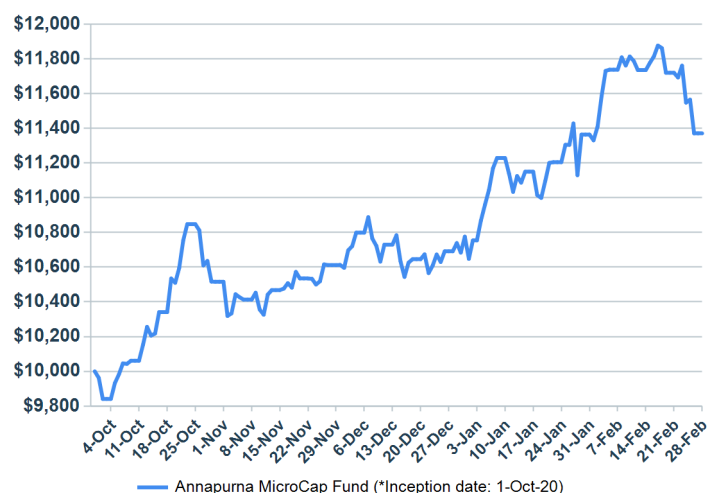


The Annapurna Microcap fund is a high conviction Nanocap, Microcap and Smallcap fund managed by leading Microcap professionals. The fund aims to deliver superior risk-adjusted returns through the investment cycle while protecting client's invested capital.

	1 Month	Inception (%pa)	Inception Date
Performance (Net of Fees)	0.1%	13.7%	1-Oct-2020
Average Net Exposure	96.4%	75.6%	

Growth of \$10,000



Annapurna Microcap Fund

Figure 1: Annapurna - We are looking forward to increased company field trips and company visits post the reporting season. We are ready to go.

Month End Exposures	Current	Monthly Move
Communication Services	6.3%	+1.8%
Consumer	7.7%	+3.8%
Energy	3.0%	+1.5%
Financials	18.0%	+2.1%
Health Care	10.9%	+0.4%
Industrials/Real Estate	10.1%	+3.5%
Information Technology	15.9%	-0.8%
Materials	22.6%	-3.8%
Number of Positions	38	+2
Gross Equity Exposure	94.5%	+8.4%
Cash Weighting	5.5%	+2.8%
Net Equity Exposure	94.5%	+8.4%

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Commentary

The Annapurna Microcap Fund had was up 0.1% for February to be up 13.7% since inception. The microcap fund continues to search for new opportunities to gain access to the new corporate leaders of tomorrow.

The new microcap fund has been launched and is managed by the experienced microcap portfolio managers (PM) Stephen Scott and Bill Laister. Both have a successful and long term track record in the microcap sector. Annapurna Microcap Fund offers diversified exposure to emerging companies with one of the most experienced microcap investment teams in Australia.

The nanocap and microcap sectors are a different specialist segment and complement exposure to the broader equity market. The microcap sector also offer sector diversification and complement the exposure to the broader equity market. This resource intensive investment approach from the Annapurna team has in the past led to the successful investments of many new leaders of today.

Major contributors to performance included Raiz (RZI) that continued to report solid funds under management and investor growth. Other contributors included Boss (BOE) that has a dormant uranium mine and processing plant in Honeymoon (outback South Australia). Increased demand for non-carbon energy is enhancing investor interest in the Uranium industry. Kina (KSL) also contributed strongly after a solid result and future benefits to flow from a consolidating PNG banking industry. Technology related names such as Dropsuite (DSE), Pentanet (5GG) and Atomos (AMS) all contributed to performance.

Detracted included industrial and mining service stocks such Maca (MLD), Korvest (KOV) and Bisalloy (BIS). Despite these heavy industries remaining open there was a degree of covid cost, disruption and paralysed corporate decision making. This should start to normalise into Calendar 2021. Paygroup (PYG) also detracted from performance due to a lack of news flow (March balance date). The Paygroup business is well positioned the benefit from resurgent employment and casual employment growth into 2021.

From a sector perspective we have increased our weighting to the consumer, communications, financials and industrials sectors with the expectation of the continued stimulus led recovery to continue to drive aggregate earnings going forward. The material and IT sectors remain the largest overweights.

Fund Characteristics

FUM	AUD \$2.2m
Portfolio Managers	Bill Laister and Stephen Scott
Strategy	Nanocap/microcap and Small cap stocks. The fund is focused on Australian opportunities but can invest in international microcap and small cap stocks
Objectives	The fund aims to deliver superior risk adjusted returns through the investment cycle while protecting client's invested capital. The fund will aim to limit capacity to \$50m or below.
Return Target	To return 10% p.a net of fees over a 3-5 year investment cycle
Number of Stocks	Concentrated NanoCap/Microcap portfolio of 20- 50 stocks
Cash	Able to use cash/shorting/gearing up-to 130% as opportunities arise
Distributions	Annually
Management Fee	1.025%
Buy/Sell	Daily Application, Monthly Redemption (Minimum of 90 days' notice prior to a Redemption Day)
Performance Fee	20.5% pa of the amount by which the NAV per unit exceeds the High Water Mark once the fund achieves its 6% hurdle



Stephen Scott
Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 25 years funds management experience domestically and globally

Over 25 years experience and a leading emerging companies / microcap portfolio manager. His roles have included Head of Research, Senior Portfolio Manager, Microcap Industrial Analyst and Senior Analyst. Stephen has been involved in portfolio management and construction, economic analysis and securities research throughout his career and was part of the largest microcap investment team and mandate in Australia.

Stephen has both domestic and global experience having worked in London, New York and Sydney in Senior funds management, investment research and management roles. Stephen has worked for Westpac, Deutsche Asset Management, Ord Minnett, Contango Asset Management, MAP Capital and Taylor Collison.



Bill Laister
Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 30 years funds management experience

Over 30 years experience in the financial services industry as Senior Portfolio Manager, Head of Australian Equities, Head of Trading and Resources Analyst. He has worked at several organisations as Senior Portfolio Manager at Contango Asset Management (initial shareholder, 1999), Head of Australasian Equities HSBC AM, Director Contango MicroCap Ltd (ASX listed) and various roles at Wilsons & Co and Morgans Stockbroking in the 1980s.

Bill has been involved in resources analysis, portfolio construction and management through out his career. He launched the first Australian MicroCap mandate in 2004 and grew FUM to be the largest in the local market He travels regularly reviewing greenfield sites, mining operations and growth opportunities for companies.

DISCLAIMER: Returns are shown after fees (including performance fees) and expenses have been deducted and assume the reinvestment of income distributions. Please note that past performance is not a reliable indicator of future performance. The information contained in this document is produced by K2 Asset Management Ltd ("K2") in good faith, but does not constitute any representation or offer by K2. It is subject to change without notice, and is intended as general information only and is not complete or definitive. K2 does not accept any responsibility, and disclaims any liability whatsoever for loss caused to any party by reliance on the information in this document. A product disclosure statement for general information on any Fund referred to in this document can be obtained at www.k2am.com.au or by contacting K2. You should read the product disclosure statement and consider whether the product is appropriate for you before making a decision to acquire or continue to hold an interest in a Fund. Fees referred to in this document are inclusive of GST and RITC and do not include expense recoveries.