

The Strategic Series combines the four pillars of Drummond's investment process - strategic asset allocation, tactical asset allocation, investment manager research and portfolio construction. This portfolio is a diversified, unconstrained high growth strategy and includes exposure to leveraged strategies. As such it is only suitable for those investors with a very long-time horizon who are willing to accept significant volatility. The portfolio is comprised predominantly of Australian and International shares and hedge funds.

**Market Overview**

*Global gains persist as leadership rotates beyond technology*

Global equity markets gained 3.7% for the quarter, consistent with Q3, although performance drivers differed. Technology, having led gains for much of 2025, delivered more subdued returns with the Nasdaq climbing 2.7% after a strong year up 25.4%. Investor sentiment toward technology turned cautious, stemming from lofty valuations and rising debt levels to fund the sector's cost of capital requirements. Emerging markets and Europe rose 4.8% and 4.2% respectively, driven by a rotation out of the U.S amid valuation divergence. Australian equities declined 1.0%, with technology the largest detractor on valuation concerns. Resources performed strongly, supported by record prices for commodities amid global supply constraints. With rising expectations of U.S rate cuts and geopolitical tensions elevating, investors turned to precious metals as a safe haven alternative. Oil however, fell 9.4% on oversupply forecasts, amplified by increased OPEC+ output.

Australian government bonds fell 1.6% as shifts in monetary policy expectations weighed on prices, while U.S Treasuries edged up 0.8%, from continued policy easing. High-yield and corporate credit rose 1.2% and 0.3% respectively, with spreads remaining tight, supported by strong fundamentals. The Australian dollar rose 1.4%, underpinned by the RBA's hawkish tone and sustained strength in commodity prices.

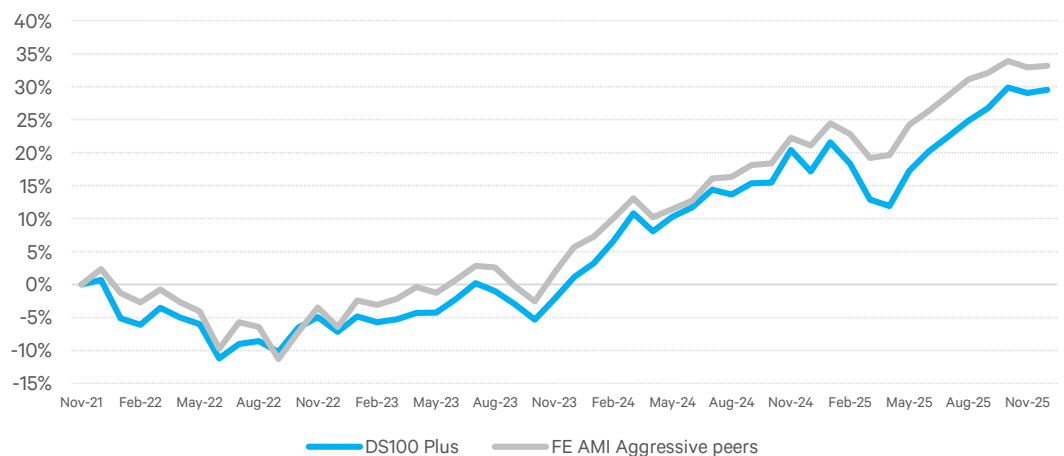
**Portfolio Performance & Review**

*A positive quarter was supported by diversified portfolio positioning with technology no longer leading markets*

Over the fourth quarter, the DS100 Plus Portfolio returned 2.2%\*. This was ahead of the FE AMI Mixed-Asset Aggressive peer index that returned 0.8% over the period.

Asset allocation proved key amid mixed asset class performance against ongoing market volatility. Global equities were the largest contributor, with our overweight position offsetting Australian equities underperformance, where we remain underweight. The portfolio's global equity positions positively contributed, aside from the small cap manager, amid shifting sector performance, with resources and healthcare outperforming technology on a relative basis. Australian equities were negative with markets pricing in potential rate hikes in 2026. However, not all managers followed suit, with the long-short manager delivering strong performance, whilst the small cap manager was also a positive contributor.

DS100 PLUS PORTFOLIO RETURN vs PEERS\*\*



Source: Drummond Capital Partners, Refinitiv, BT. \*\*FE AMI Mixed Asset - Aggressive Sector

Portfolio activity included transitioning the remaining allocation from a global quality-bias manager into the hedged global equities geared fund. We also introduced an allocation to Japan through the iShares MSCI

Japan ETF, supported by compelling valuations and structural reforms. Global REIT exposure was reduced to partially fund the portfolio changes. The growth exposure of the portfolio was 118% at the end of the fourth quarter. The portfolio continues to be well diversified by asset class and manager.

PORTFOLIO PERFORMANCE & RISK (Since Inception – Dec. 21)

PERFORMANCE*	3M%	6M%	1YR%	3YR%	S.I. p.a.	Vol %	Sharpe	Max Drawdown
DS100 Plus	2.2	7.7	10.5	11.7	6.5	8.8	0.4	-11.8%
PEERS**	0.8	5.4	10.0	12.5	7.3	8.9	0.4	-13.3%

PERFORMANCE*	FY22%	FY23%	FY24%	FY25%	FY26***
DS100 Plus	-11.2	10.1	14.2	7.6	7.7
PEERS**	-9.8	11.5	12.0	12.1	5.4

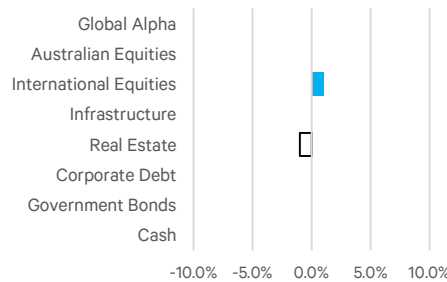
Source: Drummond Capital Partners, BT, Refinitiv. \*\*FE AMI Mixed Asset – Aggressive Sector. Inception Date is December 2021. \*\*\*CY to date.

TOP 5 ACTIVE HOLDINGS & PORTFOLIO CHARACTERISTICS

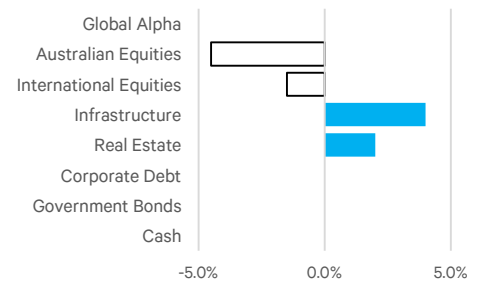
MANAGER	ASSET CLASS	WEIGHT	CHARACTERISTICS	
CC Sage Capital Equity Plus Fund	Australian Equities	7.5%	No. Holdings	15
Arrowstreet Global Equity Fund	International Equities	7%	Active / Passive	36.5%
American Century Global Small Cap	International Equities	6%	Manager MER	0.55%
L1 Capital Long Short Fund	Australian Equities	5%	Duration	0.00
Eley Griffiths Small Companies Fund	Australian Equities	5%		

*Allocations to equities was increased, while rate sensitive assets were decreased*

PORTFOLIO CHANGES Q4 2025



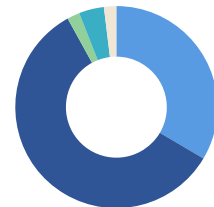
ASSET ALLOCATION vs. SAA



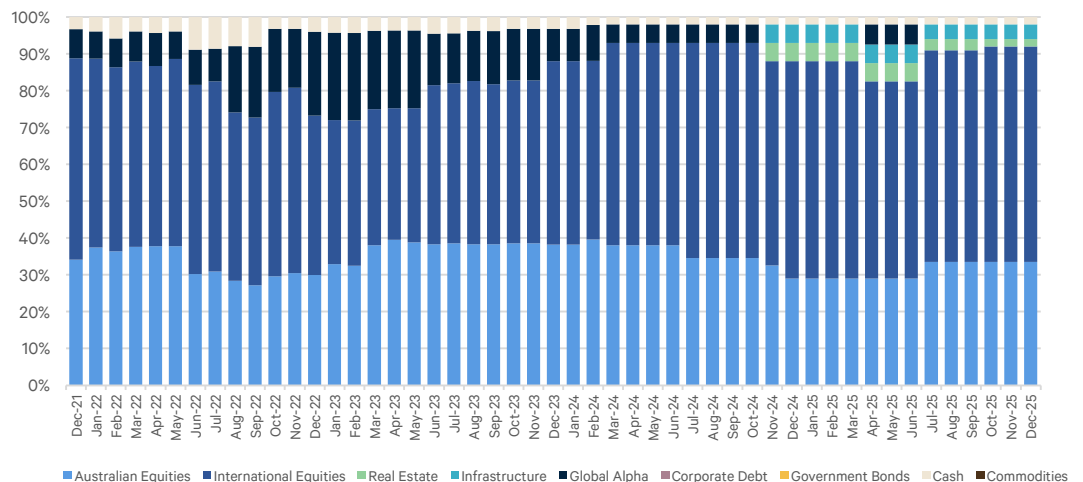
PORTFOLIO ASSET ALLOCATION

*International and Australian equities are the largest asset class exposures*

- Australian Equities 33.5%
- International Equities 58.5%
- Real Estate 2.0%
- Infrastructure 4.0%
- Global Alpha 0.0%
- Corporate Debt 0.0%
- Government Bonds 0.0%
- Cash 2.0%



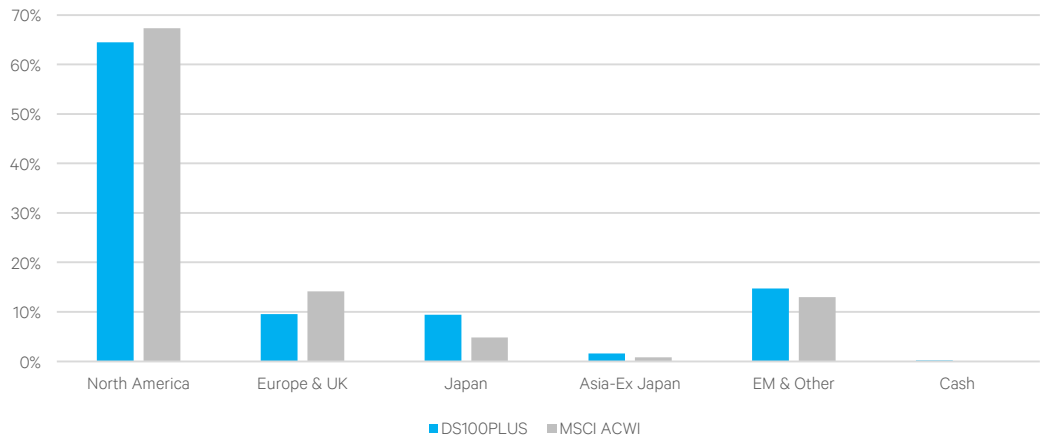
HISTORICAL PORTFOLIO ASSET ALLOCATION



## Asset Class Review

### International Equities

PORTFOLIO LOOK THROUGH COUNTRY EXPOSURE vs. BENCHMARK



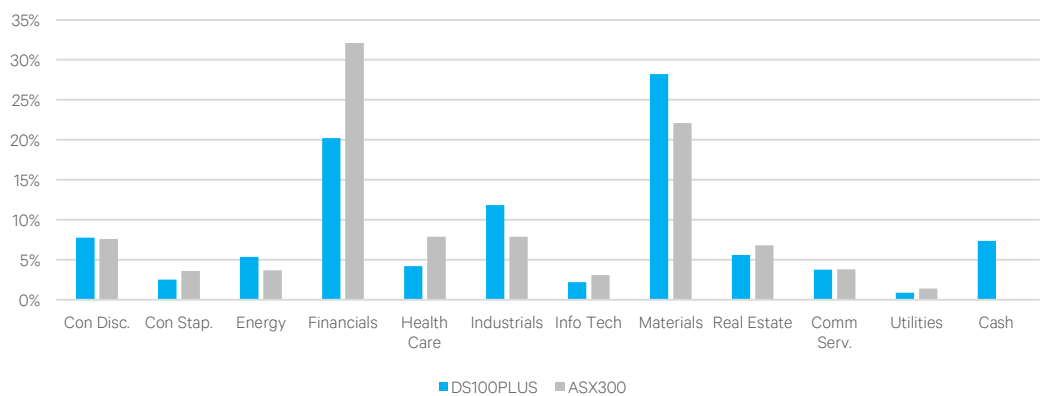
Source: Drummond Capital Partners, Fund Managers

*Market performance broadened amid valuation concerns and regional diversification*

Global equity markets (MSCI ACWI) posted gains of 3.7% over the December quarter, consistent with the previous period, although the drivers of performance differed. Technology and AI, which had driven much of the year's performance, delivered more subdued returns with the Nasdaq Composite climbing 2.7% for the quarter after a strong year up 25.4%. Investor sentiment toward the technology sector turned cautious in Q4, driven by concerns over lofty valuations, the risk of an AI bubble, and rising debt levels to fund the sector's cost of capital requirements. Both emerging markets and Europe continued to show strength, rising 4.8% and 4.2% respectively. Performance in both regions was supported by investors diversifying out of the U.S amid valuation divergence, alongside growing confidence that emerging markets have largely weathered the impact of tariffs and trade tensions under the Trump administration. Investors also began questioning the durability of the Federal Reserve's policy easing trajectory, while European markets signalled relative stability amid rising expectations that the European Central Bank has likely concluded its interest rate cuts.

### Australian Equities

DRUMMOND EQUITIES SECTOR EXPOSURE vs. BENCHMARK



Source: Drummond Capital Partners, Fund Managers

*Resource strength cushioned Australian equities amid pronounced technology sector weakness*

Australian equities underperformed global markets over the quarter, finishing down 1.0%. The largest drag came from the technology sector, which fell 24.3%. The sell-off occurred against a backdrop of elevated sector valuations and was triggered by a disappointing sales guidance from US tech giant Broadcom and delays in data centre expansion at Oracle, prompting a contagion effect in the Australian technology sector. In contrast, the local resources sector performed strongly, rising 12.8%, supported by record prices for gold, silver, and copper amid global supply constraints. Precious metals were further bolstered by safe-haven (or speculative) demand and expectations of additional US interest rate cuts by the Fed. In contrast, oil declined 9.4% as ample supply weighed on the market, with expectations of oversupply amplified by increased OPEC+ output and ongoing geopolitical pressures including sanctions on Russia, Iran and Venezuela.

*Infrastructure tailwinds and solid real estate fundamentals support current portfolio allocations*

*Opportunities are broadening. Diversification over concentration helps navigate through bouts of uncertainty*

## Real Assets (Infrastructure & Real Estate)

Both Australian and Global REITs faced a challenging December quarter, delivering negative returns of 1.1% and 2.8% respectively. Softer economic data and a mixed global monetary policy outlook weighed on the sector, with dynamics in the global bond market also likely contributing. Though both the Australian and global REIT managers were detractors in the portfolio, real estate fundamentals remain solid, with low or declining supply expected to provide support to property values, underpinning our neutral positioning in the portfolios.

Infrastructure performance was subdued in the December quarter, edging modestly lower by 0.3%, following a strong year of returns. Portfolio outcomes benefited from regional exposure to Western Europe, which was a notable contributor over the quarter, particularly within electric utilities. Real assets are expected to continue providing a stabilising role within portfolios, and our overweight exposure to infrastructure remains supported by several structural tailwinds for electric utilities, including the renewable energy transition and rising electricity demand from industrial activity and AI-related data centre expansion.

## Global Alpha

We no longer hold exposure to the asset class in the portfolio given our preference for equity risk, whilst maintaining strong portfolio diversification within equities across different regions, sectors and strategy type.

## Outlook

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In 2025, all major central banks cut policy rates except the Bank of Japan, a scale and breadth of easing more typical of a global slowdown or recession, rather than a year in which growth outperformed expectations. Whilst some developed market central banks are now signalling a pause, the U.S. Federal Reserve remains somewhat of an outlier, having cut rates twice in the December quarter and signalling further easing to come. With Fed Chair Jerome Powell's term ending in May, market attention is increasingly focused on the stance of the incoming chair and their capacity to effectively execute the central bank's mandate.

While global growth appears to have slowed slightly at the end of 2025, the economy remains expansionary. Combined with potential for further Fed easing and fiscal impulses to spur business investment and consumer confidence, our view is the recent softness in U.S. economic activity is likely to be short-lived. During December, consensus valuations continued to highlight a premium for U.S. equities. The S&P 500 trades on a forward price multiple of around 22.5 times, underpinned by stronger consensus earnings growth expectations, with U.S. earnings forecast to grow at more than double the pace of Australia's. Given domestic investors are more likely to face interest rate hikes in 2026 as inflation remains persistent, this will place further strain on their willingness to pay historically high valuations at a time of increasing earnings risk.

Geopolitical risks are likely to remain a source of volatility, the White House policy agenda is chaotic, U.S. midterm outcomes are uncertain, and conflict persists across many regions. Recent developments in these respective domains illustrate how geopolitical dynamics can evolve rapidly and unpredictably. Markets often overreact to such news, and portfolios cannot be meaningfully positioned for specific events ahead of time.

In our view, the global economy is expected to continue to expand this year at around average rates driven by positive secular trends (AI and energy transition) and broadly supportive fiscal and monetary policy. This should support global earnings growth. We are also seeing attractive opportunities outside of U.S. growth stocks, particularly in Japan and small caps. A broadening market, where many styles are performing well is a more sustainable driver of markets than technology dominating everything. These factors underpin our positioning, with an overweight allocation to global equities and modest underweight to Australian equities, allowing the portfolio to capture growth opportunities while ensuring appropriate levels of diversification to navigate bouts of uncertainty.

Regards,

The Drummond Capital Partners team

\*Inception date is 1/12/2021. Source: BT Panorama. The returns shown are net of fund manager fees and do not incorporate any other fees including Advisory Fees, Admin Fees or Portfolio Manager Fees. They are calculated from the model portfolio within BT Panorama and as such may vary over time and vary by individual client. Performance data greater than 1 year is annualised.

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