

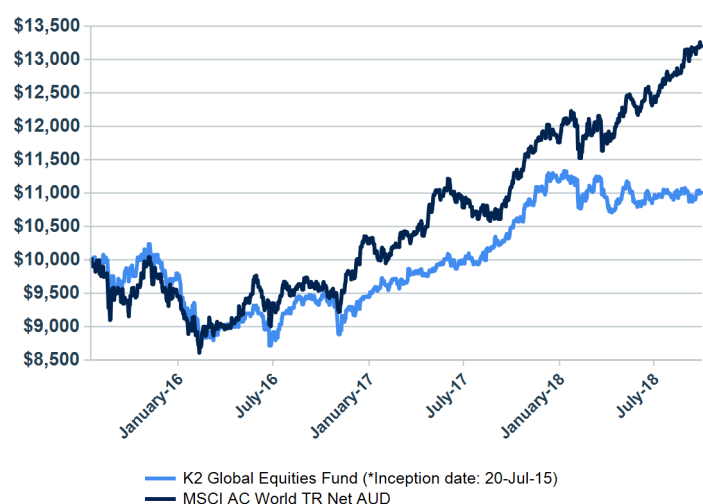
K2 Global Equities Fund (Hedge Fund)

30 September 2018



	1 mth	3 mths	1yr	3yrs (%pa)	Inception (%pa)	Inception Date
Performance (Net of Fees)	-0.3%	0.8%	5.0%	4.1%	3.0%	20-Jul-2015
Average Net Exposure	79.9%	80.9%	86.1%	81.8%	81.5%	

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Goldman Sachs Group Inc	5.3%	+0.0%
Elanor Investor Group	4.9%	+0.3%
Metlifecare Ltd	4.2%	+0.4%
Pioneer Credit Ltd	3.5%	+0.1%
Cedar Woods Properties Ltd	3.1%	+0.1%

Month End Exposures	Current	Monthly Move
Consumer	14.2%	-0.3%
Energy	6.7%	+0.5%
Financials	22.7%	-1.9%
Health Care	11.8%	+0.0%
Industrials	5.1%	+0.9%
Information Technology	9.2%	-5.0%
Materials	5.7%	+0.6%
Other	1.1%	+1.1%
Real Estate	5.5%	-0.2%
Utilities	0.7%	+0.0%
SHORTS	-6.0%	-1.4%
Number of Positions	64	-2
Gross Equity Exposure	88.7%	-2.9%
Cash Weighting	23.4%	+5.7%
Net Equity Exposure	76.6%	-5.7%
Currency Exposure Hedged of AUD	47.2%	-1.4%

Commentary

The K2 Global Equities Fund returned -0.3% for the month of September while the MSCI AC World TR Net AUD Index returned 0.4%.

Positive contributors included oil majors BP, Hess and Woodside as Brent crude prices rallied 6.9% driven by strong global demand and continued supply concerns.

The Fund sold the majority of its long-term holding in Updater as the company is scheduled to delist from the ASX on 8 October 2018. Updater has realised a return over 150% for the fund since initial investment in 2016. A new addition to the portfolio was a small company IPO listing in Australia called Healthia Limited (HLA). HLA is an integrated group of podiatry and physiotherapy businesses which is aiming to become one of Australia's leading allied health companies within a highly fragmented industry. Guided by a well-regarded management team and with a solid runway for earnings growth, Healthia is well placed to generate strong returns for shareholders.

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 offers a levered play on buoyant capital markets.

The Fund's net exposure currently stands at 76.6%. 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.

Fund Characteristics

FUM	AUD \$15m
Portfolio Managers	Campbell Neal, David Poppenbeek, Josh Kitchen, Nicholas Leilt, James Soutter and Tony Sutton
Strategy	International Equities (Based on K2 Global High Alpha Fund)
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 stocks
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	2.05%
Buy/Sell	Bought and Sold on the ASX market (ASX: KII)
Performance Fee	20.5% of the amount by which the NAV per unit exceeds the High Water Mark

Nicholas Allen
Head of Distribution
03 9691 6119
nallen@k2am.com.au

Sophie Gibbons
Head of Distribution
03 9691 6117
sgibbons@k2am.com.au

DISCLAIMER: Returns are shown after fees (including performance fees) and expenses have been deducted and assume the reinvestment of income distributions. Please note that past performance is not a reliable indicator of future performance. The information contained in this document is produced by K2 Asset Management Ltd ("K2") in good faith, but does not constitute any representation or offer by K2. It is subject to change without notice, and is intended as general information only and is not complete or definitive. K2 does not accept any responsibility, and disclaims any liability whatsoever for loss caused to any party by reliance on the information in this document. A product disclosure statement or information memorandum for general information on the funds referred to in this document can be obtained at www.k2am.com.au or by contacting K2. You should read the product disclosure statement and consider whether the product is appropriate for you before making a decision to acquire or continue to hold an interest in the fund. Fees referred to in this document are inclusive of GST and RITC and do not include expense recoveries.