

K2 Global High Alpha Fund

30 June 2025



The K2 Global High Alpha 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)	4.36%	135.10	9.35%

Refer below detailed performance data matrix

Top 5 Stock Holdings	Current	Monthly Move
BHP Group Ltd	7.1%	-0.6%
Macquarie Group Ltd	6.6%	+0.1%
Summerset Group Holdings Ltd	6.6%	-0.2%
Purpose Bitcoin Etf	6.4%	-0.2%
Bendigo And Adelaide Bank	5.7%	+0.1%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps>=AUD\$7.5b	43.3%	-0.6%
Mid Caps>=AUD\$2b<AUD\$7.5b	29.5%	+0.9%
Small Caps<AUD\$2b	28.5%	-4.5%

Month End Exposures	Current	Monthly Move
Consumer	9.0%	-0.1%
Energy	4.2%	+0.8%
Financials/Real Estate	47.4%	+2.0%
Health Care	6.6%	-2.8%
Industrials	5.6%	+0.1%
Information Technology	16.0%	-2.8%
Materials	10.7%	-1.3%
Number of Positions	26	-1
Gross Equity Exposure	101.3%	-4.2%
Cash Weighting	-1.3%	+4.2%
Net Equity Exposure	101.3%	-4.2%
Currency Exposure Hedged of AUD	86.0%	-1.0%

Fund Characteristics	
Portfolio Managers	Campbell Neal, David Poppenbeek and Bill Laister
Strategy	International 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 120
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	2.05%
Buy/Sell	Monthly Application/Redemption
Performance Fee	20.5% of the amount by which the NAV per unit exceeds the High Water Mark

Commentary

K2 Global High Alpha Fund returned 4.36% for the month.

Geopolitical tensions resurfaced again during the month. Mid-month, Israel launched an attack on key nuclear facilities in Iran. The US military subsequently struck three of Iran's nuclear enrichment facilities. In days gone by, conflicts like this would have created disorder in asset markets. However, markets were relatively calm. The VIX index declined, long bond yields fell, the US dollar weakened, and equity markets rose. How times have changed. Looking forward, there are few key events on the horizon. Firstly, the US tariff delays are scheduled to expire on the 9th of July. To date there have only been a hand full of negotiations that have concluded with definitive outcome. Secondly, the second quarter profit results for US companies will commence shortly. Earnings growth is expected to taper to mid-single digits following uncertainty surrounding trade. The best performing sectors for the Fund were Financials, Energy and Industrials. Paladin Energy (PDN) was the strongest contributor delivering a +29% return for the month. Solid performance also came from Nvidia Corp (NVDA US), Macquarie Group (MQG) and SGH Ltd (SGH).

SGH is one of Australia's leading industrial companies. SGH's management has consistently impressed us with its astute ability to allocate of capital and is therefore an ideal case study for the merits of being a listed company. SGH is uniquely positioned to deliver operational efficiencies. It has been a long-term owner of WesTrac and Coates Hire and these businesses are traditionally capital heavy and highly cyclical. SGH's model for capital allocation encourages counter-cyclical investments. Hence, whilst interest rates have been elevated and residential dwelling construction subdued, SGH has been positioning itself to deliver stronger operational leverage when conditions improve. SGH has been embracing the latest technological offerings within artificial intelligence and robotics so a step change in margins could be within reach. SGH is also well positioned to unlock significant value from the almost 4,000 hectares of surplus land that Boral holds. These land holdings can be redeveloped for residential and industrial purposes. The industrial development opportunities are of particular interest as they could generate meaningful levels of recurring income well into the future.

Gemlife Communities Group (GLF) is a land lease developer that delivers premium resort-style living for the Over-55 cohort. GLF generated recurring earnings of just A\$11 million during the past year, yet it listed on the ASX with a market capitalisation of A\$1.6 billion. Inclusive of development earnings, GLF was priced at 15x next years' earnings. Our preferred aging demographic play is Summerset Group (SUM). SUM has a market capitalisation of A\$2.4 billion, generated A\$120 million of recurring earnings in the past twelve months and is priced on 10x next years' profits. To our mind SUM has a far more balanced approach towards funding development activities whilst creating annuity income streams. The aging population thematic is a multi-decade tail wind. SUM continues to invest prudently into a market that has high barriers to entry. A retirement village that has been purposely built for prosperous baby-boomers is capital intense and can take up to a decade before the full earnings potential is realised. SUM is the ultimate build-to-rent exponent; its business delivers twice the IRR that multi-level residential build-to-rent projects aim to generate. In addition, SUM's continuum of care retirement villages recycled capital in a significantly more efficient manner.

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K2 Global High Alpha 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
2009/10						0.81	-1.26	3.46	4.61	-0.28	-5.44	1.83	3.45	1.48	33.67%	-0.28%
2010/11	5.28	1.36	13.20	8.95	5.90	10.18	0.83	2.04	0.66	3.40	-1.73	-3.09	56.62	3.50	9.62%	-0.76%
2011/12	0.97	-3.09	-8.55	8.86	-3.30	-3.53	6.22	7.90	0.04	-2.47	-7.31	-2.32	-8.00	-2.59	28.98%	-0.74%
2012/13	1.48	4.49	4.01	3.53	-0.97	6.91	4.92	4.42	2.18	4.42	1.80	-0.81	42.70	31.02	13.92%	-0.37%
2013/14	4.92	2.22	4.73	4.27	3.23	1.63	0.34	2.41	-0.56	0.05	0.19	-1.73	23.68	19.62	8.04%	-0.01%
2014/15	4.61	1.56	1.56	1.07	1.18	3.26	4.83	4.50	2.41	3.16	3.69	-3.51	31.92	23.89	9.19%	-0.07%
2015/16	4.50	-2.39	0.65	3.12	-1.87	-1.03	-4.72	-4.73	1.62	0.78	2.15	-4.13	-6.41	-0.60	18.10%	-0.49%
2016/17	3.76	2.20	-0.06	-1.85	0.62	1.52	2.24	-0.78	2.64	0.04	1.91	-0.90	11.77	15.36	19.74%	-2.44%
2017/18	0.12	3.67	1.39	3.63	1.83	1.24	-0.35	-0.17	-1.33	0.18	-0.69	0.59	10.45	15.13	16.40%	-2.98%
2018/19	0.60	0.51	-0.28	-4.95	-5.27	1.63	-3.30	3.85	-1.25	2.65	-1.85	1.26	-6.64	10.51	38.34%	-6.22%
2019/20	1.96	-3.55	2.80	0.91	3.40	2.16	1.13	-7.77	-23.23	8.13	6.33	1.38	-10.05	3.22	14.87%	-2.83%
2020/21	4.68	5.52	-0.96	-1.07	9.78	3.15	-0.28	3.41	0.90	3.48	-1.14	1.70	32.67	28.43	3.62%	-0.45%
2021/22	-0.31	3.48	-2.98	2.20	-1.12	0.75	-5.87	-1.51	2.21	-2.54	-4.35	-13.70	-22.32	-8.80	0.81%	-0.25%
2022/23	3.90	-1.29	-8.84	2.77	6.03	-4.49	7.16	-2.84	-1.84	0.79	-2.38	-1.17	-3.30	19.97	6.13%	-0.73%
2023/24	3.63	0.75	-0.16	-2.19	3.07	6.70	-0.44	-1.52	1.93	-3.87	-1.37	-0.52	5.71	18.21	2.68%	-0.33%
2024/25	3.43	-1.93	4.04	0.55	4.93	-1.50	3.72	-2.81	-6.59	0.49	4.85	4.36	13.55	17.97	0.89%	-1.08%
Incept.													302.78	486.22		
Incept.													9.35%pa	12.02%pa	14.06%	-1.25%

(1) Morningstar Global Markets NR AUD

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