

# Pro-D Balanced Fund

Fund Update  
28 February 2026



The Pro-D Balanced Fund is a cost-effective and diversified investment solution with a strategic asset allocation of 50% Growth assets and 50% Defensive assets. Combining the expertise of Delta Portfolios and Australian Unity, the Fund seeks to improve the tax-effectiveness of returns by investing across a range of active and indexed investment strategies. The Fund aims to deliver post-fee returns in excess of inflation plus 3.0% per annum over rolling five-year periods.

## Performance as at 28 February 2026

	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Since inception % p.a.
Distribution return	0.00	8.72	18.54	8.59	6.81	5.76	5.85	5.52
Growth return	2.03	(6.17)	(9.33)	0.06	(0.85)	(0.04)	0.33	0.72
Fund total return	2.03	2.55	9.21	8.65	5.96	5.72	6.18	6.24
Target return	0.44	1.31	6.40	6.18	7.27	6.57	6.17	5.99
Excess return	1.59	1.24	2.81	2.47	(1.31)	(0.85)	0.01	0.25

Returns are calculated after fees and expenses and assume the reinvestment of distributions.

The target return objective is the Consumer Price Index, all groups, weighted average of 8 capital cities plus 3.5% p.a., until 31 March 2020 and 3.0% p.a. from 1 April 2020, and is an estimate only. It is based on the most recently released quarterly data from the Australian Bureau of Statistics, which typically lags by up to three months. No guarantee or assurance is provided as to the achievement of this target. Past performance is not a reliable indicator of future performance.

Inception date for performance calculations is 31 December 2012.

## Fund returns

Markets were mixed during February. Australian shares performed strongly, returning 3.9% while Australian small caps declined (-2.6%) and A-REITs fell (-3.5%). Global equities were weaker, with unhedged global shares declining (-1.1%) while hedged global shares rose 0.9%, reflecting the AUD's appreciation against the U.S. dollar, Euro and Japanese yen. The Australian 10-year Government Bond yield declined 16 basis points to 4.65% by month end.

The month was dominated by a landmark U.S. Supreme Court ruling that struck down President Trump's IEEPA based tariffs. A furious President Trump stated he would raise a temporary tariff to 15 per cent on US imports from all countries (the maximum level allowed under the law) in response to the ruling.

In Australia, the Reserve Bank of Australia lifted the cash rate by 25 basis points to 3.85% at its February meeting, marking a return to tightening after inflation prints pointed to re acceleration in recent months. The RBA cited stronger than expected domestic demand, a resilient labour market and renewed pressure in housing activity. The decision reinforced expectations that policy will remain restrictive for some time.

Geopolitical risk intensified late in February following the outbreak of direct conflict involving the United States, Israel and Iran. While the escalation occurred at the end of the month, it contributed to

rising oil prices, increased demand for defensive assets, and heightened market volatility heading into March.

Against this backdrop, the Fund gained 2.0% for the month. The Fund achieved solid gains across all asset classes. The Fund's one-year return sits at 9.2%, reflecting robust returns on most growth asset holdings.

The Fund's return since inception is marginally above its objective (currently inflation + 3.0% pa), reflecting strong market and manager returns for much of the Fund's history, albeit impacted by COVID's emergence in 2020 and the share and bond market losses in calendar 2022. Over the past five years International shares and Real assets have delivered double-digit returns.

## Fund portfolio management

The Fund participated in the Australian Unity Healthcare Property Trust February withdrawal offer with proceeds expected in March. Additionally, the Fund trimmed various holdings across asset classes in the course of managing investor flows without materially change its asset allocation.

**Australian shares** – The Fund expects to achieve a modest return premium versus risk-free assets over the medium-to-long term, bolstered by franking credits. The fund is positioned somewhat underweight Australian shares and holds a blend of underlying managers that provide diversification across company size, industry

exposure and investment styles, to improve the consistency of returns.

**International shares** – In many markets, the pace of share price gains has outpaced profit growth, reducing our expectation for future returns. Most global share markets appear either fully valued or expensive and US equity valuations are of particular concern (driven by elevated valuations in the largest technology-focused companies). The Fund is broadly underweight international shares in aggregate and significantly underweight US equities.

**Real assets** – We believe real assets offer solid prospective returns for the risk being undertaken and hold a corresponding overweight position, with a preference toward global listed property and global listed infrastructure, relative to domestic holdings.

**Defensive assets** – Currently long-dated bond yields are above the returns available on zero-duration cash, offering potential outperformance if central banks maintain or cut cash rates. Fixed interest also offers diversification benefits versus equities, and so we maintain moderate duration exposure.

Credit spreads offer adequate but not outstanding compensation for the risk being assumed. Accordingly, the Fund holds exposures to domestic and international credit managers.

### Outlook

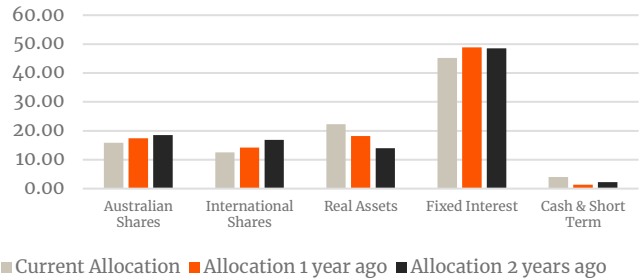
Investors remain focused on policy shifts under President Trump’s second term, including sweeping tariffs and increasingly unorthodox geopolitical maneuvers. The recent escalation of the conflict involving Iran raises the risk of a prolonged energy price shock, reinforcing upside risks to inflation and the prospect of broad market volatility. U.S. equity markets have been largely driven by a narrow group of tech and AI companies, where valuations appear stretched and sentiment is split between productivity optimism and concerns about speculative excess. Global markets no longer anticipate significant rate cuts and the path to further monetary easing is becoming increasingly uncertain.

### Fund snapshot

APIR code	AUS0066AU
Funds under management	\$38.53m
Distribution frequency	Half yearly
Minimum initial investment	\$5,000
Entry/exit fee	Nil
Management fee*	0.65%
Buy/Sell spread	0.10%/0.10%
Advice fee	Available

\*Refer to the Fund’s Product Disclosure Statement for more details on the Fund’s management costs which also include recoverable expenses and indirect costs. Total management costs may vary.

### Asset allocation over time



### Manager allocation

Fund Manager	Range %	Approach	100%
<b>Growth</b>	<b>0-55</b>		<b>50.75</b>
<b>Australian Shares</b>	<b>0-55</b>		<b>15.91</b>
iShares		Index	9.88
Lennox		Small Caps	1.71
Vanguard		Value/High Yield	1.70
Investors Mutual		Small Caps	1.56
Platypus		Large/Mid Growth	1.06
<b>International Shares</b>	<b>0-55</b>		<b>12.54</b>
iShares		Index Global	3.77
Vanguard		Index excl. USA	3.08
State Street Fund		Value / Quality	1.59
Antipodes		Concentrated	1.32
iShares		Index Japan Unhedged	1.10
Vanguard		Index Europe Unhedged	1.09
iShares		Index USA Unhedged	0.59
<b>Real Assets</b>	<b>0-55</b>		<b>22.30</b>
Australian Unity		Healthcare Property	9.84
iShares		Index Global Infra	7.69
iShares		Index Global Property	4.77
<b>Defensive</b>	<b>45-100</b>		<b>49.25</b>
<b>Fixed Interest</b>	<b>0-100</b>		<b>45.18</b>
iShares		Index Aust Govt & IG	16.85
iShares		Index Global Govt & IG	10.36
Barings		Global Non-Govt IG	4.94
PIMCO		Global Non-Govt IG	4.83
Australian Unity		Aust Govt Bond Futures	4.30
Australian Ethical		Enhanced Cash	2.06
Australian Unity		Mortgages	1.84
<b>Cash &amp; Short Term</b>	<b>0-100</b>		<b>4.07</b>
Australian Ethical and Australian Unity		Cash and Receivables	4.07

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