

The Annapurna Microcap fund is a high conviction Nanocap, Microcap and Smallcap fund managed by leading Microcap professionals. The fund aims to deliver superior risk-adjusted returns through the investment cycle while protecting client's invested capital.

	1 Month	Inception (%pa)	Inception Date
Performance (Net of Fees)	0.9%	6.1%	1-Oct-2020
Average Net Exposure	79.4%	55.3%	

Growth of \$10,000

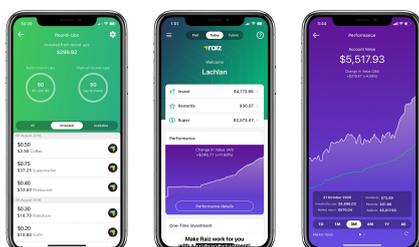


Figure 1: We have tested and used the Raiz Micro saving app for some time prior to investing in Raiz for the Annapurna fund. The app is highly functional and easy to use. Raiz reported record FUM and user growth in its recent November update. (Source: Raiz)

Month End Exposures	Current	Monthly Move
Consumer	6.3%	+5.3%
Financials	11.5%	+5.6%
Health Care	12.8%	+8.5%
Industrials	11.8%	+4.0%
Information Technology	16.9%	+0.9%
Materials	25.8%	+1.8%
Other	1.6%	-0.9%
Real Estate	2.3%	+2.3%
Number of Positions	32	+9
Gross Equity Exposure	89.0%	+27.4%
Cash Weighting	11.0%	-13.6%
Net Equity Exposure	89.0%	+27.4%

George Boubouras
Head of Research
invest@k2am.com.au

Commentary

Annapurna Microcap Fund delivered +0.9% return for November to be up 6.1% since inception (1 Oct 2020).

This was the second month for the new microcap fund which has been launched and managed by the experienced microcap portfolio managers Stephen Scott and Bill Laister. Cash levels have remained high to be around 45% on average since the fund launch. The microcap fund continues to search for new opportunities for exposure in the new corporate leaders of tomorrow.

Contributors included Raiz (RZI), Panoramic (PAN), Healthia (HLA) and Paragon Care (PGC). The fund held some additional cash during the month in anticipation of investing in a series of IPO's listing into December. These IPOs have started to list and have been contributing to the December performance for the fund. The fund also held some gold exploration names such as Ardiden (ADV) which performed strongly in October but gave back much of this performance in November. We anticipate the robust IPO cycle to continue into the new year.

The gold price came under some pressure and this impacted names such as Mako Gold (MKG) and Alto Metals (AME). The fund also held some technology names that also performed well into late October such as Dropsuite (DSE) and then gave back some performance in November. We anticipate the robust IPO cycle to continue into the new year. The fund is continuing to be focus on infrastructure spending related stocks, established financial technology and industrial metals (linked to improved IP). The fund has 4 IPO listing during December and has made a good start with a holding in Control Bionics (CBL) performing very well upon IPO.

Previously, the Annapurna Microcap Portfolio Managers successfully managed the largest nanocap and microcap mandates in Australia for over twenty years. The aim of the new Annapurna Microcap Fund is to deliver superior risk-adjusted returns in microcaps through the investment cycle and find the true emerging leaders of tomorrow. Annapurna Microcap Fund offers diversified exposure to emerging companies with one of the most experienced microcap investment teams in Australia. The nanocap and microcap sectors are a different specialist segment and complement exposure to the broader equity market.

The microcap sector also offer sector diversification and complement the exposure to the broader equity market. This resource intensive investment approach from the Annapurna team has in the past led to the successful investments of many new leaders of today.

Fund Characteristics

FUM	AUD \$1.9m
Portfolio Managers	Bill Laister and Stephen Scott
Strategy	Nanocap/microcap and Small cap stocks. The fund is focussed on Australian opportunities but can invest in international microcap and small cap stocks
Objectives	The fund aims to deliver superior risk adjusted returns through the investment cycle while protecting client's invested capital. The fund will aim to limit capacity to \$50m or below.
Return Target	To return 10% p.a net of fees over a 3-5 year investment cycle
Number of Stocks	Concentrated NanoCap/Microcap portfolio of 20- 50 stocks
Cash	Able to use cash/shorting/gearing up-to 130% as opportunities arise
Distributions	Annually
Management Fee	1.025%
Buy/Sell	Daily Application, Monthly Redemption (Minimum of 90 days' notice prior to a Redemption Day)
Performance Fee	20.5% pa of the amount by which the NAV per unit exceeds the High Water Mark once the fund achieves its 6% hurdle



Stephen Scott
Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 25 years funds management experience domestically and globally

Over 25 years experience and a leading emerging companies / microcap portfolio manager. His roles have included Head of Research, Senior Portfolio Manager, Microcap Industrial Analyst and Senior Analyst. Stephen has been involved in portfolio management and construction, economic analysis and securities research throughout his career and was part of the largest microcap investment team and mandate in Australia.

Stephen has both domestic and global experience having worked in London, New York and Sydney in Senior funds management, investment research and management roles. Stephen has worked for Westpac, Deutsche Asset Management, Ord Minnett, Contango Asset Management, MAP Capital and Taylor Collison.



Bill Laister
Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 30 years funds management experience

Over 30 years experience in the financial services industry as Senior Portfolio Manager, Head of Australian Equities, Head of Trading and Resources Analyst. He has worked at several organisations as Senior Portfolio Manager at Contango Asset Management (initial shareholder, 1999), Head of Australasian Equities HSBC AM, Director Contango MicroCap Ltd (ASX listed) and various roles at Wilsons & Co and Morgans Stockbroking in the 1980s.

Bill has been involved in resources analysis, portfolio construction and management through out his career. He launched the first Australian MicroCap mandate in 2004 and grew FUM to be the largest in the local market He travels regularly reviewing greenfield sites, mining operations and growth opportunities for companies.

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 for general information on any Fund 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 a Fund. Fees referred to in this document are inclusive of GST and RITC and do not include expense recoveries.