

K2 Global High Alpha Fund

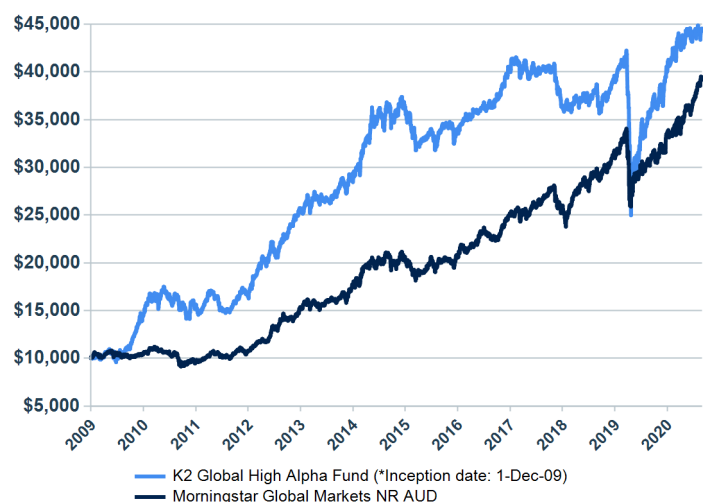
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The K2 Global High Alpha Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net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

	1 Month	3 Months	6 Months	1 Year	5 Years (%pa)	10 Years (%pa)	Inception (%pa)
Performance (Net of Fees)	-0.31%	0.22%	8.21%	26.34%	5.73%	10.53%	13.66%

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Macquarie Group Ltd	7.7%	+2.1%
BHP Group Ltd	6.8%	+2.3%
RIO Tinto Ltd	6.1%	+1.9%
Ryman Healthcare Ltd	5.8%	+5.8%
MA Financial Group Ltd	5.5%	+1.4%

Month End Exposures	Current	Monthly Move
Communication Services	2.4%	+0.7%
Consumer	14.8%	+3.9%
Energy	1.0%	+0.3%
Financials	28.9%	+3.1%
Health Care	12.2%	+7.4%
Industrials/Real Estate	11.2%	+2.4%
Information Technology	9.9%	+2.9%
Materials	18.1%	+5.0%
Number of Positions	43	-1
Gross Equity Exposure	101.9%	+27.6%
Cash Weighting	-1.9%	-28.8%
Net Equity Exposure	101.9%	+28.8%
Currency Exposure Hedged of AUD	77.9%	-6.3%

George Boubouras
Head of Research
research@k2am.com.au
03 9691 6111

Marcela Tirado
Client Services
invest@k2am.com.au
03 9691 6111

Commentary

The K2 Global High Alpha Fund returned -0.3% for the month and has now returned +26.3% over the past year. Importantly, the fund has delivered a consistent and strong +13.7% p.a. return over the past 12 years without excess market volatility.

Global equity markets continued to grind higher throughout July as investors digested another strong reporting season in the US which showed 88% of companies beating on earnings. Forward guidance commentary however was more muted, if provided at all, dampening performance to a small degree. Reassuringly, the US Federal Reserve confirmed their position of no imminent tapering, further signalling their long-term support for markets and the economy. The ongoing debate around inflation appears to be shifting towards the FED's transitory corner as they attempt to define the meaning of the word. US 10yr bond yields closed the month down -24 basis points at 1.22%, potentially telling us that growth might be scarcer in the medium term. We believe it is more of a technical bounce dominated by offshore buyers who are attracted to yields greater than zero.

Hong Kong and mainland Chinese equities significantly lagged their global peers as regulators expand their reach beyond mega-cap technology companies. DIDI, China's version of UBER, along with private education providers felt the full force of authorities concerns leaving investors to speculate who their next target might be. When combined with China's more orthodox approach to monetary policy, markets in the region remain on high alert. We continue to monitor the situation carefully with a view to acquiring high quality companies at attractive prices that have suffered collateral damage.

Positive contributors to fund performance included our core Resource holdings in BHP (+10.1%), Rio Tinto (+5.4%) and IGO Limited (+22.1%) as higher commodity prices drove all three companies to record highs. IGO Limited recently completed its transformation acquisition with JV partner, Tianqi Lithium, on the world-class Greenbushes lithium and processing operation. The company offers exposure to rising nickel and lithium prices and offers the highest production and earnings growth within the sector.

The AUD fell -2.04% to 0.7344. The fund is currently 78% hedged to the AUD providing capital protection against a rising AUD. The fund remains fully invested and positioned more towards the ongoing cyclical recovery with a focus on identifying companies exposed to improving economic activity. Equities will continue to benefit from the willingness of major central banks to maintain their accommodative stance and governments desire to increase fiscal spending.

Fund Characteristics

FUM	AUD \$24m
Portfolio Managers	Campbell Neal, David Poppenbeek, Josh Kitchen and Tony Sutton
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

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	14.75%	-2.80%
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												-0.31	2.64	0.25%	-1.07%
												Incept.	345.35	294.38		
												Incept.	13.66%pa	12.48%pa	16.51%	-1.43%

(1) Morningstar Global Markets NR AUD

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