



# Drummond CFS Conservative Portfolio

## FirstChoice - Super & Pension

### Monthly Update - February 2026

#### MARKET COMMENTARY

It was an eventful month across markets, with volatility driven by both macro developments and shifting sector level dynamics. Late February, Israel and the U.S commenced coordinated military action against Iran, adding to the geopolitical risk premium. The U.S Supreme Court struck down several of President Trump's tariffs, placing ~\$175 billion in collected duties at risk of refund and adding to existing policy uncertainty.

The U.S labour market strengthened in January making the case of a stabilising employment backdrop. The MSCI ACWI advanced 1.5% whilst the S&P 500 index declined 0.8%, with the latter weighted down by a broad software sell-off following Anthropic's launch of Cwork, which investors perceived as a potential structural threat to the software sector. Despite this, we are in the final stretch of reporting season, with 96% of S&P 500 companies having reported at month end, with 73% delivering positive EPS and revenue growth surprises.

Australian equities reach record highs following a strong earnings season, with miners, banks and consumer staples delivering outsized returns. Anticipation of higher rates continued to pressure Australian REITs, falling 2.4%. Emerging markets rose 5.5% over the month, supported by sector rotation and a rally in memory chipmakers, fuelled by AI-driven capital expenditure, predominately from U.S demand. European equities rose 3.5%, supported by reporting earnings growth exceeding analyst expectations.

U.S bond prices gained 1.9% on softer-than-expected January inflation data, despite a resilient labour market. Australian bonds rose 1.1%, with sticky inflation providing less room for yields to fall. High-yield credit was flat, whilst investment grade credit rose 1.4%.

Amid volatility, driven in part by geopolitical risks, commodities closed higher with oil and gold rising 3.7% and 3.5% respectively. The Australian dollar extended gains against the U.S dollar, supported by strengthening commodity prices and a hawkish local interest rate outlook.

#### PORTFOLIO COMMENTARY

The Drummond CFS Conservative Portfolio delivered 1.1% in February. This compares to a return of 1.1% for the FE AMI Moderate Index.

Resources and financials were the strongest performing sectors for the month, benefiting Australian equity managers Solaris and Pental, though returns were somewhat constrained by weakness in the healthcare sector. The rotation away from the U.S market leaders continued into emerging markets and small caps, benefiting the portfolio's Asia exposure via Fidelity and the recent small companies addition in Yarra respectively. The infrastructure allocation delivered a particularly strong return, driven by megatrends such as AI and decarbonisation, alongside its defensive characteristics amid rising market volatility. Within defensive assets, bond and credit managers contributed positively across the board.

During the month we reduced cash allocations to lower cash drag and increased diversification through real return, government bonds and corporate debt.

#### 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.

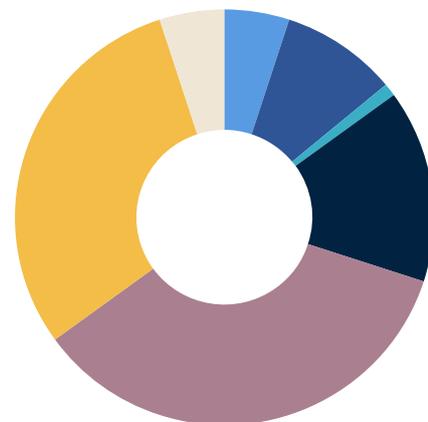
\*Fees represent total administration fees, investment fees and costs, and exclude transaction costs.

#### 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



Australian Equities 5.0%	International Equities 9.0%
Real Estate 0.0%	Infrastructure 1.0%
Dynamic Plus Fund 15.0%	Corporate Debt 35.0%
Government Bonds 30.0%	Cash 5.0%

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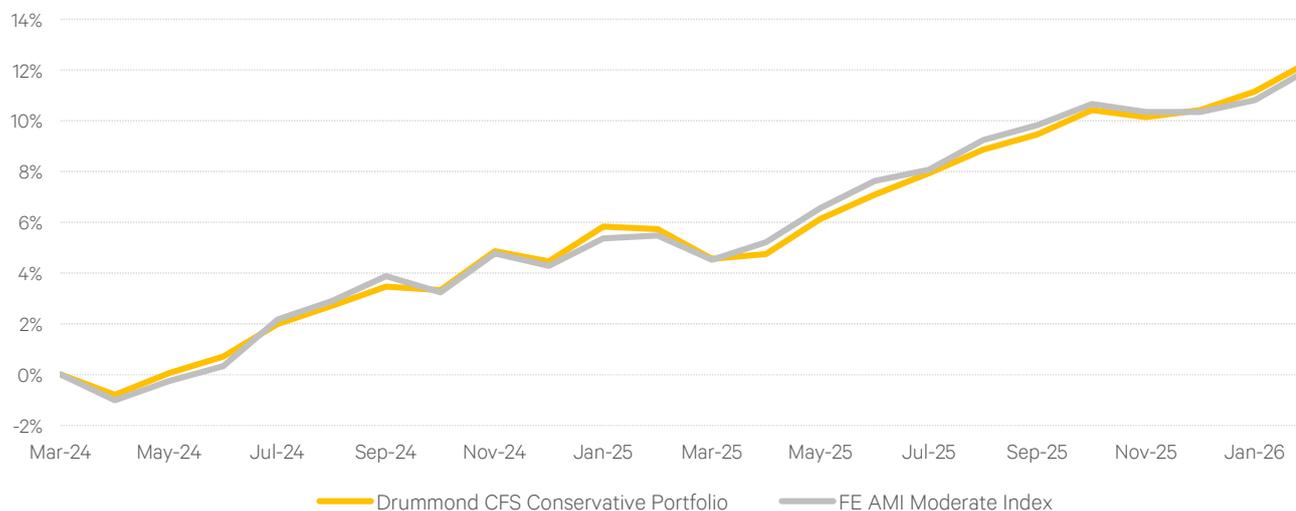
## PORTFOLIO PERFORMANCE - FEBRUARY 2026 (Pension)

	1m %	3m %	6m %	1yr %	3yr p.a. %	S.I p.a. %
Drummond CFS Conservative Portfolio	1.1	2.0	3.2	6.2		6.3
FE AMI Moderate Index	1.1	1.5	2.6	6.2		6.2
Difference	0.0	0.5	0.6	0.0		0.1

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 %
<b>DIVERSIFIED REAL RETURN</b>		<b>15.0</b>
	Drummond Dynamic Plus Fund	15.0
<b>AUSTRALIAN EQUITIES</b>		<b>5.0</b>
	Solaris Australian Share Fund	3.0
	Pendal Australian Share Fund	2.0
<b>INTERNATIONAL EQUITIES</b>		<b>9.0</b>
	Colonial First State Wholesale Index Global Share Fund - Hedged	5.0
	Fidelity Asia Fund	2.0
	Yarra Global Small Companies Fund	1.0
	Acadian Global Equity Fund	1.0
<b>INFRASTRUCTURE</b>		<b>1.0</b>
	ClearBridge RARE Infrastructure Value Fund	1.0
<b>CASH</b>		<b>5.0</b>
	CFS Enhanced Cash Fund	5.0
<b>GOVERNMENT BONDS</b>		<b>30.0</b>
	Western Asset Wholesale Australian Bond Fund	20.0
	PIMCO Global Bond Fund	10.0
<b>CORPORATE DEBT</b>		<b>35.0</b>
	Kapstream Wholesale Absolute Return Income Fund	15.0
	Perpetual Wholesale Diversified Income Fund	10.0
	Yarra Enhanced Income Fund	10.0
<b>TOTAL LOOK THROUGH EXPOSURE (inc. Plus Fund)</b>		
	Growth Assets	33.0
	Defensive Assets	67.0

### 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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