

# Select International Alpha Fund

## 30 November 2024



The Select International 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. As of 8 May 2024, the Fund has been managed by Liontrust Investment Partners.

	1 Month	3 Months	6 Months	1 Year	3 Years	Inception
Performance (Net of Fees)	2.51%	7.73%	9.06%	11.92%	2.87%	8.29%

Refer below detailed performance data matrix

Name	%
Seagate Technology Holdings PLC	3.3%
ServiceNow, Inc.	3.2%
Salesforce, Inc.	3.1%
Alphabet Inc. Class A	3.0%
Meta Platforms Inc Class A	2.9%
Cloudflare Inc Class A	2.7%
T-Mobile US, Inc.	2.6%
Full Truck Alliance Co. Ltd. Sponsored ADR	2.6%
Intuitive Surgical, Inc.	2.6%
Coinbase Global, Inc. Class A	2.5%
<b>Total (top 10 of 98 holdings)</b>	<b>28.4%</b>

Source: Liontrust Investment Partners, GAM Star Alpha Technology Fund

Category	Top Categories by Net Exposure
Financials	14.5%
Communication Services	10.7%
Consumer Discretionary	6.2%
Health Care	5.1%
Industrials	4.7%
Real Estate	1.8%
Consumer Staples	1.5%
Private & Delisted	0.1%
Information Technology	-5.3%
Net (Short)	Gross Exposure 93.37%
Net (Long)	Short Exposure -54.07%

Source: Liontrust Investment Partners, GAM Star Alpha Technology Fund

Fund Characteristics	
Portfolio Managers	Mark Hawtin, David Goodman, Pieran Maru & Kevin Kruczynski
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 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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### Commentary

The Select International Alpha Fund returned +2.51% for the month to be +13.28% year-to-date (net, after fees).

The 2025 global outlook is increasingly one of resilient aggregate growth with a supportive and partly synchronised lower cash rate cycle continuing from many key central banks, including the Fed, ECB, BoE and BoC. The sustainable fall in core inflation measures because of aggressive and simultaneous monetary tightening in 2021 and 2022 to address inflation concerns, have given global central banks the window to lower rates.

As global conditions have held up relative to expectations over the past year, monetary policy from the key global central banks is not expected to be too stimulatory in 2025. Hence, a shallow cash rate cycle is also anticipated, particularly in the US which continues to exhibit much more resilient economic activity than other developed economies.

The unevenness of activity across the regions will continue with the EU region facing more challenges as their larger economies Germany and France face another year of subdued growth. France has also managed to navigate itself towards a potential bond issuance crisis as a result of a minority government. On the positive front for the EU region, the Mediterranean economies continue their recent run of robust growth and growing earnings.

China continues to face significant challenges following the property construction collapse. Negative wealth effects at the household level and weak domestic demand activity require much more coordinated stimulus from both Beijing and their central bank, the PBoC. Dealing with a balance sheet recession requires "whatever it takes" stimulus to try and grow domestic demand. To date, their policy announcements and urgency to avoid prolonged economic weakness are disappointing. The positive for China is its efficient and very competitive export sector, which remains the most efficient globally. This is a double edge sword as their export sector success (via subsidies) will lead to the acceleration of trade wars and higher tariffs.

Australian cash rates are to remain at current levels until May 2025. Stubborn core inflation measures, very strong government spending (at both federal and state levels) and a resilient domestic labour market do not suggest pre-emptive rate cuts are prudent or required. However, some softness in the recent national accounts from the much weaker private sector activity may leave a small window for a late February cut (low probability) if the December quarter CPI (released 29 Jan 2025) allows.

US equities are to be supported by a strong tailwind of lower corporate taxes and deregulation with US long bond yields remaining more elevated. Consensus earnings growth for 2025 is in the low double digits with the expectations of a more broad-based earnings contribution outside of large cap technology toward other sectors. While US valuations are not cheap, the acceleration of earnings may see the 1-year forward multiple compress next year. Credit conditions also remain in a reasonable shape, particularly in the US.

Regarding currency markets, the core view is ongoing USD strength as their economy remains relatively more robust, which will create more headwinds for some emerging economies. There will be some elevated FX volatility in 2025 as markets digest data and any changes to central bank policy.

## Select International 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
2004/05							0.89	1.30	-0.44	-1.38	1.36	3.79	5.56	3.03	50.51%	-4.41%
2005/06	4.91	0.73	2.64	-0.96	4.20	4.43	5.11	4.42	5.66	-0.07	-3.66	2.02	33.16	22.26	21.28%	-4.15%
2006/07	0.43	2.13	2.80	3.60	1.97	4.81	2.40	0.13	1.06	3.14	5.05	-0.29	30.70	9.93	23.64%	-1.06%
2007/08	0.09	0.64	2.57	3.36	-3.71	-1.08	-8.04	-0.63	-1.22	2.98	1.83	-3.45	-7.04	-19.95	43.46%	-7.29%
2008/09	-2.51	2.89	-8.60	-9.70	-2.45	5.09	-3.10	-2.84	4.93	6.88	7.84	-0.65	-4.00	-15.30	51.14%	-3.95%
2009/10	7.58	2.13	3.34	-1.70	1.41	3.03	-4.09	0.16	4.70	0.17	-5.42	-2.72	8.11	8.36	11.69%	-1.03%
2010/11	4.31	-2.46	8.39	2.70	0.04	3.75	0.43	0.92	0.98	1.73	-1.91	-1.55	18.20	3.50	12.01%	-2.42%
2011/12	-2.18	-4.47	-4.46	2.48	-3.02	-1.70	3.61	4.73	3.57	-0.02	-4.28	-1.48	-7.57	-2.59	22.89%	-2.93%
2012/13	0.63	3.44	1.97	0.58	1.43	2.81	2.74	1.78	0.72	2.50	4.06	-0.44	24.49	31.02	6.72%	-0.35%
2013/14	3.93	-0.38	0.47	2.43	4.36	5.47	-0.93	1.56	-5.72	-2.51	1.16	-1.82	7.72	19.62	8.01%	-0.15%
2014/15	0.65	1.03	3.92	0.77	4.13	3.74	4.04	4.23	2.06	3.09	3.14	-2.68	31.74	23.89	13.16%	-0.63%
2015/16	-0.13	-2.30	-1.88	5.41	-2.12	-1.91	-3.98	-3.27	2.08	0.40	3.97	-7.06	-10.88	-0.60	20.86%	-0.71%
2016/17	2.90	2.13	0.13	-1.29	3.85	2.98	2.07	0.88	0.42	1.23	1.42	-2.06	15.50	15.36	23.10%	-2.82%
2017/18	0.26	0.99	1.89	3.62	2.39	-1.72	2.11	-0.29	-2.65	0.70	-0.69	-0.25	6.38	15.13	21.63%	-3.25%
2018/19	0.83	2.67	-0.16	-5.59	-1.95	2.09	-2.55	3.58	-0.28	3.12	-4.07	3.51	0.69	10.51	32.63%	-3.84%
2019/20	1.29	-1.58	1.39	0.26	2.89	1.88	0.26	-8.61	-16.74	4.90	6.25	-0.27	-9.91	3.22	9.52%	-2.35%
2020/21	2.93	5.39	0.02	-2.91	9.05	4.76	-0.45	4.70	1.05	2.69	-0.53	1.80	31.80	28.43	2.59%	-0.26%
2021/22	1.65	3.32	-3.37	2.76	-3.89	2.78	-6.81	-3.68	1.13	-3.00	-1.19	-11.91	-21.05	-8.80	5.43%	-0.15%
2022/23	4.96	-2.21	-8.79	3.56	6.86	-4.06	6.57	1.45	2.14	0.55	3.61	-1.50	12.63	19.97	7.68%	-25.68%
2023/24	3.22	0.96	-1.46	1.85	4.81	-1.21	8.89	0.34	1.32	-2.45	-3.81	4.85	17.94	18.21	16.14%	-59.16%
2024/25	-2.84	-0.62	-0.94	6.08	2.51								4.02	10.88	1.45%	0.00%
Incept.													388.62	452.36		
Incept.													8.29%pa	8.96%pa	20.20%	-6.33%

(1) Morningstar Global Markets NR AUD

Up until 7 February 2023, K2 Asset Management Ltd was the investment manager of the Select International Alpha Fund (former name K2 Select International Absolute Return Fund). The data represented in this table and document for the dates prior to 7 February 2023 were for K2 Asset Management Ltd as the investment manager of the Fund. The past performance of the Fund is not a reliable indicator of the future performance of the Fund with a new investment manager.

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## Investment Team



**Mark Hawtin** is Head of the Global Equities team. Mark joined Liontrust in 2024 from GAM where he was an Investment Director running global long only and long/short funds investing in the disruptive growth & technology sectors. Before joining GAM in 2008 he was a partner and portfolio manager with Marshall Wace Asset Management for eight years, managing one of Europe's largest technology, media and telecoms hedge funds. Mark Hawtin previously spent seven years at Enskilda Securities, initially as head of sales, before taking responsibility for the international equity business, overseeing pan-European research and trading activities and around a quarter of the investment banking staff.



**David Goodman** is an Investment Manager in the Global Equities team. David joined Liontrust in 2024 from GAM where he was responsible for applying technical analysis to assist with portfolio construction and risk management. Between starting his career trading equity derivatives for Citigroup and joining GAM in 2009, he has held numerous senior positions at such companies as SEB, Marshall Wace, Instinet Alpha and Pali International. David Goodman has passed the Securities Association, General Registered Representative examination and has passed the Society of Technical Analysts diploma exam thus is a full member of the Society of Technical Analysts (MSTA).



**Pieran Maru** is an investment analyst in the Global Equities team. Pieran joined Liontrust in 2024 from GAM where he covered software and hardware companies in GAM's Global Equity team. Pieran initially joined GAM's compliance team in 2017, before moving to the Global Equity team in 2021. Pieran holds a BA in Materials Science from the University of Oxford, the Investment Management Certificate (IMC), a Certificate in ESG Investing and has passed CFA Exam Level 1.



**Kevin Kruczynski** is an Investment Manager in the Global Equities team. Kevin joined Liontrust in 2024 from GAM where he managed both Global and US Equity portfolios. He joined GAM Investments in 2016 from THS Partners, a global equity investment firm and a long-standing sub-advisor of GAM's oldest global equity strategies. Prior to that, Kevin spent two years at Cazenove Capital and in 2001 he worked for Merrill Lynch Investment Managers, where he supported the charities team. Kevin holds a degree in Banking and International Finance from City University and is a CFA charterholder.