

K2 Global High Alpha Fund

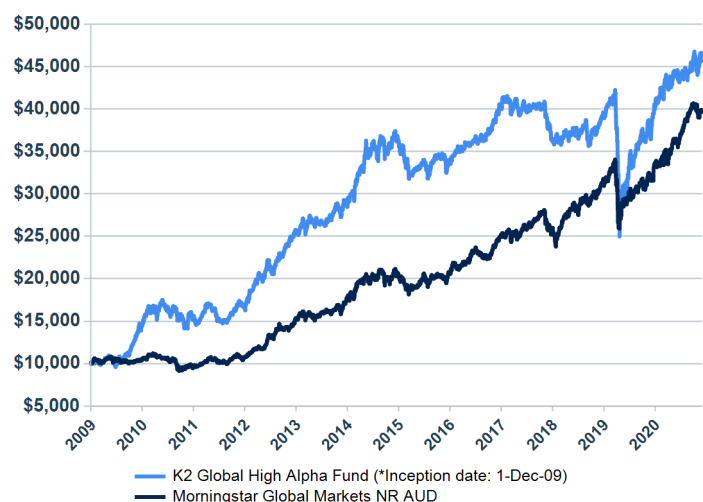
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The K2 Global High Alpha Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net 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)	2.20%	2.61%	2.84%	25.39%	6.23%	11.22%	13.60%

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Macquarie Group Ltd	6.9%	+0.5%
Ryman Healthcare Ltd	6.3%	-0.3%
Maas Group Holdings Ltd	5.2%	+0.1%
Purpose Bitcoin Etf	4.7%	+1.3%
Kina Securities Ltd	4.4%	-0.5%

Month End Exposures	Current	Monthly Move
Communication Services	3.7%	+0.3%
Consumer	13.2%	+0.9%
Energy	2.5%	+0.1%
Financials	27.2%	-0.4%
Health Care	13.7%	-0.4%
Industrials/Real Estate	16.8%	+1.0%
Information Technology	8.4%	-0.3%
Materials	13.7%	-0.9%
Number of Positions	49	+2
Gross Equity Exposure	105.3%	+1.5%
Cash Weighting	-5.3%	-1.5%
Net Equity Exposure	105.3%	+1.5%
Currency Exposure Hedged of AUD	74.8%	-2.6%

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Commentary

The K2 Global High Alpha Fund returned 2.20% for the month and has now returned +25.39% over the past year. The fund has delivered a consistent and strong +13.60% p.a. return (after all fees) over the past 12 years without excess market volatility.

Global equity markets roared back in October with all major regions participating in the gains. After a volatile start to the month investor focus turned to US reporting season which in aggregate exceeded expectations once again. The market obsession with inflation shows no signs of abating as the world slowly becomes more comfortable with its persistence. This had led to an increase in yields on shorter-term bonds to reflect the potential for interest rate hikes starting in 2022. What impact this will have on future economic growth remains unknown however as the world continues to emerge from its Covid induced hibernation we expect consumer sentiment, buoyed by record levels of household savings, to remain elevated.

The wildcard is China. Despite local equity markets having stabilised, the threat of further regulation still exists. In addition, to the goal of achieving common prosperity and the associated casualties, it would appear that the Chinese authorities are orchestrating a slowdown with the intention of reducing pollution in preparation for the Beijing winter Olympics in February next year. Much like Russia and Sochi, with the eyes of the world looking on there is no room for error. Once completed and the torch officially handed over to Italy, the necessary clean air (pardon the pun) should exist for a swift re-acceleration of economic activity.

Positive contributors to fund performance came from the Purpose Bitcoin ETF listed in Canada (+43.6%), Macquarie Group (+8.7%) and recently added US listed Plug Power (+49.8%). Bitcoin rallied over 40% in October, it's largest percent gain since December 2020, aided by the launch of a futures-based bitcoin ETF in the US. Macquarie Bank announcing a better than expected 1H22 profit as they benefited from energy and commodity price volatility. Plug Power focuses on the development and production of hydrogen fuel cell technology. The company upgraded revenue and margin guidance at its investor day with investors also embracing the strong political support for green renewable technology.

The AUD posted a strong recovery following recent declines, gaining +4.2% to close the month at 0.7518. The fund is currently 75% hedged to the AUD providing capital protection against a rising AUD.

The fund remains fully invested and is well positioned for the ongoing cyclical recovery.

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	3.48	-2.98	2.20									2.29	3.63	-2.98%	-0.27%
												Incept.	356.99	298.18		
												Incept.	13.60%pa	12.29%pa	16.26%	-1.37%

(1) Morningstar Global Markets NR AUD

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