

K2 Asian Fund

30 April 2024

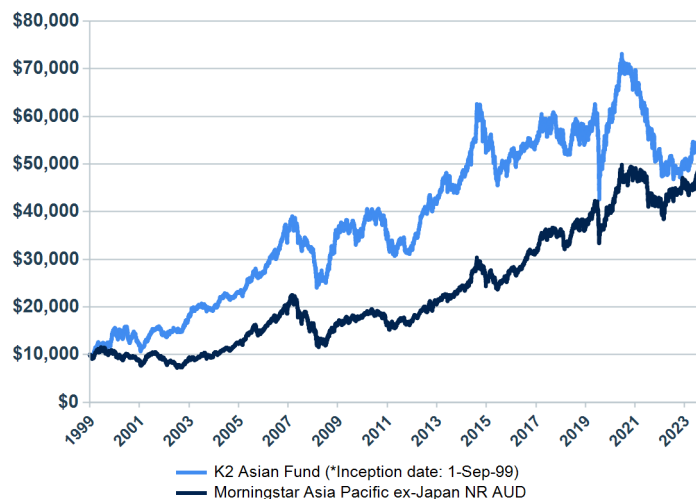


The K2 Asian Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts to help protect clients' capital.

	1 Month	Unit Price	Inception (%pa)
Performance (Net of Fees)	-4.59%	161.95	6.93%

Refer below detailed performance data matrix

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
RIO Tinto Ltd	8.9%	+1.0%
Seven Group Holdings Ltd	8.9%	-0.2%
JPMorgan Chase & Co	8.4%	+0.1%
Macquarie Group Ltd	8.1%	-0.1%
BHP Group Ltd	7.6%	+0.2%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps >=AUD\$7.5b	50.1%	-8.8%
Mid Caps >=AUD\$2b < AUD\$7.5b	38.5%	+3.6%
Small Caps < AUD\$2b	13.6%	+0.3%

Month End Exposures	Current	Monthly Move
Consumer	7.0%	-0.9%
Energy	5.6%	-0.4%
Financials/Real Estate	41.9%	-1.4%
Health Care	5.0%	+0.4%
Industrials	14.2%	-0.1%
Information Technology	6.1%	-0.2%
Materials	22.5%	+1.7%
Number of Positions	24	-3
Gross Equity Exposure	102.4%	-6.3%
Cash Weighting	-2.4%	+3.5%
Net Equity Exposure	102.4%	-3.5%
Currency Exposure Hedged of AUD	81.0%	+0.3%

Commentary

The K2 Asian Fund returned -4.59% for the month to be up +9.2% for the current fiscal year-to-date (FYTD).

Despite the overall resilient economic momentum globally, investors continue to digest the various geo-political risks, ongoing US-China trade war, geographic and some political polarisation. Further, 2024 is becoming a record year for elections globally with up to 77 taking place (17 of those already held this year). The very busy global election schedule includes some large economies such as India (held between April-June), UK (to be held prior to 28 Feb 2025), Mexico (June) and of course the US Election (5 Nov).

In general, there tends to be more market angst and volatility leading into an election that after. However, the many elections being held this year by some of the most populous countries keep investors alert. On US trade policy, there appears to be little difference in the previous US administration (Trump) tariffs on China and the new increases in tariffs from the Biden administration. Alignment of both Democrat and Republican policy on China tariffs may lead to unwinding global economic efficiencies, however this trend is set to continue with US corporate investment pivoting where it can and increasingly investing in South-East Asia, part of the EU and Mexico (leveraging the benefits of NAFTA). The recent US quarterly reporting period (completing in May) continues to deliver overall beats vs expectations. The resilient US earnings momentum has reinforced the benefits of the current strong structural technology cycle and the ability of corporate America to maintain margins with tighter monetary conditions. However, robust economic conditions with a tight labour market continue to place pressure on core inflation measures and the ability for the US Fed to lower rates any time soon.

On China, both the PBoC and Beijing continue to focus on stimulatory conditions to enhance their export sector, which in turn places ongoing pressure with trade wars with some key global developed markets due to excess capacity. It is clear that the various policies in China do not focus too much on driving higher domestic consumption. Overall, aggregate global conditions are holding up. Investors remain cautious investing long term in China despite the cheaper valuations. Within the region investors continue to focus on Japan and south-east APAC region which offer more policy certainty. The K2 Asian Fund continues to be underweight China but focus on companies with earnings that export to China.

Fund Characteristics

Portfolio Managers	Campbell Neal, David Poppenbeek and Bill Laister
Strategy	Asian (excluding Japan) Equities
Objectives	To deliver consistent absolute returns over the investment cycle with a focus on capital protection during periods of market declines
Return Target	+10% pa over the long term
Number of Stocks	Up to 80
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	1.36%
Buy/Sell	Daily Application/Redemption
Performance Fee	15.38% pa of the amount by which the NAV per unit exceeds the High Water Mark once the fund achieves its hurdle

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K2 Asian Fund Net Monthly Returns in AUD

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fin YTD	Fin YTD Index (1)	Average Cash	Average Short
1999/00			-0.55	4.28	9.21	10.82	-4.26	-3.40	4.12	-1.07	0.21	-1.03	18.59	4.45	35.23%	-13.83%
2000/01	19.41	8.29	-5.29	-0.99	-3.15	-2.32	16.53	-1.96	-16.41	5.38	5.37	-2.02	19.17	-8.44	16.17%	-18.46%
2001/02	-9.11	-6.94	-4.93	2.26	10.31	1.07	8.68	4.40	2.42	1.76	1.68	-1.51	8.58	-1.93	35.54%	-11.97%
2002/03	-7.19	0.47	-2.84	3.56	3.55	-0.49	2.38	-0.55	-1.77	0.08	3.74	4.43	4.86	-15.33	41.25%	-13.04%
2003/04	4.43	6.54	4.42	5.22	-0.33	0.86	1.54	0.84	-1.81	-0.71	-0.20	-0.05	22.37	24.06	38.03%	-5.30%
2004/05	-1.23	1.34	2.18	0.90	6.81	2.23	1.07	1.29	-3.05	-2.36	2.02	0.96	12.48	19.44	30.24%	-2.62%
2005/06	3.43	0.21	1.87	-3.62	5.16	3.78	5.25	-0.95	5.04	2.33	-3.25	0.24	20.67	27.67	24.43%	-3.88%
2006/07	0.19	2.00	2.41	2.92	3.39	2.73	1.16	0.33	0.59	2.99	5.47	3.98	31.93	28.88	31.06%	-1.35%
2007/08	3.51	-0.19	2.71	3.98	-2.56	-1.16	-8.59	-0.36	-3.66	3.11	-0.07	-3.80	-7.58	-16.72	46.58%	-4.98%
2008/09	-1.61	0.25	-10.76	-10.40	-0.67	5.17	-3.32	-1.41	4.80	8.03	10.26	0.85	-1.15	-6.23	49.48%	-3.99%
2009/10	10.46	-2.58	4.70	0.90	-0.30	3.52	-4.67	-0.04	3.76	-0.46	-7.44	-0.49	6.37	17.31	12.03%	-1.70%
2010/11	4.36	-2.11	7.61	2.52	-0.78	2.06	0.53	-1.01	1.72	1.20	-1.79	-2.36	12.13	2.75	12.14%	-2.43%
2011/12	-1.98	-5.41	-8.97	3.67	-6.16	-1.81	4.86	5.08	-0.91	1.21	-6.90	-0.95	-17.85	-9.36	20.10%	-2.08%
2012/13	1.21	0.73	4.90	3.90	2.00	6.00	4.30	2.11	-0.04	3.21	2.38	-3.61	30.23	22.88	6.86%	-0.14%
2013/14	2.40	0.08	2.15	3.60	4.91	0.93	-1.63	0.89	-3.74	-0.21	0.36	-2.26	7.39	13.18	8.82%	0.00%
2014/15	5.40	0.48	2.80	1.36	2.46	3.58	4.12	2.23	2.64	7.51	2.38	-4.23	34.88	22.15	12.90%	-0.08%
2015/16	-4.46	-4.54	-1.35	3.40	-4.19	-2.86	-7.18	-1.56	4.04	2.48	0.24	-2.76	-17.78	-6.59	18.72%	0.00%
2016/17	3.75	2.48	1.23	-3.34	1.59	0.17	2.65	-0.56	1.02	2.03	0.95	-2.30	9.86	19.17	20.63%	-0.44%
2017/18	-0.07	2.20	0.54	4.48	1.44	-1.57	1.39	-0.18	-1.30	3.97	-0.22	-4.08	6.48	13.00	18.53%	-1.15%
2018/19	-1.65	1.04	-0.07	-7.32	-1.07	1.61	1.84	5.64	1.25	1.31	-6.13	4.83	0.47	7.07	30.20%	-0.69%
2019/20	0.02	-3.87	1.23	2.03	1.02	4.06	-2.74	-4.31	-13.58	6.44	1.86	4.05	-5.28	1.39	14.03%	-1.16%
2020/21	4.87	6.19	-1.42	1.80	6.03	2.75	3.97	1.41	-1.37	1.73	0.55	-0.52	28.82	29.05	3.44%	-0.16%
2021/22	-4.54	2.69	-4.09	-0.97	-5.20	-0.51	-3.52	-1.05	-2.69	0.12	-1.94	-9.54	-27.55	-13.82	8.53%	-0.14%
2022/23	2.89	-0.04	-8.68	0.82	4.35	-4.17	5.96	-1.48	-3.09	0.26	-1.34	-0.68	-5.90	4.32	11.79%	-0.59%
2023/24	4.63	-0.15	0.83	-2.88	3.67	7.00	-0.17	-1.70	2.75	-4.60			9.16	10.78	2.09%	-0.29%
												Incept.	422.39	392.53		
												Incept.	6.93%pa	6.68%pa	21.95%	-3.62%

(1) Morningstar Asia Pacific ex-Japan NR AUD

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