DRUMMOND
CAPITAL PARTNERS

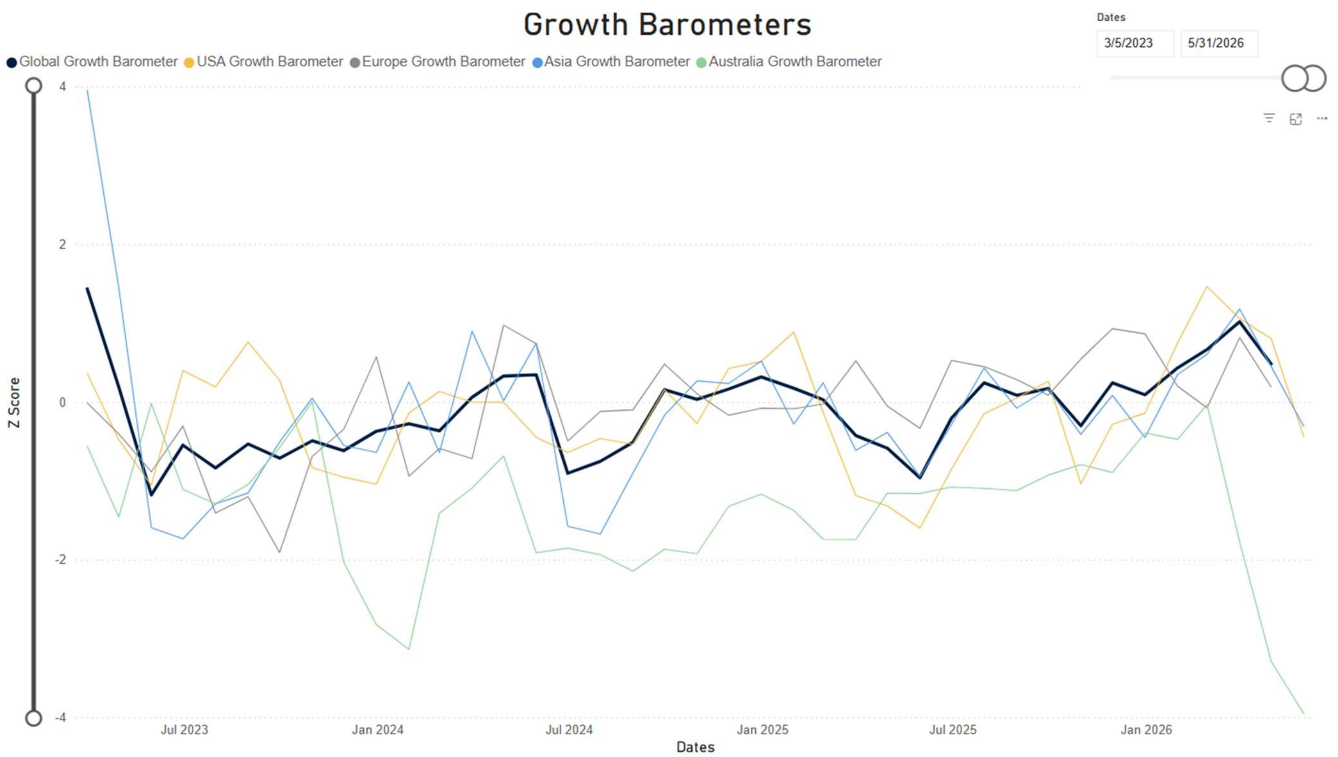
Portfolio Update

13 MAY 2026

PORTFOLIO CHANGE AND RATIONALE

With a ceasefire in place in the Iran War, investors have been able to look-though any near-term rise in oil prices and focus on the strength in corporate earnings. Equity markets have mostly recovered the drawdown since the start of the war, and for regions less reliant on oil, mostly reached new highs. Energy companies are enjoying higher oil prices, but the lion's share of the equity market increase has come from technology companies with a focus on those manufacturing memory chips which are benefitting from the incessant demand for AI and more computing power. Despite higher oil prices, emerging markets have been a great performer over the last year but have been driven by an even narrower group of stocks than the US, with just 3 semiconductor stocks – historically regarded as a highly cyclical boom bust industry - now comprising over 26% of the index.

With ongoing delays to a resolution in Iran, oil prices have remained relatively high. We do not know when a resolution will come, but it is accepted that the longer it takes to free up traffic in the Strait of Hormuz, the higher oil prices must go to reduce demand given increasingly limited supply, pressuring consumer spending and downstream industries reliant on oil and its by-products. As our *Global Growth Barometer* shows, economic data received so far for April and early May has weakened across the globe.



Our portfolios have benefitted over the last year from a relative preference for global and emerging markets that have significantly outperformed domestic equities given the exposure to AI related companies and a more conducive interest rate environment. With a strong start to May, technology earnings now in the rear-view mirror, exuberant price action from investors playing catch up, and seasonality ("sell in May") historically against significant further strength, we are taking this opportunity to reduce portfolio exposure back to neutral. The reduction has been spread across strong performers as much as those more exposed to potentially higher oil prices given as stated we do not know when or what the outcome in Iran will ultimately be.

PORTFOLIO CHANGES

	Change	Dynamic	DS30	DS50	DS70	DS90	DS100	DS100+
Australian Equities		-2.0%	-1.0%	-1.0%	-1.0%	-1.0%		3.5%
iShares Australian Equity Index Fund	▲							3.5%
Solaris Core Australian Equity Fund (Performance Alignment)	▼	-2.0%	-1.0%	-1.0%	-1.0%	-1.0%		
Global Equities		-8.0%	-3.0%	-3.0%	-3.0%	-4.0%	-1.5%	-5.5%
iShares Hedged International Equity Index Fund	▼	-4.5%				-1.0%		2.0%
Arrowstreet Global Equity Fund	▼	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%		
Vanguard FTSE Asia ex Japan Shares Index ETF	▼	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-2.0%
American Century Global Small Cap Fund	▼	-0.5%	-1.0%	-0.5%	-0.5%	-0.5%	-0.5%	-1.0%
Yarra Global Small Companies Fund	▼	-1.0%		-0.5%	-0.5%	-0.5%		-1.0%
Betashares Geared U.S. Equity Fund Currency Hedged	▼							-3.5%
Infrastructure						1.0%	1.5%	3.0%
ClearBridge Global Infrastructure Income Fund (Hedged) (Class A)	▲					1.0%	1.5%	3.0%
Cash		10.0%	4.0%	4.0%	4.0%	4.0%		-1.0%
Vanguard Cash Reserve Fund	▲	11.5%	5.0%	5.0%	5.0%	5.0%	1.0%	
Cash Account	▼	-1.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%

ASSET CLASS POSITIONING

The table below shows the tactical positioning compared to the SAA upon completion of these changes. Growth assets are neutral with an overweight to infrastructure and global equities partly offset by underweight to global alpha and Australian equities. We retain our strong overweight to corporate debt and strong underweight to government bonds.

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

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