Drumoak Capital October Report 2025

Part 1 – Executive Summary

Letter to Investors

October was characterised by a more supportive policy backdrop and disciplined portfolio management, despite higher day-to-day volatility. Drumoak Capital delivered a **+6%** return for the month, bringing year-to-date performance to **+62%**, ahead of the S&P 500 (+2.7%) and the FTSE 100 (+2.6%). This result reflects our ability to lean into conviction while remaining flexible through tactical rotations. In the United States, the Federal Reserve signalled an easing path; the Bank of Canada cut its rates; and pressure mounted on the Bank of England to follow suit. These developments turned sentiment from caution to cautious optimism. AI-led growth remained the market's anchor, but we deliberately shifted part of our risk toward consumer staples and added hedges to balance participation with protection.

Within the portfolio, the most significant realised contributions came from multiple Apple tranches, as well as gains in Eli Lilly, Estée Lauder, Bath & Body Works, and our FTSE 100 diversifier. Tactical shorts, Fair Isaac (FICO), and VXX, added ballast as headline spikes faded, with more minor inverse tilts in Tesla and Palantir cushioning swings. Offsetting this, we respected tight stops in Energy (ConocoPhillips, Suncor), Philip Morris, Nike, Target, Carnival, and Baidu, where near-term macro and policy headwinds compressed the risk-reward. The key lesson this month was to take profits decisively and cut losers fast, a stance that served us well in a faster tape.

Beyond discretionary trades, we maintained a strong focus on research and fundamentals, earnings quality, pricing power, balance-sheet strength, and policy sensitivity, while refining risk sizing and single-name concentration. Systematic work continued in the background to support our process, but deployment remained disciplined and incremental, emphasising robustness over speed.

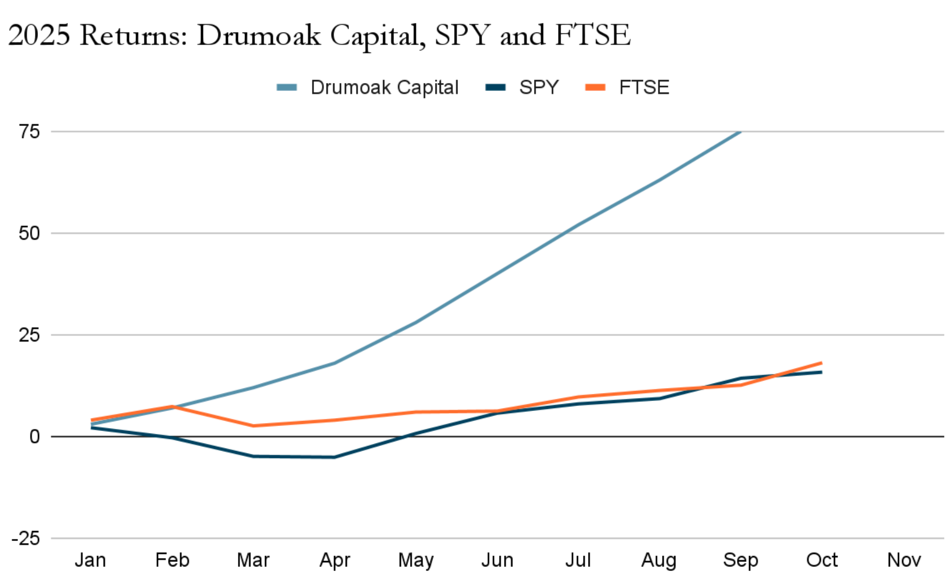
We also continued to build Drumoak Capital as a platform, refining our communication and attribution frameworks and updating our market materials so that investors can clearly see how decisions translate into results. These updates are designed to showcase our thinking and share practical insights with our community.

Finally, we want to thank our investors and researchers for their ongoing support. Drumoak Capital finished October with another strong month, bringing year-to-date performance to +62%. As we enter the final quarter of 2025, our focus remains unchanged: research-led growth investing, prudent risk-taking, and continued development of Drumoak Capital.

Part 2 – Performance Overview

Headline Performance (October & YTD)
Drumoak Capital returned +6% in October, outperforming the S&P 500 (+2.7%) and FTSE 100 (+2.6%). Performance was led by high-conviction tech and healthcare positions, most notably Apple (+~90% across October tranches) and Eli Lilly (+35%), alongside consumer winners Estée Lauder (+26%), Bath & Body Works (+25%), and gains from our FTSE 100 index exposure (+50%). Tactical hedges also contributed, including the FICO short (+28%) and VXX short (+14%), with smaller inverse tilts to TSLA/PLTR (+6% each) helping to cushion volatility. Detractors were contained and primarily reflected risk-managed trims/stop-losses in Energy (COP, SU ~(15%) each), Philip Morris (15%), and Baidu (15%). Year-to-date, the portfolio is up +62%, well ahead of both the S&P 500 (+17.4%) and FTSE 100 (+18.1%), underscoring the strategy's ability to monetise dislocations while adhering to a risk-first playbook—, making profits in outsized winners, capping losses quickly, and keeping dry powder to stay opportunistic.

Period	Drumoak Capital	S&P 500	FTSE 100
October Return	+6%	+2.7%	+2.6%
YTD Return	+62%	+17.4%	+18.1%



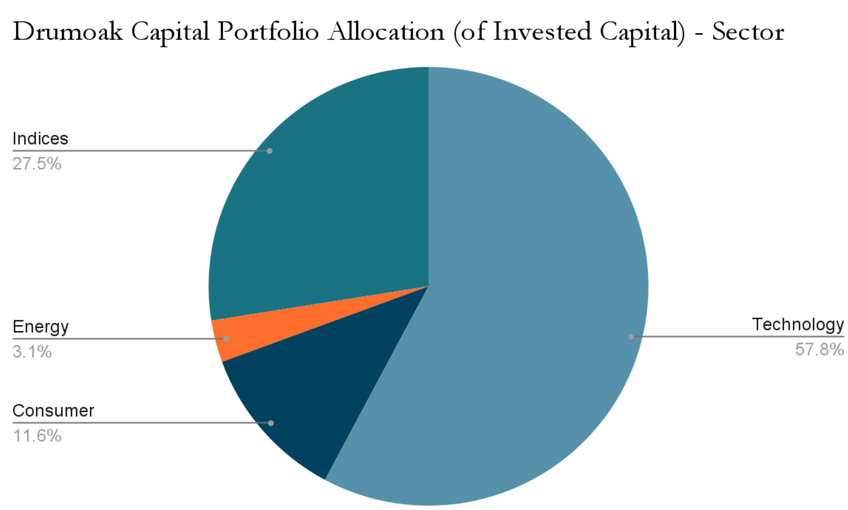
Attribution Commentary

Performance in October was led by Apple (+91%), with additional strong gains from FTSE 100 (+50%) and Eli Lilly (+35%). Consumer names contributed positively—Estée Lauder (+26%), Bath & Body Works (+25%), Target (+4%), and Carnival (+13%)—while tactical hedges added alpha, including the FICO short (+28%), VXX short (+14%), and small inverse exposures to TSLA/PLTR (+6% each). Detractors were primarily contained and reflected our risk caps, with selective weakness in Energy (COP, SU -15% each) and Consumer Staples/Tobacco (PM -15%), alongside China internet (BIDU -15%). Overall, results were driven by profit-taking in winners and disciplined loss limits on laggards, consistent with our risk-first process.

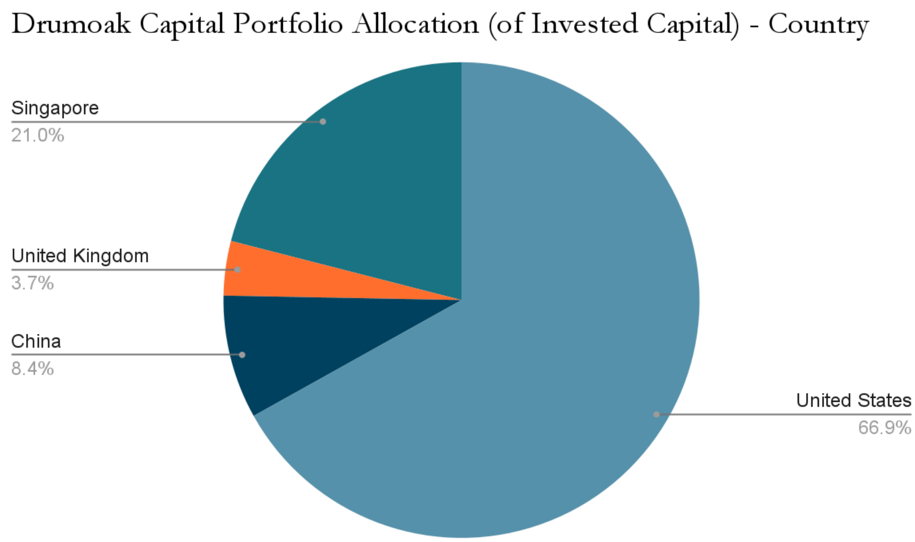
Risk Snapshot

We selectively trimmed U.S. mega-cap tech after strong gains and rising headline risk (e.g., shutdowns and earnings noise), taking profits and reducing exposure to just the "Magnificent 7" cohort. Proceeds were rebalanced toward broader indices/defensives and non-U.S. positions (Singapore/UK), lowering single-name and U.S. country concentration while keeping a growth tilt through core AI/software and digital commerce holdings. Energy remains modest and rate-sensitive exposure is contained; cash is intentionally higher to preserve optionality into upcoming macro catalysts. Overall, the portfolio stays diversified across sectors and regions with tighter position sizing and clearer downside controls.

Portfolio Allocation by Sector



Portfolio Allocation by Country



Part 3 – Portfolio Review (Closed Trades)

Closed Trade Table

Name	Ticker	Side	Industry	Result
Apple	AAPL	Buy	Technology	91%
FTSE 100	UK100	Buy	Index	50%
Eli Lilly	LLY	Buy	Health Care	35%
Fair Isaac	FICO	Short	Technology	28%
Estee Lauder	EL	Buy	Consumer	26%
Bath & Body Works	BBWI	Buy	Consumer	25%
Volatility Index	VXX	Short	Index	14%
Tesla	TSLA	Short	Index	6%
Palantir	PLTR	Short	Index	6%
Target	TGT	Buy	Consumer	4%
Carnival Corporation	CCL	Buy	Consumer	13%
Phillip Morris	PM	Buy	Consumer	-15%

Nike	NKE	Buy	Consumer	-15%
Baidu	BIDU	Buy	Communication	-15%
Suncor Energy	SU	Buy	Energy	-15%
ConocoPhilipps	COP	Buy	Energy	-15%

Commentary by Theme

Apple (AAPL)

We trimmed after a strong run, crystallising sizable gains while modestly reducing single-name and U.S. mega-cap concentration. We continue to like the long-term franchise, but the risk/reward skew favours profit-taking and recycling into new opportunities.

FTSE 100 (UK100)

Initiated as a broad-market diversifier amid short-term, politics-driven weakness in the U.K., the position rallied quickly. We realised ~50% gains and closed, satisfied with the hedge's contribution and mindful of better use of risk budget elsewhere.

Eli Lilly (LLY)

Originally a long-duration compounder for us, the name re-rated further on policy headlines and strong prints. With sentiment extended and debate building around GLP-1 demand dynamics and leverage, we locked in gains and will look to re-enter on improved risk/reward.

Fair Isaac (FICO) – Short

We established the short as a news-driven spike, which we judged to be disconnected from fundamentals and rising competitive/ regulatory overhangs. As the move normalised, we covered and booked a disciplined tactical win.

Estée Lauder (EL)

Shares recovered toward prior ranges; we used the strength to exit. A quality brand, but its fundamentals remain uneven, and the setup did not align with our high-conviction growth criteria.

Bath & Body Works (BBWI)

A classic Drumoak "turnaround + operating leverage" trade into earnings. The upside surprise was monetised quickly; we'll revisit as evidence of sustained growth builds.

VIX ETN (VXX) – Short

Following a brief risk-off wobble, we leaned into resilient earnings and liquidity to short volatility. As risk appetite returned, we covered into weakness in the term structure and realised gains.

Tesla (TSLA) – Short
After a sharp rally toward stretched multiples, we initiated a tactical short reflecting slower near-term growth, execution distractions, and a narrower product cadence. The stock retraced; we covered and recycled capital, remaining patient for a clearer fundamental inflexion.

Palantir (PLTR) – Short
Post-AI headline momentum pushed valuation well beyond our near-term base case. We positioned short for mean reversion, captured the fade, and stepped aside.

Target (TGT)
We exited a profitable trade as a potential “value trap” became apparent—traffic and mix headwinds persist. We prefer higher-quality staples exposure (e.g., club/big-box leaders) until consumer momentum improves.

Carnival (CCL)
The reopening earnings impulse was delivered, but macro sensitivity and middle-income exposure reasserted. Our trailing stop realised gains earlier before the subsequent pullback—discipline over heroics.

Philip Morris (PM)
The business is strong, but sector sentiment and near-term growth prospects have deteriorated. Our tight stop is engaged by design; we’ll reassess when pricing/policy visibility improves.

Nike (NKE)
The long-term thesis remains intact, but discretionary appetite is subdued, with investor focus skewed toward AI/tech. We respected the stop, preserving capital and waiting for a cleaner consumer inflexion.

Baidu (BIDU)
Tariff/trade headlines and AI sentiment volatility amplified China risk premia. We exited in accordance with risk controls and will revisit the position as the macro and policy tone stabilises.

Suncor (SU)
Balance sheet and asset quality remain attractive, but the position hit risk limits amid weaker tape. We’ll re-underwrite better commodity/ demand signals.

ConocoPhillips (COP)
Quality E&P leveraged to crude; the break of key levels alongside softer oil warranted a tactical exit. We prefer it closer to trough prices, where the upside to normalised $90–100 crude is more compelling.

Summary of Closed Positions

October was particularly busy, with elevated market volatility creating more frequent entry/exit windows and faster rotations across sectors. We crystallised large wins in Apple, Eli Lilly, Estée Lauder, Bath & Body Works, and our FTSE 100 diversifier, while tactical shorts in FICO, VXX, Tesla, and Palantir added ballast as headline-driven spikes faded. At the same time, we respected stops in select Energy (COP, SU), Staples/Tobacco (PM), Discretionary (NKE, TGT, CCL), and China internet (BIDU), where near-term macro/policy headwinds compressed risk/reward. The takeaway: In a higher-volatility regime, we act decisively—taking profits, cutting losers, and recycling capital—using hedges tactically, keeping single-name concentration in check, and maintaining a risk-first posture for the next set of dislocations.

Part 4 – Current Portfolio Snapshot

Top Holdings Review

Name (Ticker)	Industry	Portfolio Weight	Portfolio Performance (as of October 29)	Rationale
Amazon (AMZN)	**Technology**	**11.23%**	**+19.89%**	*Core growth holding benefiting from e-commerce strength, ads ramp, and AI/cloud optionality.*
Singapore Index (SGX)	**Index**	**10.42%**	**+10.5%**	*Defensive, non-U.S. exposure that adds stability and geographic diversification.*
Alphabet (GOOG)	**Technology**	**6.61%**	**143.90%**	*Ad recovery plus disciplined costs: a key long-term beneficiary of AI and cloud.*
Alibaba (BABA)	**E-Commerce**	**6.47%**	**39.23%**	*China re-rating and e-commerce dominance at a discounted valuation.*

Salesforce Inc (CRM)	**Technology**	**5.48%**	**12.27%**	*Sticky enterprise SaaS cash flows with margin expansion and AI/automation upside*
Nvidia (NVDA)	**Technology**	**5.36%**	**+130.91%**	*Primary pick on AI infrastructure demand from hyperscalers and enterprises.*
Celcius (CELH)	**Consumer**	**3.37%**	**+44.87%**	*High-growth consumer brand with strong share gains and upcoming distribution catalysts.*
PayPal (PYPL)	**Financials**	**2.94%**	**-2.48%**	*Profitable payments platform trading at undemanding multiples under strong management.*
Meta (META)	**Technology**	**2.72%**	**-16.28%**	*Held for long-term ad, Reels, and AI monetisation despite near-term volatility.*
Consumer Staples (XLP)	**Index**	**1.88%**	**3.92%**	*Portfolio stabiliser — defensive tilt to balance tech/growth exposure.*
Adobe (ADBE)	**Technology**	**1.75%**	**0.64%**	*Durable software franchise with recurring revenues and AI product optionality.*
ConocoPhilips (COP)	**Energy**	**1.40%**	**-19.72%**	*Quality energy name kept for oil rebound/normalisation potential.*
UK Gilt 1-3 Years (SYBG.DE)	**Bonds**	**1.08%**	**2.89%**	*Low-risk parking of capital to benefit from U.K. rate-cut expectations.*
Unilever (ULVR.L)	**Consumer**	**1.02%**	**3.32%**	*Resilient global staples business with pricing power in weaker macro conditions.*
Walmart (WMT)	**Consumer**	**0.96%**	**-0.32%**	*Best-in-class U.S. retailer with traffic, omni, and ads — preferred over weaker peers.*
Pepsi Co (PEP)	**Consumer**	**0.93%**	**-3.20%**	*Diversified snacks + beverages cash engine; defensive growth through cycles.*

iShare 1-3 Year (SHY)	**Index**	**0.57%**	**-1.40%**	*Short-duration, low-vol sleeve to keep optionality while limiting rate risk.*
Nike (NKE)	**Consumer**	**0.33%**	**-4.07%**	*Small, tactical sizing in a high-quality brand ahead of a consumer sentiment turn.*

Holdings Growth vs Weight Quadrant

	High Growth	Defensive Growth
High Weight	● Amazon (AMZN) ● Alphabet (GOOG) ● Meta (META) ● Alibaba (BABA) ● Nvidia (NVDA) ● Salesforce (CRM)	● Singapore Index (SGX)
Low Weight	● Celcius (CELH) ● PayPal (PYPL) ● Adobe (ADBE) ● Nike (NKE) =	● Consumer Staples (XLP) ● ConocoPhilips (COP) ● UK Gilt 1-3yr (SYBG.DE) ● Unilever (UNLV.L) ● Walmart (WMT) ● PepsiCo (PEP) ● US Bond 1-3yr (SHY)

Part 5 – October Portfolio Additions

October was a month of heightened volatility and shifting macro signals for Drumoak Capital. With the Fed leaning toward cuts, the Bank of Canada already moving, and the Bank of England under pressure to follow, markets began to reprice a softer policy path while still digesting mixed growth data and geopolitics. That created a choppy tape: risk assets were supported by the easing narrative, but rotations were faster and sentiment flipped quickly between "AI/growth-on" and "defensive/quality." In that environment, we leaned into balance rather than chase—preserving capital from earlier wins, adding stability around the edges, and keeping dry powder for when policy and earnings visibility improve. The objective was the same as earlier in the year: stay invested, stay liquid, and keep the portfolio resilient to macro whipsaws going into year-end.

Portfolio Additions

PayPal (PYPL)
Added following a strong earnings print and ongoing cost discipline, PayPal offers exposure to digital payments at a valuation that no longer prices in perfection. The combination of a capable leadership team, improving margin profile, and a still-durable network effect makes PYPL a high-quality, cash-generative compounder that can re-rate as sentiment toward fintech normalises.

Consumer Staples Select Sector SPDR (XLP)
This ETF was introduced to modestly tilt the portfolio toward defensives after a period of elevated equity volatility. XLP provides broad, liquid exposure to high-quality staples companies, smoothing returns while we continue to run higher-beta growth names elsewhere in the book.

SPDR Bloomberg UK Gilt UCITS (SYBG.DE)
We added U.K. gilts as a capital-preservation sleeve. With the U.K. shifting its policy stance under the Starmer government and markets already discounting weaker growth, gilts offered an attractive, lower-risk parking spot for cash while still participating in potential upside from rate cuts.

Unilever (ULVR.L)
Unilever was established as a classic staples holding—characterised by resilient brands, strong pricing power, and improving gross margins. In a more uncertain macro environment, we want businesses that can defend earnings while still offering selective growth in emerging and health/personal care categories.

Walmart (WMT)
This position reflects a preference for the strongest U.S. consumer platform over weaker big-box peers. Walmart continues to execute on traffic, omni-channel, and advertising, giving it multiple growth levers across economic cycles. It also lowers portfolio volatility inside the consumer bucket.

PepsiCo (PEP)
PepsiCo was added as another high-quality staples anchor after it beat on both revenue and EPS. Its diversified snacks + beverages model provides steadier cash flows than single-category names, and the position pairs well with XLP to create a more defensive core.

iShares 1–3 Year Treasury Bond ETF (SHY)
SHY was introduced as a short-duration, low-volatility holding to reduce overall interest-rate and credit risk. It earns a reasonable return while keeping capital readily deployable for future opportunities, aligning with our "optionality first" approach in a fast-moving market.

Portfolio Summary

Overall, these portfolio adjustments strengthen Drumoak's balance between high-growth conviction names and tactical diversifiers, positioning the fund to navigate both upside opportunities and potential macroeconomic headwinds into year-end**.** This month's activity reflected a deliberate reallocation of capital following strong realised gains, with select redeployments into new opportunities while maintaining cash reserves for high-conviction growth prospects ahead.

Part 6 – Strategic Outlook: Q4 & Year-End

As we move through October 2025, markets are treating the Fed's easing path as largely priced in. The September cut was the real signal; subsequent reductions flagged for late October and December are now seen more as follow-through than fresh catalysts. That helps support equities at the headline level, but it also lowers the "surprise" value of future cuts and raises the bar for growth and earnings to do the heavy lifting. The main risk now is that any stickier inflation print or firmer labour data narrows the Fed's room to ease just as positioning has leaned pro-risk. U.S. political noise remains a source of intraday volatility, while in the UK, markets are watching the late-November fiscal update for potential shifts in tax or spending.

Earnings, therefore, become the differentiator. AI remains the market's organising story, and names tied to chips, cloud, and digital ads will set the tone. A strong print from the AI leaders would validate current multiples even with policy already discounted; a miss would matter more than usual because the "lower rates" support has already been used up. For portfolios with tech exposure, this is an environment where it is best to react quickly rather than assume broad beta will carry returns.

For Drumoak Capital, positioning into late Q4 blends conviction and defence. We are maintaining core exposure to our growth names in technology and healthcare, but we've deliberately added stabilisers in staples, short-duration, and non-U.S. exposure to reduce reliance on a single macroeconomic outcome. The goal is to stay invested but keep optionality in case earnings, politics, or a rate reassessment create short-term dislocations.

Seasonality still matters: liquidity typically thins after the early-November catalyst window, so returns are likely to be driven by near-term data and execution rather than passive year-end flows. In short, Q4 2025 is not a "cuts will save everything" market — it's a dispersion market.

Our stance remains the same: protect capital first, lean into high-quality upside, and stay ready to pivot if the already-priced dovish path is challenged.

Part 7 – Letter From the Manager

October was a busy and constructive month for Drumoak Capital, as we balanced a more volatile market backdrop with disciplined redeployment into quality and defensive assets. Our philosophy remains the same: conviction-led, adaptive to macro shifts, and anchored in protecting capital while pursuing high-growth opportunities.

For the month, the portfolio returned **+6%**, bringing year-to-date performance to **+62%**, ahead of both the S&P 500 and FTSE 100 over the same period. Performance was supported by strength in technology and healthcare, tactical gains in consumer names, and timely profit-taking in positions that had extended, which in turn allowed us to rotate into lower-volatility, income and staples exposure. With much of the Fed's easing path now largely priced in, we believe this balanced positioning, growth plus defensives, with cash optionality, leaves us well placed for the remainder of 2025.

We are grateful to our readers and investors for following Drumoak's journey and for the continued engagement that helps sharpen our approach. As we move into year-end, we look forward to sharing further updates on strategy execution, market insights, and opportunities shaping the next stage of growth. For those interested in ongoing insights, we invite you to visit our website or follow us on LinkedIn. Feedback is always welcome as we refine both our reporting and investment processes.

– Angus Logan