

Portfolio Update

16 FEBRUARY 2024

PORTFOLIO CHANGE AND RATIONALE

Equity and bond markets have benefitted greatly from the policy stance pivot by the US Federal Reserve since late last year. Amidst the goldilocks environment of cooling inflation and better than expected growth, we have continued to note that the stickier elements of inflation have actually been stable at a level well above the Fed's target of 2%. While markets embraced the goldilocks environment of disinflation amongst still robust growth, they had also recently been questioning the ability of the Fed to actually cut rates as fast as was anticipated. With very strong January labour market data and a pickup in our US Growth Barometer, it appears that the economy has withstood 5% interest rates rather well and is certainly not one that is in need of five interest rate cuts this year.

January's higher than expected CPI reading adds further pressure to the forecast pace of rate cuts. Given how asset markets had swung so far towards this view, we think there is ample room to swing back the other way. As such, we are today reducing the overweight portfolio exposure to the interest rate sensitive infrastructure sector via the holding in ClearBridge. For now, the proceeds will be held in cash as we look to re-allocate the proceeds into growth assets better equipped to deal with a potential higher for longer interest rate environment.

In addition, given the markets recent strong performance we will also be re-balancing portfolios where floating weights have drifted for some managers, predominantly equities.

PORTFOLIO CHANGES

Fund	Change	Dynamic	DS30	DS50	DS70	DS90	DS100	DS100+
ClearBridge RARE Infrastructure Income Fund - Hedged	▼	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%		
Cash	▲	2.0%	2.0%	2.0%	2.0%	2.0%		

ASSET CLASS POSITIONING

Following the changes, the portfolios are now neutral Infrastructure.

	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

The information in this document has been provided by Drummond Capital Partners (ABN: 15 622 660 182) AFSL 534213. All the information in this document is general in nature and should not be considered personal advice. This document is not intended for public or third-party use.

To the maximum extent permitted by law, neither Drummond nor any of their associates, related parties, directors, officers, employees, advisers (including financial, accounting and legal advisers) or representatives make any recommendation in relation to the investments, or make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this document.

This document is intended to provide potential Investors with general information only and does not constitute a product disclosure statement or any other disclosure document under the Corporations Act 2001 (Cth) (Act). This document has not been lodged with the Australian Securities and Investments Commission (ASIC) or any other government body or regulator.

This information is intended only for persons who qualify as wholesale clients (as defined in section 761G(7) of the Act) or sophisticated investors (as defined in section 761GA of the Act), (collectively, Qualifying Investors).

Past performance is not indicative of future performance. Please seek financial advice.