DRUMMOND
CAPITAL PARTNERS

Dynamic Plus Fund

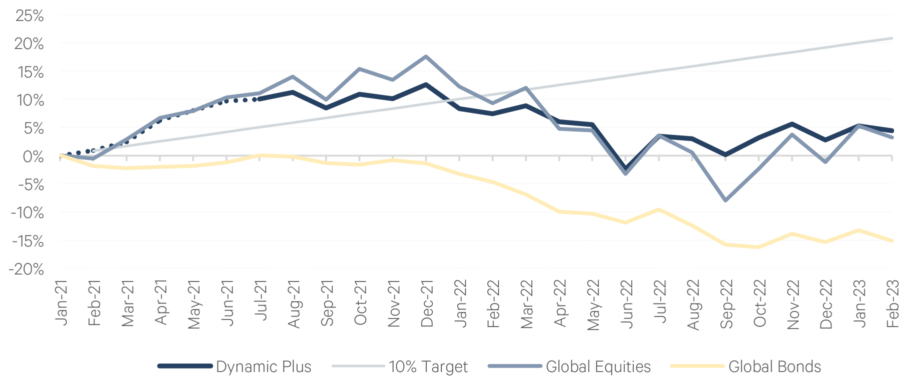
February 2023

FUND PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	-	0.9%	1.5%	3.7%	1.7%	1.5%	0.3%	1.1%	-2.5%	2.2%	-0.7%	2.3%	**12.6%***
2022	-3.8%	-0.8%	1.4%	-2.6%	-0.5%	-7.4%	6.0%	-0.4%	-2.8%	3.0%	2.4%	-2.7%	**-8.8%**
2023	2.4%	-0.8%											**1.6%**

Source: Drummond Capital Partners, Interactive Brokers. *Performance from 1/2/21 to 31/7/21 is based upon a separate account managed under the same strategy and similar fee structure. The Drummond Dynamic Plus Fund (ABN 69109453831) commenced 1 August 2021 and performance from this date on is based upon fund returns not the separate account.
Past performance is not indicative of future performance. Performance reported is net of fees.

PERFORMANCE GROWTH



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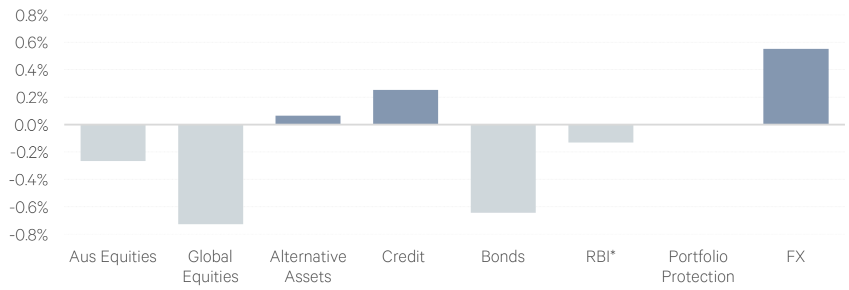
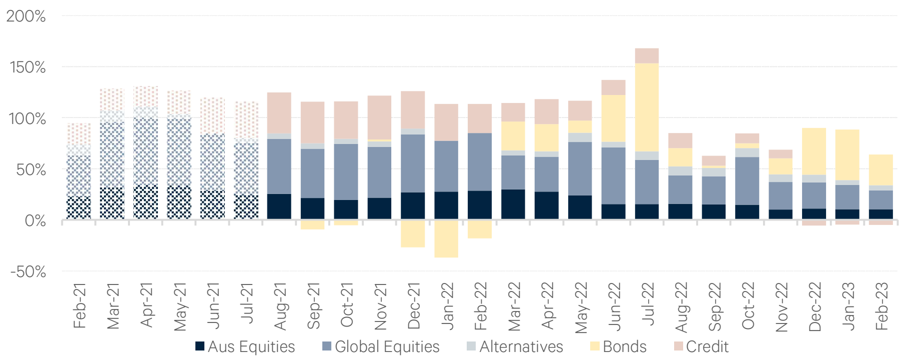
ASSET CLASS CONTRIBUTION – February 2023



Source: Drummond Capital Partners, Interactive Brokers, * Research Best Ideas

HISTORICAL PORTFOLIO EXPOSURE



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FUND DESCRIPTION

The Dynamic Plus Fund is a dynamically managed, global multi-asset fund. The fund seeks to provide investors with an attractive return in a low return world by combining leverage across growth and defensive asset classes with tactical asset allocation processes and risk management across liquid global markets. The fund is suitable for wholesale investors and should be considered over a 5-year horizon.

FUND POSITIONING (Feb-2023)

Australian Equities	10.1%
International Equities	18.8%
Alternative Assets	4.7%
Bonds	30.3%
Credit	-5.2%
Gross Exposure	76.7%
FX Hedging	11.4%

KEY FACTS

Strategy FUM	$51.2m
APIR Code	DCP4812AU
Inception Date	Aug-21
Strategy	Multi-Strat
Target	10.0% p.a.
Hurdle	5.0% p.a.
Manager Fees	0.7% p.a.
Performance Fee	15.0%
High Water Mark	Yes
Liquidity	Monthly
Fund Admin	Apex
Fund Trustee	Evolution
Fund Auditor	Ernst & Young

RISK STATISTICS

Std. Dev. (p.a.)	9.8%
Max. Drawdown (3yr)	-13.3%
Sharpe Ratio (p.a.)	-0.1
Positive Months	53.8%

COMMENTARY

After an exceptional start to the year, global equity markets softened in February, with the MCSI ACWI index down -1.9%. Australian and emerging market equities underperformed, falling -2.5% and -6.5% respectively. In a repeat of much of the price action last year, the catalyst was higher bond yields. Fixed interest markets moved away from pricing rate cuts this year, and instead priced more rate hikes. The Australian dollar fell -4.4%, in a behavior typical of its status as a risk-on currency.

The sell-off in rates was driven by unexpectedly strong economic data, particularly out of the US, including strong inflation data, which, when combined with prior month revisions, suggested that inflation in the US hadn't been moderating as sharply as previously thought. Rather, it appears that inflation in the US has plateaued at an uncomfortably high level. The strong economic data didn't really give investors any comfort that the situation would reverse itself in the short term, hence the pricing of more interest rate hikes in the US.

We have been in this camp for a while, oft repeating the narrative that a soft landing was incredibly unlikely given the strong labour market and the very high starting point for inflation. There has been very little trading activity in the portfolio so far this year given nothing has happened in the economy or markets to really change that view. Although there has been moderate market volatility, global equity markets are around bang in the middle of where they have range traded since the middle of last year.

Over the coming months, we expect economic data will soften (the strong January outcomes may also be driven by seasonal adjustment issues) as interest rates have risen a lot and household savings are being drawn down. As a result, the market's attention will likely turn to risks around corporate earnings and whether the risk premium offered by equity markets is enough given global risks and the potential to now earn a reasonable coupon on "risk free" government bonds. In line with this, the portfolio holds excess cash while we wait for a more opportune time to deploy capital.

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