

Select International Alpha Fund

31 March 2023

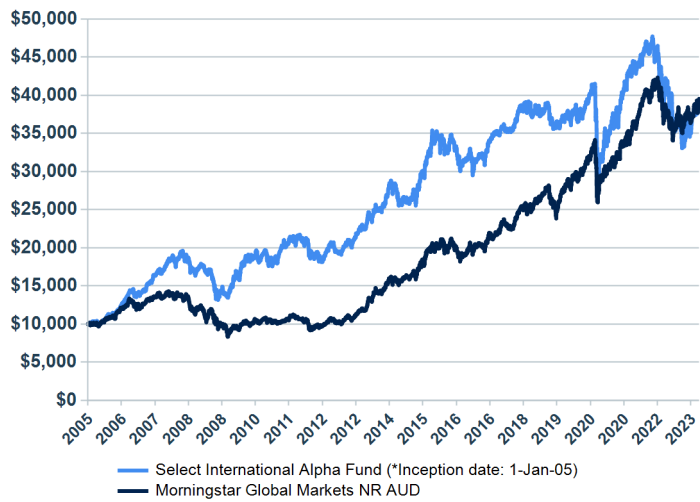


The Select International Alpha Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts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

	1 Month	Unit Price	Inception (%pa)
Performance (Net of Fees)	2.14%	124.68	7.71%

Refer below detailed performance data matrix

Growth of \$10,000



Name	%
Microsoft	7.8%
Alphabet A	4.5%
Intuitive Surgical	4.4%
PTC	3.5%
Afiniti International Class C Pref.	3.5%
BayCurrent Consulting	3.4%
Sensata Technologies Holding	3.3%
Cloudflare	3.1%
ServiceNow	3.1%
Airbnb	3.0%
Total (top 10 of 71 holdings)	39.7%

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

Category	Top Categories by Net Exposure
Information Technology	24.9%
Industrials	8.9%
Healthcare	8.6%
Communication Services	7.8%
Consumer Discretionary	6.4%
Financials	0.4%
Non-sector specific	-1.0%
Real Estate	-2.2%

Net Current Assets 46.2%

Net (Short)
Net (Long)

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

Commentary

The Select International Alpha Fund returned +2.14% for the month to now be up +10.4% year-to-date, outperforming the index by +2.2%. The fund's persistent outperformance this year was in part due to the underweight to financials during a banking crisis and the overweight to large disruptive technology, and healthcare that has performed strongly. The Fund has a long track record focusing on firms that deploy technology at the core to deliver profitable, sustainable disruptive growth. The Fund also aims to avoid concentration risks while looking forward to the future disruptive technology leaders. This strategy has been successful in the recent volatile market events.

The March banking crisis event was short, volatile and it resulted in some very large casualties for different and unique circumstances. The events were led by SVB which had a notable unhedged position by borrowing short (taking deposits) and lending long (investing in high rated US long bonds which were unhedged vs cash deposits as long bond yields rose). The SVB failure was a unique vanilla unhedged position that regulators, combined with many market analysts who covered the bank, did not flag. Once the bank run began, leading to a record \$42 billion in the last day before regulators stepped in, it then became part of history as the second largest bank failure in US history. The US regulators, to their credit, were swift in coming in, guaranteeing depositors their full amount (beyond the 250k guarantee) knowing they had the long bond treasuries as collateral.

Signature Banks was another unique version of SVB. However, the demise of Credit Suisse was nothing short of historic. While the bank was well capitalised, had one of the largest and successful Private Bank networks globally with a very long 167 year pedigree, it was their persistent underperformance over many years that led to the forced merger with their competitor UBS.

As the US heads into the March quarter reporting period in April, markets are continuing to digest the degree of aggregate earnings slowdown from the tight monetary conditions engineered by central banks globally led by The Fed. The slowdown in economic conditions and earnings has been priced in as markets anticipate US earnings to be down circa 12% this year. As always, markets are forward looking and therefore looking through the current slowdown.

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

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

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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				9.77	12.57	7.63%	-0.26%
												Incept.	288.15	295.46		
												Incept.	7.71%pa	7.82%pa	20.42%	-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.