CFS Apex Portfolio

Apex 30

March 2025 update

CFS Apex 30
March 2025 update

CFS's 'best ideas' managed account offers sophistication without complexity.

Dynamic asset allocation
We believe skilful asset allocation is a cost-effective and powerful form of active management that is often underappreciated in the 'active versus passive' debate.

Full toolkit
We use a combination of managers, ETFs and direct shares across the portfolio. These include 'enhanced' exposures, which sit between what are traditionally considered 'passive' and 'active' building blocks.

Efficient diversification
As this portfolio has a modest allocation to large-cap Australian shares, the most feasible way of providing sufficiently diversified exposure is via the iShares S&P/ASX 20 ETF.

Investment mix
30% growth | 70% defensive assets

Minimum suggested timeframe
3 years

Platform availability
CFS Edge

Total ongoing fees and costs (p.a.)[1]
0.64%

Minimum investment
$50,000

Research rating
4 star (Superior) – SQM

1 Managed account fee (CFS SMA PDS 12/03/2025), indirect costs, recoverable expenses, performance fee, transaction costs.

What happened over the quarter?

- China's Deepseek and German fiscal reform saw a new set of winners emerge in Global Equities.
- Hopes of a less chaotic second Trump term were dashed almost immediately after his inauguration.
- The Mag-7 correction has captured headlines, but there is also a rotation within equities which offers opportunities.

What a difference a quarter makes. 2025 kicked off with a pair of left-field developments. First, Chinese AI startup Deepseek triggered a slide in the previously-unassailable 'Magnificent 7' stocks after it called the enormous capex plans – and therefore supremacy – of the US mega-cap tech companies into question. This was followed soon by the removal of the German 'debt brake' and EU commitment to defence spending in the wake of US Vice-President J.D. Vance signalling a withdrawal of US military support in Europe.

These two developments saw Europe (10%) and China (14%) strongly outperform the US (-5%) over the quarter – a sharp reversal of the 'US exceptionalism' theme that drove markets in 2024.[1] Meanwhile, the post-Trump euphoria in US equities following his election in November gave way abruptly to dismay, as the new administration shattered any illusions of a smoother 'Trump 2.0' term.

A flurry of tariff threats and actions were levelled at rival countries (such as China) and traditional allies (such as Canada, Mexico and the EU) alike. Domestically, the Elon Musk-helmed DOGE (Department of Government Efficiency) set about dismantling government agencies and retrenching public sector employees.

The resulting chaos has already impacted 'soft' corporate and consumer confidence numbers, but the key risk is whether this instability seeps into 'hard' economic data, which would suggest the odds of a man-made recession are increasing. This is a remarkable turnaround from the prevailing mood barely six weeks ago.

We are close to finalising a change in the portfolios which we intend to implement in early April. More detail will be provided in our change note, but directionally we are looking to reduce exposure to higher-valuation US Tech Megacap stocks, while increasing our exposure to (i) markets outside the US, (ii) equities in more attractively-valued segments of the market.

Looking ahead, three near-term watchpoints include:

- April 2, or 'Liberation day' may have surprises in store
- Upcoming 'hard' economic data releases in the US (indicating if lower confidence is spilling over into the real economy)
- A mooted meeting between President Trump and China's President Xi in April (will it go ahead?)

1 As measured by MSCI Europe, MSCI China and the S&P 500 TR indices In AUD respectively.

Performance: Portfolio and managers

	3 month	Since inception[1]
Return (net)	0.6%	2.2%
Benchmark (gross)[2]	0.6%	0.1%

1 1 November 2024

2 10% S&P/ASX 300 Accumulation Index, 8% MSCI ACWI ex Aust Net Index, 5% MSCI ACWI ex Aust Net Index (hedged), 2% MSCI Emerging Markets Index, 2% FTSE EPRA Nareit Developed ex Aus Rental Index NTR (AUD hedged), 3% FTSE Developed Core Infra 50/50 Index (AUD hedged), 33.5% Bloomberg Global Aggregate Index (AUD Hedged), 16.5% Bloomberg AusBond Composite 0+Yr Index, 20% Bloomberg AusBond Bank Bill Index

APIR	Asset Class	Manager	3m return	Since inception
FSF0874AU	Global Infrastructure	CFS Global Infra	5.8%	3.6%
FSF6226AU	Global Equities	RQI Global Value	3.0%	9.1%
FSF4820AU	Fixed Income	PIMCO Global Bond	1.5%	2.5%
FSF7613AU	Fixed Income	Bentham Global Income	1.4%	2.6%
FSF4813AU	Fixed Income	Western Asset Aust Bond	1.3%	3.2%
FSF9620AU	Cash	CFS Enhanced Cash	1.2%	2.1%
EMKT	Global Equities	VanEck EM Multifactor ETF	0.4%	5.3%
CSA0046AU	Fixed Income	Bentham Synd Loan	0.3%	2.3%
FSF0874AU	Global Property	Resolution Capital	0.0%	-4.5%
FSF8622AU	Global Equities	Bell Global Emerging Cos	-1.5%	4.3%
FSF9690AU	Global Equities	GQG (hedged)	-1.5%	-1.4%
FSF7753AU	Global Equities	Royal London Core	-2.9%	2.7%
ILC	Aust Equities	iShares S&P/ASX 20 ETF	-3.2%	-2.4%
FSF3550AU	Aust Equities	Antares ex-20	-4.4%	-3.0%

Past performance is no indication of future performance.

- The portfolio outperformed its benchmark over the quarter after fees.
- CFS Global Infrastructure was a beneficiary of the European rally, with Atlas' exposure to the European defence sector a key contributor.
- The divergent returns from various Global Equities managers reflected the rotation that gathered steam in mid-February. RQI Global Value has been the biggest beneficiary of this so far. The managers with the biggest 'Growth' style tilts – Antares and Royal London – underperformed, by contrast.
- A tumultuous – and historic – quarter for Global Fixed Income saw it claw back some ground versus Australian fixed income. However our overweight position in Western Asset Australian Bond has added value since inception.
- A weak quarter for Australian Equities, along with the headwinds to Growth-style equities saw Antares ex-20 lag for the quarter.

Portfolio at a glance

Growth / Defensive mix: 30 / 70

Asset allocation (%)			
Global Equities	14.5	Fixed Income	52
Australian Equities	10	Cash	18
Listed Real Assets	5.5		

How to read this treemap. This visualisation shows larger asset allocations and holdings at the top-left of the box, and smaller holdings at the bottom-right. Holdings are grouped and colour-coded by asset class. Direct stock weights are listed on the previous page and the platform cash allocation is 1%.

 The holdings shown are for a representative Model Portfolio and may differ from a client's actual portfolio.

Rationale for Apex building blocks

Asset class	Holding	Rationale
Australian equities	Antares ex-20	Core manager with growth bias in the ASX ex-20 space, where our research indicates active management is worth the cost (in contrast with the top 20 stocks, where we find Australian Equities managers struggle to consistently add alpha).
Global equities	RQI Global Value	Allows us to play the 'broadening' theme away from expensive US Megacaps and into more attractively-valued sectors such as Financials and Healthcare. Also provides greater exposure to others (e.g. Industrials, Energy) we believe will benefit from the deregulation under Trump 2.0. The choice of a systematic Value (and Quality) exposure is cost-effective.
	GQG (hedged)	High-turnover megacap manager, with demonstrated ability to risk-control through highly active sector rotation and concentrated positions. Currently defensively positioned (overweight Healthcare and Utilities), and has been reducing Mag-7 exposure selectively since mid-2024.
	Royal London Core	Diversifies large cap exposure and reduce overall portfolio turnover from GQG. Conviction in Core strategy maintained following Peter Rutter's departure from Royal London in 2024, as much of the IP remains with Royal London (unlike the concentrated strategy, which carried more key person risk). The tight risk control is valuable in an environment of major sectoral and country rotation within global equities.
	Bell Global Emerging Companies	Quality Growth global small and mid-cap (SMID) fund should counterbalance Mega-cap bias of GQG and mirrors its fundamental approach in a different market cap segment. We currently favour an active approach in the SMID space as we see it as a 'target-rich' environment.
	VanEck EM Multifactor ETF	Lower-cost systematic EM exposure aligns with CFS Investments' research-backed view that factor premia are stronger and more persistent in Emerging Markets than in Developed Markets. Multifactor exposure should offer more stable returns than single-factor exposure, and minimises country bets (which we believe are often unrewarded risk).
Listed Real Assets	Resolution Capital	Focus on identifying REITs with well-managed, high-quality assets that are able to deliver sustainable cash earnings.
	CFS Global Listed Infrastructure	Multi-manager portfolio comprising Cohen & Steers, Atlas and Lazard. The infrastructure sector has broadened beyond 'core defensive' over the past decade, to now include growth-oriented, thematic sectors such as Energy, Wireless Telecoms and Data Centres. The multi-manager portfolio (run by CFS) ensures exposure to the full gamut of subsectors, while harnessing the managers' specialist alpha generation capabilities.
Fixed Income	Bentham Global Income	Continues to play a dual role – broad active IG credit exposure with a well-regarded manager, and active duration which helped preserve fixed income's 'defensive' qualities during the 2022 selloff. Current exposure is an attractive combination of US Credit, and Aust/UK/NZ/European duration.
	Bentham Syndicated Loan	High Yield Credit is one of our highest-conviction asset classes in the portfolio. The combination of attractive all-in yields and pleasing resilience amidst recent bouts of market volatility compares favourably to government bonds. Bentham's Syndicated Loan provides an actively managed US-oriented, but diversified exposure to this theme.
	Western Asset Australian Bond	Western Asset has a long track record in managing a 'core' Australian duration strategy. It seeks incremental value in sectors such as Semi-government bonds but is a low-risk strategy overall.
	PIMCO Global Bond	PIMCO Global provides us with exposure to Global Duration (Government Bonds and IG Credit). This is a low-tracking error, diversified 'blue-chip' strategy.

This list include building blocks used across the entire CFS Apex suite. The names here may not align to the risk profile / portfolio on the previous page.

Find out more

To find out more about CFS managed account portfolios, investors can contact their financial adviser or call CFS on 1300 769 619.

Advisers can contact their CFS Business Development Manager or call CFS on 13 18 36.

Total ongoing fees and costs are GST inclusive, net of any input tax credits (including reduced input tax credits). Refer to the CFS Edge Signature Managed Account PDS for more information.

The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

Past performance is not an indicator of future performance for this option or any other option available from Colonial First State. The performance and holdings in this document are for a representative Model Portfolio and are not a guarantee or an indication of the actual performance or holdings of a client's portfolio due to differences in the timing and transaction prices for portfolio changes, client investments and withdrawals during the period, timing of receipt of dividends and income distributions, platform administration fees, transactional costs associated with the client's portfolio, and any portfolio exclusions required by the client. Performance is reported net of ongoing fees and expenses but excluding individual tax, member fees and entry fees (if applicable) and cross-checked but not audited. Periods less than one year are not annualised. Benchmark is a weighted composite and is reported gross of fees. Underlying manager returns are sourced or proxied from Lonsec iRate as detailed performance reporting is not currently available for CFS Edge. Please refer to the CFS Edge PDS for full details of the applicable fees, costs, and benchmarks.