



Drummond CFS Balanced 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 Balanced Portfolio delivered 0.1% 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 60% and is suitable for those investors with a balanced risk profile seeking less volatility and regular income.

KEY FACTS

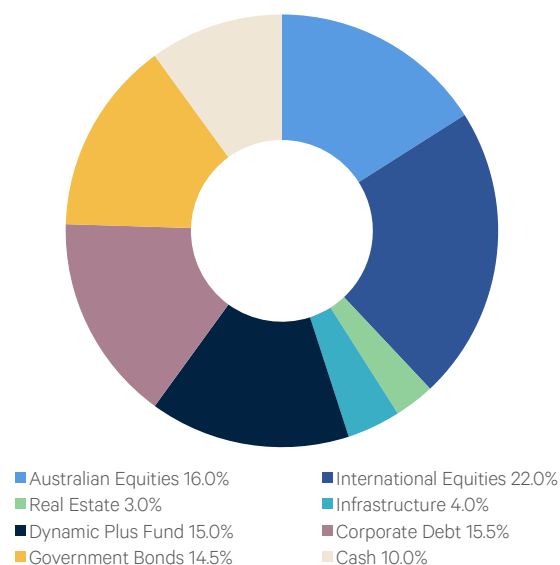
Inception Date	Apr-24
Asset Class	Global Multi Asset
Style	Active
Typical Split	60% Growth / 40% Defense
Investment Horizon	6 years
Benchmark Index	FE AMI Balanced
Est. Total Cost Super	0.81% p.a.
Est. Total Cost Pension	0.81% p.a.

TACTICAL TILTS*

Australian Equities	Underweight
International Equities	Overweight
Real Estate	Neutral
Infrastructure	Overweight
Government Bonds	Underweight
Corporate Debt	Overweight
Cash	Neutral

*Look through asset class exposure including Dynamic Plus Fund

CURRENT ASSET ALLOCATION

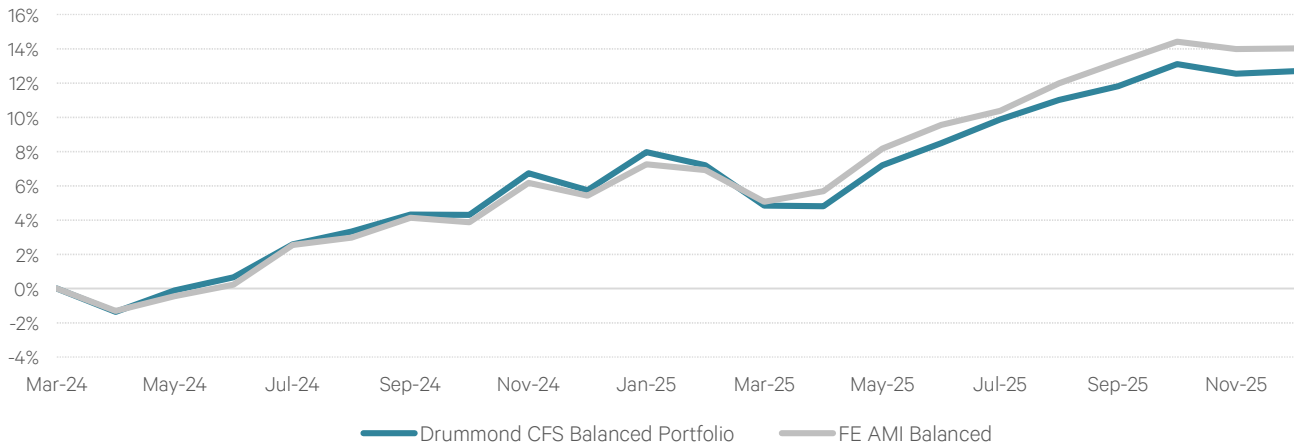


PORTFOLIO PERFORMANCE (Pension)

	1m %	3m %	6m %	1yr %	3yr pa %	S.I%
Drummond CFS Balanced Portfolio	0.1%	0.8%	3.9%	6.6%		7.2%
FE AMI Balanced	0.0%	0.7%	4.1%	8.2%		7.9%
Difference	0.1%	0.1%	-0.2%	-1.6%		-0.7%

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

PERFORMANCE SINCE INCEPTION (Pension)



PORTFOLIO HOLDINGS

ASSET CLASS	FUND MANAGER	WEIGHT %
DIVERSIFIED REAL RETURN		15.0
	Drummond Dynamic Plus Fund	15.0
AUSTRALIAN EQUITIES		16.0
	Pendal Australian Share Fund	5.5
	Solaris Australian Share Fund	5.0
	DNR Capital Australian Equities High Conviction Fund	3.0
	Longwave Australian Small Companies Fund	2.5
INTERNATIONAL EQUITIES		22.0
	Colonial First State Wholesale Index Global Share - Hedged	9.0
	Colonial First State Wholesale Index Global Share	7.5
	Fidelity Asia Fund	3.0
	Acadian Global Equity	2.5
REAL ESTATE		3.0
	Pendal Property Securities Fund	1.5
	Quay Global Real Estate Fund	1.5
INFRASTRUCTURE		4.0
	ClearBridge RARE Infrastructure Value Fund	4.0
CASH		10.0
	CFS Enhanced Cash Fund	10.0
GOVERNMENT BONDS		14.5
	Western Asset Wholesale Australian Bond	8.5
	PIMCO Global Bond Fund	6.0
CORPORATE DEBT		15.5
	Kapstream Wholesale Absolute Return Income	6.5
	Yarra Enhanced Income Fund	5.0
	Perpetual Wholesale Diversified Income Fund	4.0
TOTAL LOOK THROUGH EXPOSURE (inc. Plus Fund)		
	Growth Assets	62.3
	Defensive Assets	37.7

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