DRUMMOND
CAPITAL PARTNERS

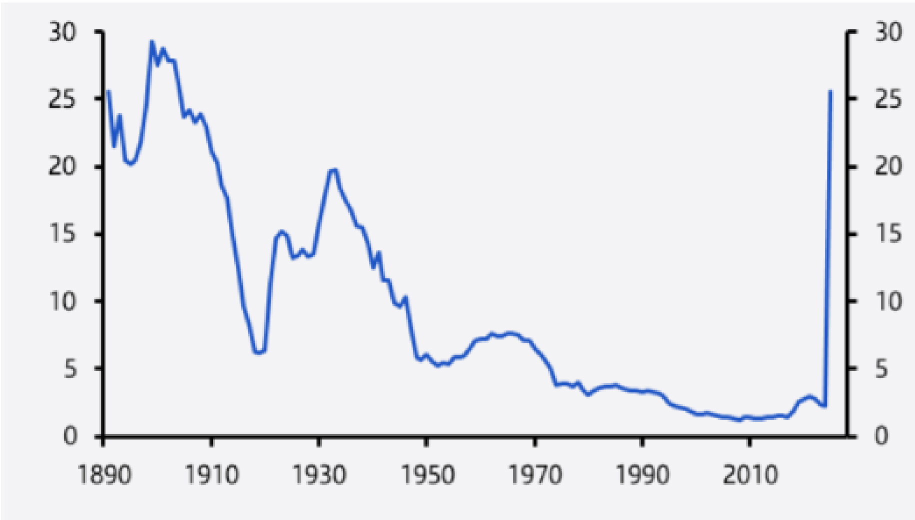
Portfolio Update

3 APRIL 2025

PORTFOLIO CHANGE AND RATIONALE

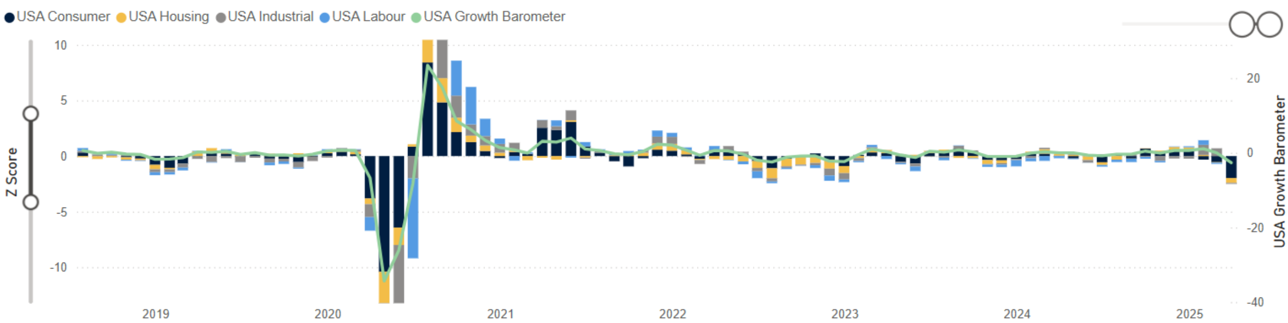
The Trump Administration just hosted "Liberation Day," announcing a global 10% tariff on all imported goods effective almost immediately as well as additional reciprocal tariffs on countries depending on their individual trade status with the US. Whilst previous tariff announcements have been negative for markets, this overall increase is much greater than anticipated by markets, and unless reversed quickly, will likely drive a significant deterioration in the outlook for global trade, economic growth, inflation and corporate earnings. The chart below shows the US effective tariff rate on imports rising from under 3% currently, to over 25%, a level not seen since 1900. Further negative impacts are to be expected as countries retaliate and corporates re-engineer supply chains. Further US tariff announcements covering semiconductors and pharmaceuticals are also in the works.

US Effective Tariff Rate (%)



Source: Capital Economics

The Trump administration continues to bring a high level of uncertainty to global commerce and markets. The short-term impacts are increased costs to consumers as businesses pass on tariffs via higher prices, this in turn can impact consumer demand. The long-term impact is the cost of rebuilding supply chains which can take years and require substantial capital investment, these decisions take time and in the short-term result in a slowdown in business investment and trade. This is being reflected in both business and consumer surveys and is flowing through to a meaningful decline in our Growth Barometer as shown below.



Today we are moving the portfolios underweight growth assets. Having previously moved underweight Australian equities in December, and global equities in February the portfolios have been well positioned to wait for clarity on these issues. With today's announcements we believe it is prudent to move to a more defensive stance given still elevated valuations and the risk of further weakness ahead.

PORTFOLIO CHANGES

	Change	Dynamic	DS30	DS50	DS70	DS90	DS100	DS100+
Global Alpha		**3.0%**		**1.0%**	**1.0%**	**1.0%**	**1.0%**	**5.5%**
CC Sage Capital Absolute Return Fund	▲	3.0%		1.0%	1.0%	1.0%	1.0%	5.5%
Australian Equities		**-1.5%**						
DNR Capital Australian Equities High Conviction Fund	▼	-1.5%						
Quest Long Short Australian Equities Fund	▼							-5.0%
Betashares Geared Australian Equity Fund	▼							-2.0%
iShares Australian Equity Index Fund	▲							7.0%
Global Equities		**-8.5%**	**-3.0%**	**-4.0%**	**-4.0%**	**-4.0%**	**-1.0%**	**-5.5%**
iShares Hedged International Equity Index Fund	▼	-1.5%	0.5%	-1.0%	-2.0%	-2.0%	-1.0%	1.5%
Alphinity Global Equity Fund	▼	-3.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-3.0%
GQG Partners Global Equity Fund (Hedged)	▼	-2.5%						
American Century Global Small Cap Fund	▼	-1.5%	-1.5%	-1.5%	-1.0%	-1.5%	-1.0%	
Betashares Geared US Equity Fund (Hedged)	▼							-6.0%
VanEck MSCI International Small Companies Quality ETF	▼							-4.0%
Vanguard Asia Ex Japan	▲			0.5%	1.0%	1.5%	3.0%	2.0%
iShares International Equity Index Fund	▲							4.0%
Cash		**2.5%**						
Mutual Cash Term Deposits and Bank Bills	▲	2.5%						
Government Bonds		**4.5%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**		
PIMCO Global Bond Fund - Wholesale Class	▲	4.5%	3.0%	3.0%	3.0%	3.0%		

ASSET CLASS POSITIONING

Following the changes, growth assets move to underweight overall with global equities moving to strong underweight, offset by some moderate overweights in more defensive growth assets such as global alpha and infrastructure. Increases to bond exposure reduces the underweight from strong to moderate.

	Strong Underweight	Underweight	Neutral	Overweight	Strong Overweight
Australian Equities	○	●	○	○	○
Global Equities	●	○	○	○	○
Property	○	○	○	●	○
Infrastructure	○	○	○	●	○
Global Alpha	○	○	○	●	○
Government Bonds	○	●	○	○	○
Corporate Debt	○	○	○	○	●
Cash	○	○	○	●	○
Total Growth vs Defensive	○	●	○	○	○

DISCLAIMER