recommendation in relation to the investments, or make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this document. This document is intended to provide potential Investors with general information only and does not constitute a product disclosure statement or any other disclosure document under the Corporations Act 2001 (Cth) (Act). This document has not been lodged with the Australian Securities and Investments Commission (ASIC) or any other government body or regulator. This information is intended only for persons who qualify as wholesale clients (as defined in section 761G(7) of the Act) or sophisticated investors (as defined in section 761GA of the Act), (collectively, Qualifying Investors). Past performance is not indicative of future performance. Please seek financial advice.