

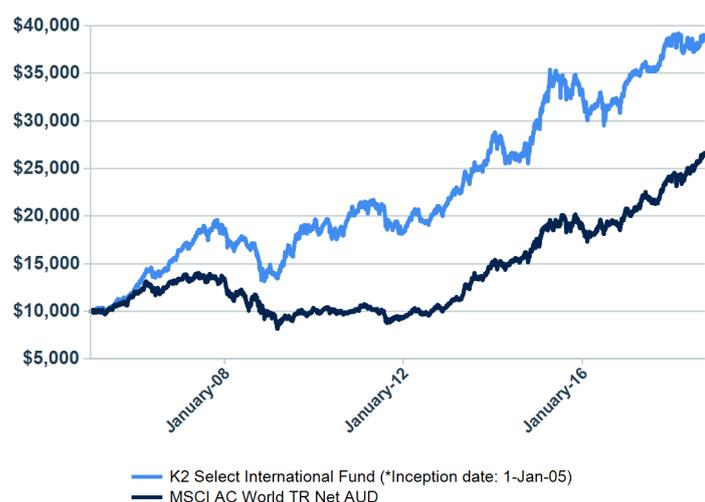
K2 Select International Fund

30 September 2018



	1 mth	3 mths	1yr	3yrs (%pa)	5yrs (%pa)	10yrs (%pa)	Inception (%pa)	Inception Date
Performance (Net of Fees)	-0.2%	3.4%	6.6%	5.7%	9.1%	9.5%	10.3%	1-Jan-2005
Average Net Exposure	86.8%	88.2%	85.2%	79.0%	82.3%	82.1%	77.6%	

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Goldman Sachs Group Inc	7.3%	0.0%
Visa Inc	5.6%	-0.1%
Toronto-Dominion Bank	4.7%	+0.3%
RIO Tinto PLC	4.3%	+2.3%
Johnson & Johnson	4.3%	+0.3%

Month End Exposures	Current	Monthly Move
Consumer	14.7%	-0.2%
Energy	5.7%	+0.7%
Financials	25.1%	-2.8%
Health Care	13.6%	+0.9%
Industrials	1.3%	+1.3%
Information Technology	12.6%	-6.0%
Materials	9.0%	-0.6%
Other	3.0%	+3.0%
Real Estate	2.6%	-0.4%
SHORTS	-2.4%	-0.3%
Number of Positions	35	-6
Gross Equity Exposure	90.0%	-4.0%
Cash Weighting	14.8%	+4.5%
Net Equity Exposure	85.2%	-4.5%
Currency Exposure Hedged of AUD	45.0%	-2.4%

Commentary

The K2 Select International Absolute Return Fund returned -0.2% for the month of September while Global equity markets returned 0.4%.

Positive contributors to performance included cruise ship operators Royal Caribbean Cruises and Norwegian Cruise Line Holdings as fears around excess supply growth abated with the industry continuing to enjoy a robust demand environment. Oil majors BP and Hess benefited from a rising oil price as concerns around global supply constraints gather steam.

A key detractor for the month included Goldman Sachs as financials generally suffer from a lack of inversion in the US yield curve. Trading on a PE of 10x and providing double digit earnings growth we remain positive on the company outlook and it remains a top holding for the Fund. Goldman Sachs provides a levered play on buoyant capital markets.

The Fund's net exposure currently stands at 85%. We remain cautiously optimistic but see risks increasing with rising interest rates, building inflationary pressures and an unwinding of stimulus measures by central banks. The Fund maintains its focus on investing in quality companies at attractive valuations with a keen emphasis on preserving capital.

The Fund had benefited from its unhedged position due to weakness in the Australian dollar over the last quarter; with these gains and the AUD hitting a key resistance level of 72c, the Fund now holds a near 50% hedged position to protect gains made and offset any bounce in the Australian Dollar.

Fund Characteristics

FUM	AUD \$49m
Portfolio Managers	Campbell Neal, David Poppenbeek, James Soutter 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 80 stocks
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	1.36%
Buy/Sell	Daily Application/Redemption
Performance Fee	15.38% p.a. of the amount by which the NAV exceeds the High Water Mark once the fund achieves its hurdle.

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