

Select International Alpha Fund

31 October 2023

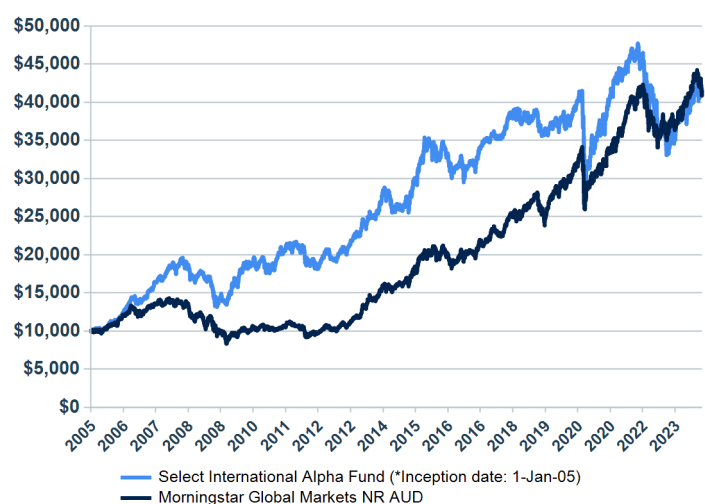


The Select International Alpha Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts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

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | Inception |
|---------------------------|---------|----------|----------|--------|---------|-----------|
| Performance (Net of Fees) | 1.85% | 1.33% | 6.74% | 21.50% | 5.18% | 7.87% |

Refer below detailed performance data matrix

Growth of \$10,000



| Name | % |
|---------------------------------|--------------|
| Microsoft Corp | 9.0% |
| Alphabet Inc (CFD) | 6.8% |
| Dell Technologies Inc | 6.0% |
| MicroStrategy Inc | 4.7% |
| Coinbase Global Inc | 4.4% |
| Amazon.com Inc | 4.2% |
| PTC Inc | 4.0% |
| Netflix Inc | 3.9% |
| Meta Platforms Inc | 3.3% |
| Seagate Technology Holdings PLC | 3.2% |
| Total | 49.6% |

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

Category Top Categories by Net Exposure

| Category | Net Exposure |
|------------------------|--------------|
| Information Technology | 22.0% |
| Industrials | 7.4% |
| Communication Services | 6.5% |
| Healthcare | 4.7% |
| Real Estate | -1.1% |
| Consumer Discretionary | -1.1% |
| Consumer Staples | -2.9% |
| Financials | -4.0% |

Net Current Assets 65.4

Net (Short) (Grey)
Net (Long) (Blue)

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

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Commentary

The Select International Alpha Fund returned +1.85% for the month outperforming the index by +3.2%. The fund is +18.5% year-to-date (YTD) and +21.50% over the past year, ahead of the index by +5.10% and +10.6% respectively (net, after fees). The funds focus on global disruptive technology and AI this year combined with some targeted short positions have been contributors for the fund.

The bond market volatility this year has impacted market sentiment. The range in the US 10-year yield from 3.31% in April to 5% in October is a very rare market event. The sharp rise in US treasury yields through to October has clearly done some of the Federal Reserve's tightening for them. The higher long bond rates also delivered headwinds for risk assets. However, the recent slowdown reflected in the data continues to suggest lower long bond yields and therefore a softer landing scenario is the more probable outlook.

The third quarter US earnings season has delivered once again vs the expectation of the ongoing slowdown in earnings. The EPS growth outlook looks to be around +3% year-on-year for the US and nearly -8% year-on-year for the EU. The US earnings profile continues to look reasonable vs expectations, particularly given the amount of restrictive monetary policy (including ongoing QT). The guidance from companies however has been disappointing.

China continues to deal with challenges including the sharp collapse in their building construction sector which continues to weigh on their property sector debt burden, impacting consumer and business confidence. The positive news is that China has maintained a very accommodative monetary policy and continues to keep their official rates remain low. The existing stimulatory policy will underpin China's growth to around 5% for 2023 (IMF forecasts) and a lower economic pulse in the years ahead.

The global Fund overweights to quality Tech (including AI and cloud) have been key contributors to the performance. Overweights are Microsoft (MSFT), Alphabet (GOOGL), Dell Technologies (DELL), MicroStrategy (MSTR), Coinbase (COIN), Amazon (AMZN), PTC Inc (PTC) and Netflix (NFLX). The Fund remains underweight in Consumer Discretionary, Financials and Commercial Real Estate.

Fund Characteristics

| | |
|--------------------|---|
| Portfolio Managers | Mark Hawtin, David Goodman, Wendy Chen, Pieran Maru & Kevin Kruczynski |
| 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 |
| Cash | Up to 100% of portfolio |
| Distributions | Annually |
| Management Fee | 1.36% |
| Buy/Sell | Daily Application/Redemption |
| Performance Fee | 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 | -1.50 | 12.63 | 19.97 | 7.68% | -25.68% |
| 2023/24 | 3.22 | 0.96 | -1.46 | 1.85 | | | | | | | | | 4.59 | -1.65 | 16.14% | -59.16% |
| | | | | | | | | | | | | Incept. | 316.56 | 314.49 | | |
| | | | | | | | | | | | | Incept. | 7.87%pa | 7.84%pa | 20.20% | -6.33% |

(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.