

K2 Asian Fund

30 June 2024

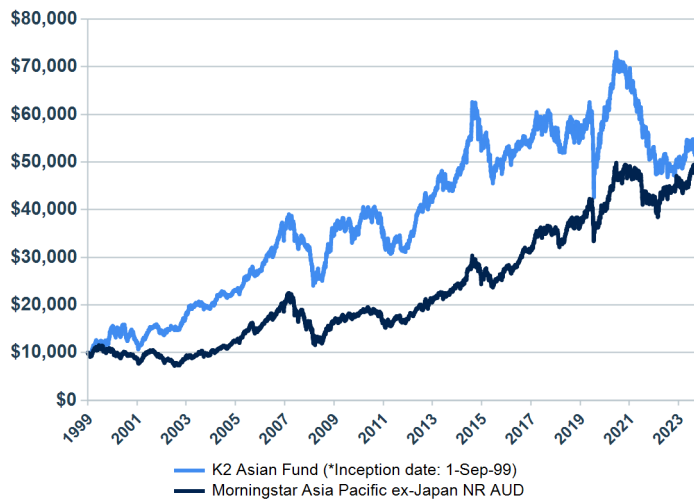


The K2 Asian Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts to help protect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

	1 Month	Unit Price	Inception (%pa)
Performance (Net of Fees)	-0.28%	158.73	6.80%

Refer below detailed performance data matrix

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Macquarie Group Ltd	9.2%	+0.8%
Seven Group Holdings Ltd	9.1%	-0.2%
JPMorgan Chase & Co	8.9%	+0.1%
RIO Tinto Ltd	8.4%	-0.6%
BHP Group Ltd	7.8%	-0.2%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps >=AUD\$7.5b	57.4%	+3.0%
Mid Caps >=AUD\$2b < AUD\$7.5b	21.1%	+0.0%
Small Caps < AUD\$2b	12.2%	-2.9%

Month End Exposures	Current	Monthly Move
Consumer	3.6%	-2.8%
Energy	5.5%	-0.3%
Financials/Real Estate	37.6%	+1.3%
Health Care	4.8%	+0.0%
Industrials	14.5%	-0.1%
Information Technology	8.5%	+2.7%
Materials	16.6%	-0.8%
Number of Positions	21	+1
Gross Equity Exposure	91.0%	+0.1%
Cash Weighting	9.0%	-0.1%
Net Equity Exposure	91.0%	+0.1%
Currency Exposure Hedged of AUD	81.0%	-1.1%

Commentary

The K2 Asian Fund returned -0.28% for the month to be up +6.99% for the 2024 fiscal year (net after fees).

Moving into the second half of the year, global growth continues to moderate from the robust momentum last year. Importantly, conditions remain expansionary and the expectations of lower rates in 2025 with many key developed economies will be supportive. The pace of fiscal spending in the US remains a headwind and many other economies relative to historical averages. This has underpinned the strong labour market and continues to place pressure on core inflation. We anticipate some easing in cash rates from the major central banks but not toward levels that the market has seen over the past fifteen years. Some easing by some global central banks, but higher cash rates for longer remains the core theme.

With regard to China, the market is looking towards the Third Plenum in July to look for any guidance to the economic policies and proposed reforms from Beijing for the coming year(s). The second largest economy has focused on the higher manufacturing led quality growth via technology and green transition, while simultaneously benefiting from a preferential diversified energy mix, that emerging economies can operate under. This robust and lucrative export led growth focus has led to trade tensions with many key developed economies. Trade tensions with the US are anticipated to remain. While there has been little policy support to drive China domestic demand and consumption as a greater proportion of their growth mix, investors will look for any fiscal and land development reforms. The property correction in China has been of historical proportions, and additional government policy support should go a long way to help improve the property sector and sentiment within mainland China.

Locally, the RBA continues to navigate the dilemma of persistent core inflation data. The strong fiscal stimulus, robust ongoing labour market combined with aggregate earnings growth, all imply the RBA will keep rates higher for longer acknowledging that the market is pricing in the prospect of another rate rise.

Within the region, investors continue to focus on Japan and south-east APAC markets. The K2 Asian Fund continues to be underweight China with a 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	-1.72	-0.28	6.99	13.59	2.33%	-0.29%
												Incept.	412.00	405.06		
												Incept.	6.80%pa	6.74%pa	21.96%	-3.62%

(1) Morningstar Asia Pacific ex-Japan NR AUD

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