

# Select International Alpha Fund

## 31 January 2023

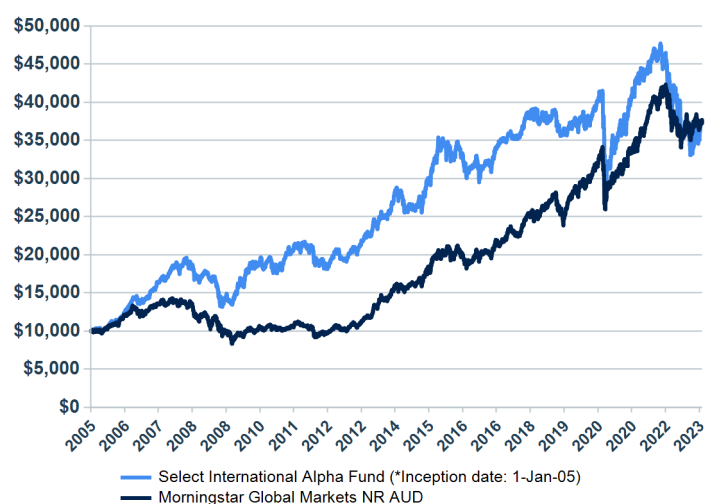


The Select International Alpha Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts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

	1 Month	Unit Price	Inception (%pa)
Performance (Net of Fees)	6.57%	120.33	7.58%

Refer below detailed performance data matrix

### Growth of \$10,000



Name	%
Microsoft	7.2%
Intuitive Surgical	5.1%
Netflix	5.0%
PTC	4.2%
Expedia Group	4.1%
Plus500	3.9%
Seagate Technology Holdings	3.7%
Afiniti International Class C Pref.	3.6%
NVIDIA	3.5%
Keysight Technologies	3.5%
<b>Total (top 10 of 74 holdings)</b>	<b>44.0%</b>

Source: GAM Investments (GAM), GAM Star Alpha Technology Fund

### Category Top Categories by Net Exposure

Category	Net Exposure
Information Technology	18.6%
Healthcare	10.1%
Industrials	5.8%
Non-sector specific	3.3%
Materials	1.0%
Consumer Discretionary	0.7%
Financials	0.5%
Communication Services	-1.0%
Real Estate	-1.3%

Net (Short) Net Current Assets 62.4%  
Net (Long)

Source: GAM Investments (GAM), GAM Star Alpha Technology Fund

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

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

**Daniel Sharp, CFA**  
Wholesale, HNW & Family Office  
GAM Investments  
Mobile: +61 402 421 224  
gam@k2am.com.au

### Commentary

The K2 Select International Fund returned 6.57% for the month outperforming the index by +3.4% in January. The Fund has outperformed the index each of the past three months taking advantage of the improved investor sentiment since the market lows in October last year. The equity market rally is a signal from markets that they are comfortable that the downside risks will not be as bad as previously thought. The key economic data updates in recent months have continued to show evidence of improving economic conditions versus previous expectations of a hard recession. The improvement in expectations is reinforced by the resilience of key developed market economies despite the tightening in monetary policy. Hence the lower market volatility.

The resilient labour market conditions and the continued lower inflation inputs from recent highs have been key drivers in the recent rally. The higher cash rates are creating the required demand destruction and economic pain that the central banks have been targeting which has led to the lower inflation prints. Although it is notable that the services inflation is stubbornly high the goods inflation is falling. The repricing of the downside risks has also been evident in the better earnings outlook in the US (aggregate) downside. Credit conditions have also remained in good condition despite the slowdown and impairments remain at near cycle lows.

While there is more tightening to come from global central banks they are slowing the pace of rate hikes as we approach peak cash rate cycle. In anticipation, long bond yields continue to fall maintaining the yield inversion. Also, the opening up of the China economy following years of persistent lockdowns will be a net positive for global growth this year.

**New Investment Manager appointment:** On 9 January 2023 the board of K2 Asset Management Ltd (K2) announced a partnership with GAM International Ltd (GAM) to take on the role of investment manager of the K2 Select International Absolute Return Fund. With over 35 years' experience GAM is an active, independent global manager that is headquartered in Zurich with offices across 14 countries and collectively manage over AUD 100 billion in assets. A large global team are overseeing the management of the fund. This is an exciting opportunity, and we are pleased to be able to partner with such a large global and high-quality manager that has delivered a strong track record. Facilitating successful best-of-breed global managers for this fund ultimately benefits Australian investors.

### Fund Characteristics

<b>Portfolio Managers</b>	Mark Hawtin, David Goodman, Wendy Chen, Pieran Maru & Kevin Kruczynski
<b>Strategy</b>	International Equities
<b>Objectives</b>	To deliver consistent absolute returns over the investment cycle with a focus on capital protection during periods of market declines
<b>Return Target</b>	+10% pa over the long term
<b>Number of Stocks</b>	Up to 80
<b>Cash</b>	Up to 100% of portfolio
<b>Distributions</b>	Annually
<b>Management Fee</b>	1.36%
<b>Buy/Sell</b>	Daily Application/Redemption
<b>Performance Fee</b>	15.38% pa of the amount by which the NAV per unit exceeds the High Water Mark once the fund achieves its hurdle

## Select International 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	
2004/05							0.89	1.30	-0.44	-1.38	1.36	3.79	5.56	3.03	50.51%	-4.41%	
2005/06	4.91	0.73	2.64	-0.96	4.20	4.43	5.11	4.42	5.66	-0.07	-3.66	2.02	33.16	22.26	21.28%	-4.15%	
2006/07	0.43	2.13	2.80	3.60	1.97	4.81	2.40	0.13	1.06	3.14	5.05	-0.29	30.70	9.93	23.64%	-1.06%	
2007/08	0.09	0.64	2.57	3.36	-3.71	-1.08	-8.04	-0.63	-1.22	2.98	1.83	-3.45	-7.04	-19.95	43.46%	-7.29%	
2008/09	-2.51	2.89	-8.60	-9.70	-2.45	5.09	-3.10	-2.84	4.93	6.88	7.84	-0.65	-4.00	-15.30	51.14%	-3.95%	
2009/10	7.58	2.13	3.34	-1.70	1.41	3.03	-4.09	0.16	4.70	0.17	-5.42	-2.72	8.11	8.36	11.69%	-1.03%	
2010/11	4.31	-2.46	8.39	2.70	0.04	3.75	0.43	0.92	0.98	1.73	-1.91	-1.55	18.20	3.50	12.01%	-2.42%	
2011/12	-2.18	-4.47	-4.46	2.48	-3.02	-1.70	3.61	4.73	3.57	-0.02	-4.28	-1.48	-7.57	-2.59	22.89%	-2.93%	
2012/13	0.63	3.44	1.97	0.58	1.43	2.81	2.74	1.78	0.72	2.50	4.06	-0.44	24.49	31.02	6.72%	-0.35%	
2013/14	3.93	-0.38	0.47	2.43	4.36	5.47	-0.93	1.56	-5.72	-2.51	1.16	-1.82	7.72	19.62	8.01%	-0.15%	
2014/15	0.65	1.03	3.92	0.77	4.13	3.74	4.04	4.23	2.06	3.09	3.14	-2.68	31.74	23.89	13.16%	-0.63%	
2015/16	-0.13	-2.30	-1.88	5.41	-2.12	-1.91	-3.98	-3.27	2.08	0.40	3.97	-7.06	-10.88	-0.60	20.86%	-0.71%	
2016/17	2.90	2.13	0.13	-1.29	3.85	2.98	2.07	0.88	0.42	1.23	1.42	-2.06	15.50	15.36	23.10%	-2.82%	
2017/18	0.26	0.99	1.89	3.62	2.39	-1.72	2.11	-0.29	-2.65	0.70	-0.69	-0.25	6.38	15.13	21.63%	-3.25%	
2018/19	0.83	2.67	-0.16	-5.59	-1.95	2.09	-2.55	3.58	-0.28	3.12	-4.07	3.51	0.69	10.51	32.63%	-3.84%	
2019/20	1.29	-1.58	1.39	0.26	2.89	1.88	0.26	-8.61	-16.74	4.90	6.25	-0.27	-9.91	3.22	9.52%	-2.35%	
2020/21	2.93	5.39	0.02	-2.91	9.05	4.76	-0.45	4.70	1.05	2.69	-0.53	1.80	31.80	28.43	2.59%	-0.26%	
2021/22	1.65	3.32	-3.37	2.76	-3.89	2.78	-6.81	-3.68	1.13	-3.00	-1.19	-11.91	-21.05	-8.80	5.43%	-0.15%	
2022/23	4.96	-2.21	-8.79	3.56	6.86	-4.06	6.57						5.94	7.34	8.55%	-0.33%	
												Incept.	274.61	277.07			
													Incept.	7.58%pa	7.62%pa	20.46%	-2.21%

(1) Morningstar Global Markets NR AUD

Up until 7 February 2023, K2 Asset Management Ltd was the investment manager of the Select International Alpha Fund (former name K2 Select International Absolute Return Fund). The data represented in this table and document for the dates prior to 7 February 2023 were for K2 Asset Management Ltd as the investment manager of the Fund. The past performance of the Fund is not a reliable indicator of the future performance of the Fund with a new investment manager.

DISCLAIMER: The Select International Alpha Fund is issued by K2 Asset Management Limited (K2) ABN 95 085 445 094, AFS Licence No 244393, a wholly owned subsidiary of K2 Asset Management Holdings Limited. The information contained in this document is produced in good faith and 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. The information provided in this document is current at the time of the preparation and K2 is not obliged to update the information. 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. Please note that past performance is not a reliable indicator of future performance. Any advice and information contained in this document is general only and has been prepared without taking into account any particular circumstances and needs of any party. Before acting on any advice or information in this document you should assess and seek advice on whether it is appropriate for your needs, financial situation, and investment objectives. Investment decisions should not be made upon the basis of its past performance or distribution rate, or any rating given by a ratings agency, since each of these can vary. In addition, ratings need to be understood in the context of the full report issued by the ratings agency themselves. A product disclosure statement or information memorandum for the funds referred to in this document can be obtained at [www.k2am.com](http://www.k2am.com) or by contacting K2. You should consider the product disclosure statement before making a decision to acquire an interest in the fund.

©2023 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

## Investment Team



**Mark Hawtin** is the investment director responsible for running global long only and long/short funds investing in the disruptive growth & technology sectors. Prior to joining GAM in October 2008, he was a partner and portfolio manager with Marshall Wace Asset Management for eight years, managing one of Europe's largest technology, media and telecoms hedge funds. Mark Hawtin previously spent seven years at Enskilda Securities, initially as head of sales, before taking responsibility for the international equity business, overseeing pan-European research and trading activities and around a quarter of the investment banking staff. He is based in London.



**David Goodman** is an investment manager in GAM's Global Equity team, responsible for applying technical analysis to assist with portfolio construction and risk management. Between joining GAM in December 2009 and starting his career trading equity derivatives for Citigroup, he has held numerous senior positions at such companies as SEB, Marshall Wace, Instinet Alpha and Pali International. David Goodman has passed the Securities Association, General Registered Representative examination and has passed the Society of Technical Analysts diploma exam thus is a full member of the Society of Technical Analysts (MSTA). He is based in London.



**Wendy Chen** Senior Investment Analyst, is responsible for covering the global internet sector in GAM's Global Equity team. Wendy joined GAM from Welight Capital, a family office for one of the founding partners of Tencent, where she was an Investment Analyst also covering the global internet sector. Wendy is a technology enthusiast and brings strong experience from her five years as an Associate at Goldman Sachs, where she was focused on China online entertainment equity research. Wendy holds a bachelor's degree in Economics and Law from the University of Peking in Beijing and a master's degree in International Finance and International Relations from John Hopkins University. She is based in Hong Kong.



**Pieran Maru** is an investment analyst and responsible for covering software and hardware companies in GAM's Global Equity team. Pieran joined the team from GAM's compliance function, where he joined GAM Investments in April 2017. Pieran holds a BA in Materials Science from the University of Oxford, the Investment Management Certificate (IMC) and has passed CFA Exam Level 1. He is based in London.



**Kevin Kruczynski**, Investment Manager, is a member of the Global Equity team. He is responsible for managing both Global and US Equity portfolios. He joined GAM Investments in 2016 from THS Partners, a global equity investment firm and a long-standing sub-advisor of GAM's oldest global equity strategies. Prior to that, Kevin spent two years at Cazenove Capital and in 2001 he worked for Merrill Lynch Investment Managers, where he supported the charities team. Kevin holds a degree in Banking and International Finance from City University and is a CFA charterholder. He is based in London.