



# Drummond CFS Conservative Portfolio

## Super & Pension

### Monthly Update - December 2025

#### MARKET COMMENTARY

Global equities edged higher in December, with the MSCI ACWI up 0.8%. The Federal Reserve cut interest rates by 25bps, reiterating that the extent and timing of further policy adjustments depend on the direction of the job market and inflation, which it continues to view as 'somewhat elevated'. The S&P 500 rose by 0.1%. However, volatility surfaced during the month when Oracle announced delays to data center completions, while market heavyweight Broadcom reported disappointing earnings, triggering share price declines and prompting investors to assess the potential implications for the broader market.

Australian equities outperformed global markets, rising 1.3% for the month, despite local rates markets bringing forward expectations of interest rate hikes and pricing a 25-basis point increase by November 2026. Basic resources and financials were the strongest contributors, up 6.5% and 3.3% respectively, with major resource companies and banks driving gains. Technology continued to lag, declining 7.7% over the month. Australian REITs recovered 2.0% following November's sharp sell-off, ignoring the more negative rates outlook alongside the broader market. Emerging markets rose 3.0% for the month, capping a strong year, up 34.4% versus 20.2% for the MSCI ACWI and 10.3% for the S&P/ASX 200.

U.S Treasury yields edged lower by 0.5%, as investors questioned the durability of the Federal Reserve's policy-easing trajectory. Australian bonds fell 0.9%, yet markets more broadly continue to signal policy divergence, with Australian rates anchored by domestic inflation risks while U.S yields reflect growing confidence in future easing. High-yield credit rose 0.5%, reinforcing the bullish market tone, whilst investment-grade credit fell 0.7% with average credit spreads remaining low.

Commodities were mixed, with oil declining 2.3% on wide-ranging geopolitical risks and steadily rising supplies, whilst gold rose 3.0% on safe-haven demand. The Australian dollar rose 2.4% to a 14-month high against the U.S Dollar, buoyed by higher commodity prices and a widening interest rate differential between the regions.

#### PORTFOLIO COMMENTARY

The Drummond CFS Conservative Portfolio delivered 0.2% in December. This compares to a return of 0.0% for the FE AMI Growth Index.

Australian equity managers largely benefited from strong performance in the materials and financials sectors. Resources gained on rising commodity prices, while financials were supported by shifting rate expectations. Global equity manager performance was mixed, with the Asia manager lagging due to underweight positions in large semiconductor names that outperformed due to AI optimism. In contrast, the systematic manager contributed positively, being overweight to a strongly performing financial sector.

The infrastructure manager underperformed on an absolute basis but remained in line with the benchmark, while bond managers posted modestly negative returns as yields rose across the long end in most regions. All credit managers positively contributed. No changes were made to the portfolio for the month.

#### PORTFOLIO OVERVIEW

This portfolio has a neutral exposure to growth assets of 30% and is suitable for those investors seeking less volatile returns with a conservative risk tolerance.

#### KEY FACTS

Inception Date	Apr-24
Asset Class	Global Multi Asset
Style	Active
Typical Split	30% Growth / 70% Defense
Investment Horizon	3 years
Benchmark Index	FE AMI Moderate
Est. Total Cost Super	0.77% p.a.
Est. Total Cost Pension	0.77% p.a.

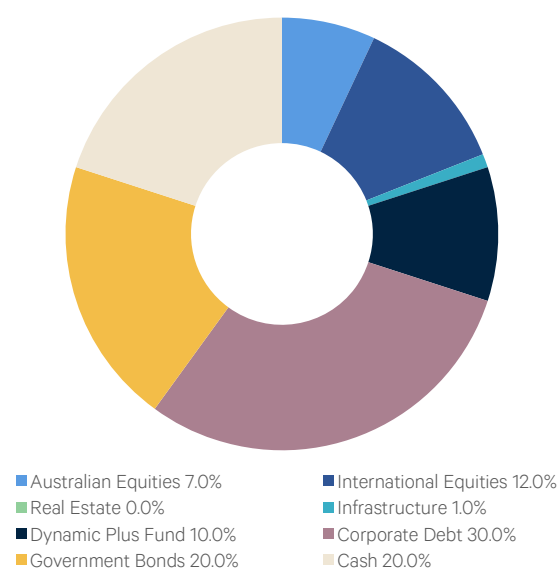
#### TACTICAL TILTS\*

Australian Equities  
International Equities  
Real Estate  
Infrastructure  
Government Bonds  
Corporate Debt  
Cash



\*Look through asset class exposure including Dynamic Plus Fund

#### CURRENT ASSET ALLOCATION

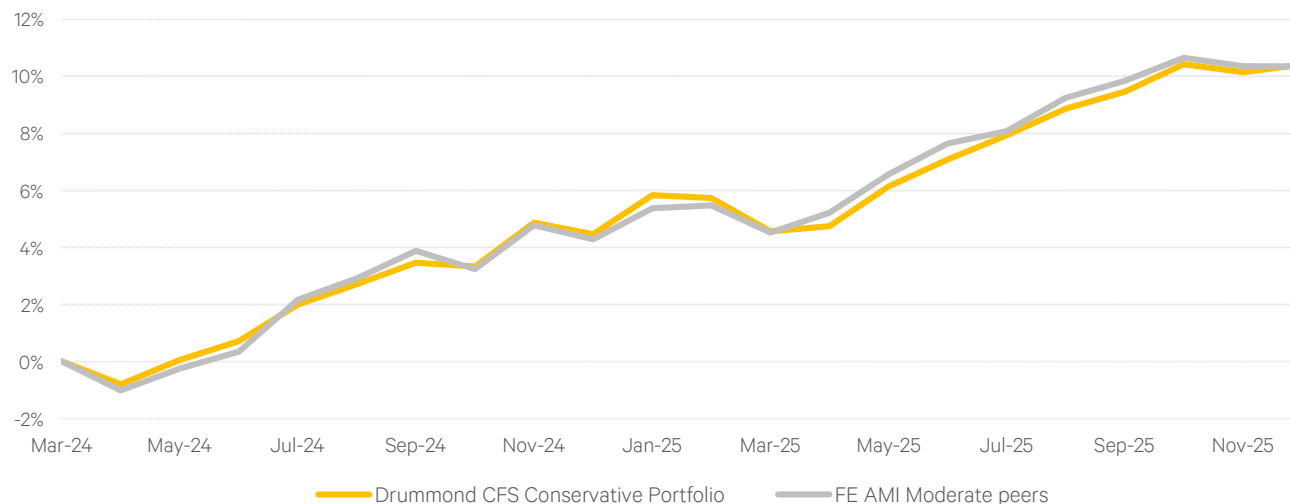


## PORTFOLIO PERFORMANCE (Pension)

	1m %	3m %	6m %	1yr %	3yr p.a. %	S.I%
Drummond CFS Conservative Portfolio	0.2%	0.9%	3.1%	5.7%		5.9%
FE AMI Moderate	0.0%	0.5%	2.5%	5.8%		5.9%
Difference	0.2%	0.4%	0.6%	-0.1%		0.0%

Source: Drummond Capital Partners, Refinitiv, FE FundInfo. Inception Date is 10 April 2024.

## PERFORMANCE SINCE INCEPTION (Pension)



## PORTFOLIO HOLDINGS

ASSET CLASS	FUND MANAGER	WEIGHT %
<b>DIVERSIFIED REAL RETURN</b>		<b>10.0</b>
	Drummond Dynamic Plus Fund	10.0
<b>AUSTRALIAN EQUITIES</b>		<b>7.0</b>
	Pendal Australian Share Fund	4.0
	Solaris Australian Share Fund	3.0
<b>INTERNATIONAL EQUITIES</b>		<b>12.0</b>
	Colonial First State Wholesale Index Global Share - Hedged	8.0
	Fidelity Asia Fund	2.0
	Colonial First State Wholesale Index Global Share	1.0
	Acadian Global Equity	1.0
<b>INFRASTRUCTURE</b>		<b>1.0</b>
	ClearBridge RARE Infrastructure Value Fund	1.0
<b>CASH</b>		<b>20.0</b>
	CFS Enhanced Cash Fund	20.0
<b>GOVERNMENT BONDS</b>		<b>20.0</b>
	PIMCO Global Bond Fund	10.0
	Western Asset Wholesale Australian Bond	10.0
<b>CORPORATE DEBT</b>		<b>30.0</b>
	Kapstream Wholesale Absolute Return Income Fund	10.0
	Perpetual Wholesale Diversified Income Fund	10.0
	Yarra Enhanced Income Fund	10.0
<b>TOTAL LOOK THROUGH EXPOSURE (inc. Plus Fund)</b>		
	Growth Assets	31.5
	Defensive Assets	68.5

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