

# Select International Alpha Fund

## 31 May 2023

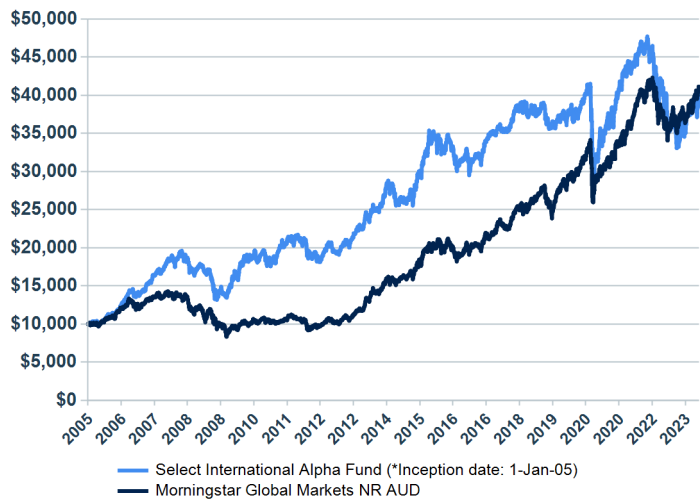


The Select International Alpha Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts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

	1 Month	Unit Price	Inception (%pa)
Performance (Net of Fees)	3.61%	129.88	7.88%

Refer below detailed performance data matrix

### Growth of \$10,000



Name	%
MICROSOFT CORP	9.4%
CFD USD GS ALPHABET INC-CL A	8.7%
MARVELL TECHNOLOGY INC	5.9%
CLOUDFLARE INC - CLASS A	4.8%
INTUITIVE SURGICAL INC	3.8%
NVIDIA CORP	3.5%
SALESFORCE INC	3.4%
NETFLIX INC	3.4%
PTC INC	3.2%
BAYCURRENT CONS	3.2%
<b>Total (top 10 of 74 holdings)</b>	<b>49.3%</b>

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

### Category Top Categories by Net Exposure

Category	Net Exposure
Information Technology	34.2%
Healthcare	9.1%
Industrials	8.4%
Communication Services	7.9%
Consumer Discretionary	-1.0%
Financials	-2.3%
Real Estate	-2.7%

Net (Short) Net (Long) Net Current Assets 46.3%

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

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### Commentary

The Select International Alpha Fund returned +3.61% for the month to be +2.7% ahead of the index. The Fund has performed very well this year and is +15.0% year-to-date (YTD) and continues to perform well in absolute terms and compared to the index. The large overweight to quality Tech (and AI) have been good contributors for the fund.

The investment outlook continues to exhibit some unevenness across economic momentum and the earnings outlook. Markets appear to be at an inflection point as the growth and policy become increasingly de-synchronised. The three largest economies (and regions) are at different stages in the monetary policy (MP) cycle. The US is approaching a pause phase (with hawkish tone), China continues to stimulate and cut rates even further while the EU remains aggressive and continues to hike rate further to address persistent inflation concerns.

The different monetary and fiscal policy settings across regions reflect the very uneven nature of economic conditions and earnings. The largest surprise has been the slowdown within China, the second largest economy, so soon after a very robust reopening. The slowdown in the various partial economic indicators for China has been a surprise given the previous strong tailwind associated with their reopening trade from last year. Within the South-East APAC region, it is a little different as there is some resilience to economic momentum despite the tighter monetary conditions. There is a clear global slowdown underway which is the clear result of restrictive monetary conditions within many economies as they address the stubborn, but falling, inflationary conditions.

Despite the slowing momentum, corporate earnings have not slowed as much as anticipated and have surprised expectations. This resilience in corporate margins (aggregate) imply that the slowdown ahead will not be as bad as previously thought. Markets are simply looking through this slowdown, or shallow recession in some regions, and pricing the recovery in 2024 and beyond. The largest beneficiary of the slowdown in China economic momentum following their extended lockdown policy is the re allocation of investment towards the South-east Asia region (including Australia) and Japan.

The Fund is managed by the GAM Investments global equity team who are based in Europe, the US and the APAC region. Their active absolute global investment strategy is well placed to take advantage of any spike in global market volatility.

### 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	1.45	2.14	0.55	3.61		14.35	16.65	6.59%	-0.21%
												Incept.	304.34	309.80		
												Incept.	7.88%pa	7.96%pa	20.36%	-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.

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## 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.