



DMG DIVERSIFIED PORTFOLIO FEBRUARY 2024

PORTFOLIO MANAGER COMMENTARY

The DMG Diversified Portfolio (DMGDP) rose +1.89% over the month of February, bringing our 12 month performance to an impressive +9.96%. Comparing this to the ASX200's 12 month performance of +6.07% confirms just how strong the DMGDP's performance has been.

Despite the last 4 years featuring two large drawdowns in listed equity markets, in 2020 and 2022, the DMGDP's performance has held up well and the 5 year and since inception performance figures are now only slightly below the cash plus objective. We are very proud of these outcomes.

Without question, equity markets, and especially international equity markets, are in a bullish frame of mind. Strong performances this month came from the Munro Global Growth Fund +11.0%, the OC Premium Small Companies Fund +6.3%, the Aoris International Share Fund +5.4%, and the JP Morgan Global Research Enhanced Index Equity Fund +4.9%.

Which raises the question - just how long do we expect the present bull phase to continue in its current form? Markets are characterized by both long-term and short-term trends. While you may be optimistic for the long term - interest rates must invariably come down at some point - you can also be cautious about the market's near-term prospects.

As mentioned in our commentary last month, there's certainly a lot of good news baked into equity markets at present. Annualizing 3 month performance figures for several of our managers within the DMGDP, some of whom have recorded 3 month results in excess of +20%, one soon questions the sustainability of the present rally. Do we really expect an annual return from these managers in the order of magnitude of +60-80% over 2024?

As a consequence, we are actively combing the portfolio looking for the opportunity to sweep profits back into more conservative / defensive positions where we feel present performance is proceeding at an unsustainable pace. Sweeping profits is a good problem to have and markets have a nasty habit of getting ahead of themselves at certain junctures, thus we look to avail ourselves of this opportunity to take profits where we feel the present momentum has the potential to wane.



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Still, we must reiterate that in the longer term we remain very constructive on the market outlook. Sure, there are a lot of things to worry about - wars in the Middle East and Europe, an acrimonious US Presidential election looming, the on-going threat of trade wars, and a softening economic outlook (especially in China) - but it's central banks that have largely been calling the shots of late when it comes to longer term market trends.

The switch from a restrictive policy stance by central banks, as identified by the raising of cash rates across the globe, to a more accommodative stance, and associatively the prospect of cash rates falling, has been very much the driver of the recent rally across markets. If these expectations are fulfilled, they will be the driver of longer term positive dynamics for economies and markets over the months and years to come.

It is this longer-term optimistic tone that provides us with so much enthusiasm as to the prospects of the DMGDP's performance going forward. Sure, there might be the odd 'hiccup' here and there as markets overshoot and undershoot from time to time, but our 'topping and tailing' approach (as we like to call it) by taking profits where possible is a judicious response to near term market gyrations - while never losing sight of the optimistic longer term outlook.



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PERFORMANCE REPORT

| | 1 Month | 3 Months | 1 Year | 3 Years p.a. | 5 Years p.a. | Inception p.a. |
|---------------------------|---------|----------|--------|--------------|--------------|----------------|
| DMG Diversified Portfolio | 1.89% | 5.42% | 9.97% | 3.18% | 5.06% | 5.49% |
| Benchmark (Cash +4.0%) | 0.68% | 2.05% | 8.10% | 5.90% | 5.43% | 5.83% |

INVESTMENT OBJECTIVE

| | |
|----------------------|---|
| Target return | Cash + 4.0% per year, after fees over 5 -year periods |
| Timeframe | Minimum 5 years |
| Defensive / Growth | 30% defensive / 70% growth |
| Min Investment | \$1,000 |
| Redemption Liquidity | Approximately 2 weeks to process, subject to product disclosure statement (PDS) guidance. |



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ASSET ALLOCATION

| ASSET CLASSES | CURRENT ALLOCATION |
|---------------------------|--------------------|
| Cash | 2.9% |
| Fixed Income | 18.1% |
| Alternatives | 21.0% |
| Property & Infrastructure | 19.4% |
| Australian Shares | 23.3% |
| Global Shares | 15.3% |
| Total | 100.0% |

TOP 5 PERFORMERS IN FEBRUARY 2024

| FUND NAME | PERFORMANCE |
|---|-------------|
| Munro Global Growth | 11.0% |
| OC Premium Small Companies | 6.3% |
| Aoris International | 5.4% |
| JPMorgan Global Research Enhanced Index | 4.9% |
| Northcape Global Emerging Markets | 4.0% |

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