

K2 Global High Alpha Fund

31 October 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)	-0.35%	135.40	9.17%

Refer below detailed performance data matrix

Top 5 Stock Holdings	Current	Monthly Move
Summerset Group Holdings Ltd	7.8%	+1.3%
Nvidia Corp	6.9%	+1.2%
Purpose Bitcoin Etf	5.7%	+0.4%
BHP Group Ltd	5.6%	-1.2%
Bendigo And Adelaide Bank	5.0%	-1.4%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps>=AUD\$7.5b	42.3%	+0.1%
Mid Caps>=AUD\$2b<AUD\$7.5b	23.7%	-2.7%
Small Caps<AUD\$2b	29.6%	-3.7%

Month End Exposures	Current	Monthly Move
Communication Services	3.9%	+0.9%
Consumer	11.5%	+1.1%
Financials/Real Estate	29.0%	-10.3%
Health Care	8.0%	+1.5%
Industrials	7.6%	+2.7%
Information Technology	16.9%	-0.3%
Materials	18.6%	-2.0%
Number of Positions	30	+1
Gross Equity Exposure	96.4%	-5.4%
Cash Weighting	3.6%	+5.4%
Net Equity Exposure	96.4%	-5.4%
Currency Exposure Hedged of AUD	80.6%	-3.6%

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 -0.35% for the month.

The outlook for the Australia economy is complicated. On one hand, Australia's labour market is performing very well. The employment to population ratio is very high at 64% and has recovered from COVID hibernation far more impressively than peer nations. Accordingly, this is giving the impression that the economy is robust. On the other hand, Australia is delivering one of the weakest productivity outcomes in the Western World. We can only conclude that Australia's workforce is heavily skewed towards segments of the economy that add little compounding power to the nation's wealth. There is very little evidence that the supply side of the economy is being expanded by expansionary capital expenditure. Activity has been directed towards shorter term consumption drivers and this is having inflationary consequences. As a result, the Reserve Bank of Australia (RBA) is struggling to deal with the conflicted economic backdrop. It has been surprised by the recent up-tick in inflation and this has led to some upward revisions to near-term forecasts. The inflationary pulse seems to most elevated in sectors of the economy that are influenced by Government bodies. Health, education and housing continue to register inflation readings that are well above estimates for the neutral rate. The RBA also stated that its liaison with business leaders suggest that a "significant share of firms are experiencing difficulty sourcing labour." Hence, we believe that the RBA is vulnerable to falling behind the curve and restrictive monetary policy could persist longer than necessary. As a result, there is a growing risk that housing market activity and consumer consumption momentum could easily be lost. Consumer sentiment had rebounded following the latest interest rate cut however this could also reverse if the RBA becomes too hawkish. There are some who are suggesting that the RBA may be on hold for the next six months. Hence, the Fund is under-weight the Consumer sector.

During the month the Reserve Bank of New Zealand (RBNZ) reduced the official cash rate by 0.25% to 2.5%. The RBNZ is of the view that the economy has surplus capacity and hence inflation will move towards target within the coming twelve months. Economic activity continues to be subdued but there are signs that household consumption and housing activity could improve from here. Hence, this back drop should continue to support New Zealand equity prices. Summerset Group (SUM) is a New Zealand based developer, operator and owner of retirement villages. SUM released its 3Q business update which showed a +45% lift in the number of sales compared to the prior corresponding period last year. A number of these sales were associated with converting care residents from daily charges into Occupational Right Agreements (ORA). ORA's provide the resident and SUM with more financial certainty and ultimately deliver a greater level of care profitability. SUM was the strongest performance contributor for the month.

Performance detractors for the month included some of the Fund's gold holdings. In the last ten days of the month, the gold price declined by about 10%. This resulted in lower share prices in Genesis Minerals (GMD), Ramelius Resources (RMS), Rox Resources (RXL) and Astral Resources (AAR). We still believe that gold exposure is warranted. Central banks continue to purchase gold and uncertainty regarding geopolitics and the US dollar should add to the demand equation.

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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	4.37	13.55	17.97	0.89%	-1.08%
2025/26	-1.71	2.74	-0.32	-0.35									0.31	9.89	-1.89%	-0.01%
Incept.													304.04	544.17		
Incept.													9.17%pa	12.42%pa	13.12%	-1.18%

(1) Morningstar Global Markets NR AUD

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