

# Centuria LifeGoals

Schroder Real Return Fund

# Centuria

**The Fund seeks to deliver an investment return of 5% p.a. before fees above Australian inflation over rolling three-year periods. Inflation is defined as the RBA's Trimmed Mean, as published by the Australian Bureau of Statistics.**

## Investment manager

Schroder Investment Management Australia Limited

## Investment strategy

The Fund does not have fixed strategic asset allocation benchmarks but instead adopts a forward looking and flexible approach to achieve their stated objectives. The Fund stands in contrast to the traditional multi-asset investment approaches which construct investment portfolios around relatively static asset allocations.

## Target allocation

Growth assets	0-75%
Diversifying assets	0-75%
Defensive assets	0-100%

## Performance returns

RETURNS TO 31/12/2025	1 MTH	3 MTH	6 MTH	1 YR	2YR <sup>1</sup>	3YR <sup>1</sup>
Net returns (%) <sup>2</sup>	0.37%	1.88%	5.41%	8.53%	6.70%	6.77%

## Performance graph<sup>3</sup>



A \$10,000 investment in Centuria Schroder Real Return Fund made at inception is worth \$12,679 as of 31 December 2025 after all fees and taxes paid within the Investment Option.

## Key features

<b>APIR code</b>	OVS0157AU
<b>Minimum initial investment</b>	\$500
<b>Minimum additional investment plan</b>	\$100
<b>Minimum switching amount</b>	\$500
<b>Minimum balance</b>	\$500
<b>Contribution fee</b>	Nil
<b>Annual management fee<sup>4</sup></b>	0.90%
<b>Suggested timeframe</b>	Minimum 5 years

1. Periods greater than 1 year are expressed in annualised terms.
2. Past performance is not a reliable indicator of future performance.
3. Inception date on 19/02/2019.
4. Refer to product disclosure statement for fee breakdown.

For more information contact Centuria on **1300 50 50 50** or visit [lifegoals.centuria.com.au](https://lifegoals.centuria.com.au) to download the product disclosure statement. **Simple Flexible Versatile.**

## Fund commentary

**Portfolio Review:** Largest contributors: Equities was the primary contributor to Fund returns in December, contributing 0.6% to returns, supported by continued strength in gold miners. The Fund's allocations to alternatives such as physical gold and insurance linked securities also contributed positively, adding a further 0.2% to returns, while higher yielding fixed income added to returns at the margins.

Largest detractors Foreign exchange was the primary detractor in December, driven by the Australian dollar's appreciation against most major currencies. The Fund's interest rate overlays was also a minor detractor to performance over the period.

**Market Outlook:** Risk assets had another strong year, with global equities delivering almost 20% in local currency terms. Emerging markets were the clear stand out, delivering over 33%, with Latin America delivering almost 55% for the year in US dollar terms. Japan also did well, up almost 29%, Europe returned 22% and US equities delivered almost 18% all in local currency terms. Within Europe, the periphery led the charge, with Spain up over 55% and Italy up almost 39%. Credit had a solid year, with global aggregate corporate bonds delivering 7% and global high yield corporates delivering 8% hedged in Australian dollars. Global government bonds were muted, delivering only 3% hedged in Australian dollars, but US government bonds performed well delivering over 6% hedged to Australian dollars thanks to increased rate cut expectations. Emerging market local currency bonds were a clear stand out, delivering 19% in US dollar terms. Commodities were well supported, with the index up 11%, with Gold and Silver a clear positive outlier, delivering 65% and 148% respectively in US dollars. The US dollar itself was weak, with the DXY down 9%, with currencies like the Euro and Australian dollar rallying 15% and 8% respectively.

**Global growth recovers:** Global growth continued to improve throughout the year, with the latest reading of 3.4% according to the Bloomberg economics global GDP tracker. US growth continues to lead the charge, with the most recent initial estimate for the third quarter 2025 coming in at a very strong 4.3%, well above trend growth. While this is likely to be revised down, the Atlanta Fed GDP forecast for the fourth quarter has deteriorated to a still very strong 3%. Trump's One Big Beautiful Bill should continue to support US GDP into 2026, particularly in the first half as tax refunds will support both consumers and businesses. Other developed economies are also expected to be strong in 2026 as fiscal stimulus and rate cuts flow through to the underlying economy. Europe's defence spending is set to accelerate in 2026, but more so from 2027 onwards. This should be enough to boost European growth, especially after significant rate cuts and stable inflation. Japan's new Prime Minister has also pledged significant fiscal spending in 2026, which should support the economy, even as the Bank of Japan is set to hike to rein in inflation. Australia is also continuing to grow at or above

trend, with inflation remaining sticky, causing bond markets to price in the potential for the Reserve Bank of Australia to start hiking in 2026. Therefore, the global economy looks to see growth remain strong, but with inflation remaining sticky throughout the year.

**US job growth recovers:** One of the main concerns from the market was that recent weakness in hiring in the US could derail this positive growth story. Non-farm payrolls collapsed after the April 'Liberation Day' tariff announcement, as corporates waited for more clarity on what Trump's Trade War 2.0 meant for them. It has been hard to distinguish between corporates entering a wait-and-see mode, versus those who had to cut jobs given the potential weakening of margins as import prices rose. October saw a large reduction in Federal workers as Elon Musk's 'DOGE' cuts came through, but private hiring is showing signs of recovery. When looking at the 3-month average change in private payrolls over the year, it has followed the same trajectory as we saw in 2024, where we also had an employment scare. Hopefully we continue to follow a similar path to growth as the year rounds out. While unemployment did rise over the year to 4.56% in November, this was mainly from an increase in participation rate. Continuing jobless claims remains in line with recent averages.

**All eyes on the Federal Reserve:** Inflation came in below expectations this month at 2.7% versus expectations of 3.1%. Similar to the employment data, it's hard to know how accurate this is given the government shutdown prevented workers from collecting accurate information. Despite this inflation surprise to the downside, bond markets have not priced in a cut during the January meeting. The Federal Reserve (Fed) will likely put far more weight on the December data figures once they come out. In the meantime, the bond market is pricing in two cuts for 2026. As Jerome Powell's term ends in 2026, Trump has been hinting at his preferred candidates to replace Powell. Given his inclination, he is pushing for a more dovish Fed chair, who he hopes will likely cut rates to "below 1%". While this is very unlikely to occur given the strength of the economy and persistently high inflation, it shows there is a risk of losing central bank independence and a likely more accommodative Fed.

We continue to believe the US economy will be strong next year, with rate cuts and fiscal stimulus keeping demand buoyed. The consumer continues to remain employed, receive positive real wage growth and will continue spending into 2026. Corporate activity will likely also pick up after a soft patch post Liberation Day. Globally, rate cuts and an increase in fiscal stimulus should see global growth improve into 2026 as well. We therefore remain positive on the global economy overall into 2026.

**Disclaimer:** This commentary has been directly sourced from Schroder's factsheet available on their website.

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