



Drummond CFS Balanced Portfolio

FirstChoice - Super & Pension

Monthly Update - January 2026

MARKET COMMENTARY

January saw the positive momentum for global equities continue, with the MSCI ACWI rising 2.5%. The world Economic Forum in Davos was held against a backdrop of heightened geopolitical tension, with Greenland emerging as a focal point. In the lead up, U.S. President Trump threatened tariffs on several European countries as part of efforts to secure control over Greenland, prompting an initial negative reaction across equity and bond markets. These moves subsequently reversed, with markets closing higher following Trump changing his position remarking that any U.S. framework for Greenland's future would not involve tariffs on Europe. The S&P 500 gained 1.5%, breaching 7,000 for the first time on continued AI optimism. Emerging markets gained 8.9%, supported by inflows from global investors seeking to counterweight to U.S. equity risks.

Australian equities were led by resource and energy sector strength, rising 8.8% and 6.5% respectively, in contrast to the 4.2% decline for the technology sector. The broader market rose 1.8%, despite higher headline and underlying inflation at 3.6% and 3.4% respectively, persistently above the RBA's 2.5% midpoint of its target range. This prompted local markets to price in a February interest rate hike. Anticipation of higher rates weighed on Australian REITs, falling 3.2%.

U.S. Treasury yields were flat on caution over global rate paths, with Trump nominating former Fed Governor Kevin Warsh to replace Jerome Powell as the next Chair of the Fed. Similarly, Australian bonds were flat and saw late bidding on inflation digestion. High-yield and investment grade credit rose 0.6% and 0.3% respectively.

Commodities were mostly strong with oil rising 12.6% on geopolitical concerns including the potential for U.S. action against Iran disrupting global supply. Gold gained 16.3% on continued safe-haven bidding, though a late month sell-off trimmed some gains, with silver and copper also falling as expectations of aggressive U.S. rate cuts faded following Trump's Fed chair nomination. The Australian dollar surged to three-year highs on greenback weakness, strong commodity prices and prospects of a Reserve Bank rate hike.

PORTFOLIO COMMENTARY

The Drummond CFS Balanced Portfolio delivered 0.6% in January. This compares to a return of 0.5% for the FE AMI Balanced Index.

Strong performance from Australian equity managers stemmed from solid gains in the resource sector. Global equity performance was mixed. The hedged global equities index exposure benefited from a rising local currency, while Fidelity Asia Fund underperformed its benchmark due to cautious positioning in the technology sector. The infrastructure allocation delivered a solid return, while bond and credit managers contributed positively across the board.

The Yarra Global Small Companies Fund was added to the portfolio during the month, funded through a commensurate reduction in the portfolio's global equities index exposure.

Wholesale clients only

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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.

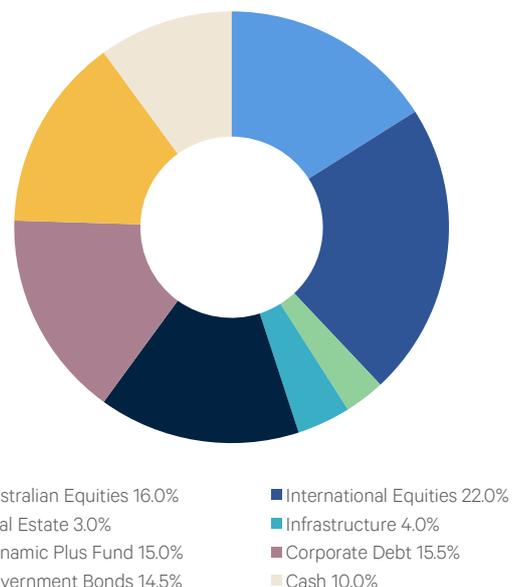
*Fees represent total administration fees, investment fees and costs, and exclude transaction costs.

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



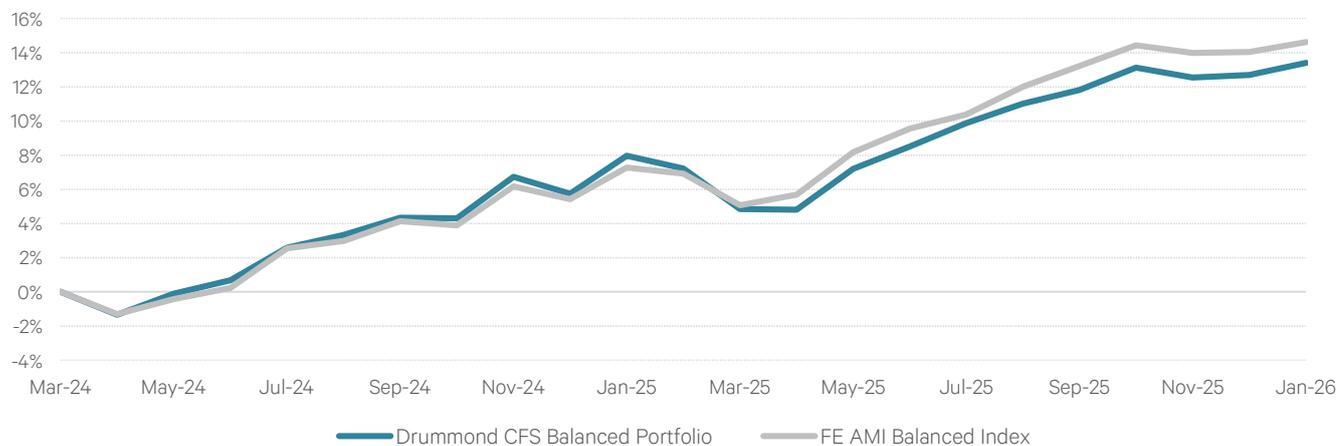
PORTFOLIO PERFORMANCE – JANUARY 2026 (Pension)

	1m %	3m %	6m %	1yr %	3yr pa %	S.I pa %
Drummond CFS Balanced Portfolio	0.6	0.3	3.2	5.1		7.2
FE AMI Balanced Index	0.5	0.2	3.9	6.9		7.8
Difference	0.1	0.1	-0.7	-1.8		-0.6

Note: Past performance is not a reliable indicator of future performance.

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 Fund - Hedged	9.0
	Colonial First State Wholesale Index Global Share Fund	5.0
	Fidelity Asia Fund	3.0
	Yarra Global Small Companies Fund	2.5
	Acadian Global Equity Fund	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 Fund	8.5
	PIMCO Global Bond Fund	6.0
CORPORATE DEBT		15.5
	Kapstream Wholesale Absolute Return Income Fund	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

IMPORTANT NOTICE

This information is based on the latest available data provided by the underlying investment managers. Returns greater than one year are annualised. Performance is shown net of underlying fund manager fees and gross of model management fees and is calculated from the model portfolio within CFS FirstChoice. Actual client performance may differ over time. Peers represent a composite of institutional multi-asset funds.

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