

# K2 Asian Fund

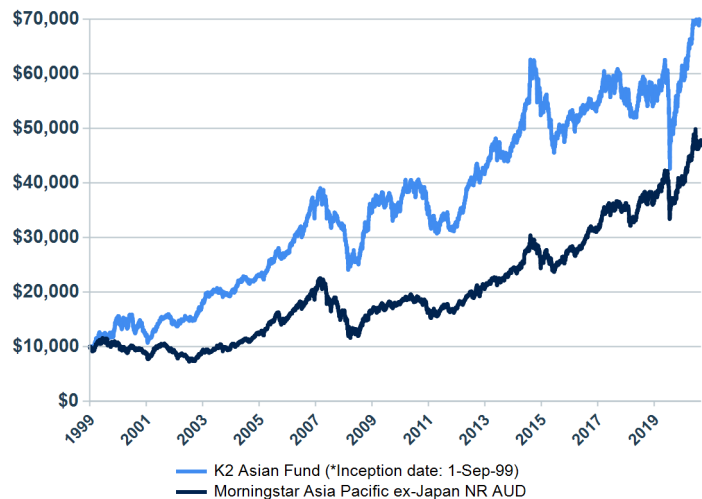
## 30 April 2021



The K2 Asian 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	5 Years (%pa)	10 Years (%pa)	15 Years (%pa)	Inception (%pa)
Performance (Net of Fees)	1.73%	1.74%	15.25%	36.50%	6.92%	5.77%	6.43%	9.41%

### Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Seven Group Holdings Ltd	5.0%	+0.6%
Tencent Holdings Ltd	4.9%	0.0%
Techtronic Industries Co Ltd	4.8%	+0.2%
Samsung Electronics Co Ltd	4.4%	-0.1%
Kina Securities Ltd	4.2%	+0.2%

Month End Exposures	Current	Monthly Move
Communication Services	7.9%	-0.2%
Consumer	27.5%	-2.8%
Financials	26.0%	+1.3%
Health Care	6.3%	-0.2%
Industrials	13.1%	+0.7%
Information Technology	4.4%	-2.0%
Materials	7.6%	+0.3%
Other	1.3%	0.0%
Real Estate	2.2%	+0.1%
Number of Positions	35	-3
Gross Equity Exposure	96.3%	-2.9%
Cash Weighting	3.7%	+2.9%
Net Equity Exposure	96.3%	-2.9%
Currency Exposure Hedged of AUD	81.4%	-0.2%

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### Commentary

The K2 Asian Fund returned +1.73% for the month and has now returned +28.8% this financial year to be +4.8% ahead of the benchmark (BM). The fund has also performed strongly over the past year to be +36.5% outperforming the BM by +8.3%. The combination of good stock selection, investing cash early in the recovery and accumulation of the AUD at lower levels have all contributed to the strong performance vs benchmark since the severe March economic cycle reset.

In a mirror image of March, Asian equity markets once again experienced mixed returns in April in contrast to their broadly stronger performing developed market peers. Central bank governors are at pains to highlight that they will remain accommodative and that any inflationary spikes will only be temporary, providing an ideal backdrop for investors. Concerns over increased Covid cases in India and other parts of the world and their potential impact on global growth from any lockdowns are largely being looked through as vaccines distribution gains momentum. Meanwhile, the amount of fiscal stimulus being suggested by the Biden administration grows by the day.

Commodity prices are surging with iron ore prices at record levels and oil, copper, nickel, cobalt, lithium, corn and soy bean prices all booming. The strength is driven by a combination of supply shortages, lack of investment and increasing demand evidenced by recent strong global PMI data. Tech heavy Taiwan (+6.9%) was the best performing market as demand for semiconductor chips surge amid dwindling supplies. Korea (+2.8%), Hong Kong (+1.2%) and Malaysia (+1.8%) also performed well. India (-0.4%) declined as the number of Covid cases increased exponentially.

A positive contributor to fund performance included fast food giant Yum China Holdings. The company reported results late in the month which showed a strong rebound in restaurant profitability driven by promotional activity, menu innovation and sustained popularity of home delivery. However, with same store traffic still 13% below 1Q 2019 levels further upside potential exists as management focus on driving consumer traffic back.

The AUD recovered its prior month fall, gaining +1.30% to 0.7716. The fund is currently 81% hedged to the AUD providing capital protection against a rising AUD.

The fund remains fully invested and positioned to benefit from a cyclical recovery fuelled by a combination of government spending and central bank support.

### Fund Characteristics

FUM	AUD \$11m
Portfolio Managers	Campbell Neal, David Poppenbeek, Josh Kitchen and Tony Sutton
Strategy	Asian (excluding Japan) 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

## K2 Asian 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
1999/00			-0.55	4.28	9.21	10.82	-4.26	-3.40	4.12	-1.07	0.21	-1.03	18.59	4.45	35.23%	-13.83%
2000/01	19.41	8.29	-5.29	-0.99	-3.15	-2.32	16.53	-1.96	-16.41	5.38	5.37	-2.02	19.17	-8.44	16.17%	-18.46%
2001/02	-9.11	-6.94	-4.93	2.26	10.31	1.07	8.68	4.40	2.42	1.76	1.68	-1.51	8.58	-1.93	35.54%	-11.97%
2002/03	-7.19	0.47	-2.84	3.56	3.55	-0.49	2.38	-0.55	-1.77	0.08	3.74	4.43	4.86	-15.33	41.25%	-13.04%
2003/04	4.43	6.54	4.42	5.22	-0.33	0.86	1.54	0.84	-1.81	-0.71	-0.20	-0.05	22.37	24.06	38.03%	-5.30%
2004/05	-1.23	1.34	2.18	0.90	6.81	2.23	1.07	1.29	-3.05	-2.36	2.02	0.96	12.48	19.44	30.24%	-2.62%
2005/06	3.43	0.21	1.87	-3.62	5.16	3.78	5.25	-0.95	5.04	2.33	-3.25	0.24	20.67	27.67	24.43%	-3.88%
2006/07	0.19	2.00	2.41	2.92	3.39	2.73	1.16	0.33	0.59	2.99	5.47	3.98	31.93	28.88	31.06%	-1.35%
2007/08	3.51	-0.19	2.71	3.98	-2.56	-1.16	-8.59	-0.36	-3.66	3.11	-0.07	-3.80	-7.58	-16.72	46.58%	-4.98%
2008/09	-1.61	0.25	-10.76	-10.40	-0.67	5.17	-3.32	-1.41	4.80	8.03	10.26	0.85	-1.15	-6.23	49.48%	-3.99%
2009/10	10.46	-2.58	4.70	0.90	-0.30	3.52	-4.67	-0.04	3.76	-0.46	-7.44	-0.49	6.37	17.31	12.03%	-1.70%
2010/11	4.36	-2.11	7.61	2.52	-0.78	2.06	0.53	-1.01	1.72	1.20	-1.79	-2.36	12.13	2.75	12.14%	-2.43%
2011/12	-1.98	-5.41	-8.97	3.67	-6.16	-1.81	4.86	5.08	-0.91	1.21	-6.90	-0.95	-17.85	-9.36	20.10%	-2.08%
2012/13	1.21	0.73	4.90	3.90	2.00	6.00	4.30	2.11	-0.04	3.21	2.38	-3.61	30.23	22.88	6.86%	-0.14%
2013/14	2.40	0.08	2.15	3.60	4.91	0.93	-1.63	0.89	-3.74	-0.21	0.36	-2.26	7.39	13.18	8.82%	0.00%
2014/15	5.40	0.48	2.80	1.36	2.46	3.58	4.12	2.23	2.64	7.51	2.38	-4.23	34.88	22.15	12.90%	-0.08%
2015/16	-4.46	-4.54	-1.35	3.40	-4.19	-2.86	-7.18	-1.56	4.04	2.48	0.24	-2.76	-17.78	-6.59	18.72%	0.00%
2016/17	3.75	2.48	1.23	-3.34	1.59	0.17	2.65	-0.56	1.02	2.03	0.95	-2.30	9.86	19.17	20.63%	-0.44%
2017/18	-0.07	2.20	0.54	4.48	1.44	-1.57	1.39	-0.18	-1.30	3.97	-0.22	-4.08	6.48	13.00	18.53%	-1.15%
2018/19	-1.65	1.04	-0.07	-7.32	-1.07	1.61	1.84	5.64	1.25	1.31	-6.13	4.83	0.47	7.07	30.20%	-0.69%
2019/20	0.02	-3.87	1.23	2.03	1.02	4.06	-2.74	-4.31	-13.58	6.44	1.86	4.05	-5.28	1.39	14.03%	-1.16%
2020/21	4.87	6.19	-1.42	1.80	6.03	2.75	3.97	1.41	-1.37	1.73			28.78	23.94	3.09%	-0.19%
Incept.													601.73	375.00		
Incept.													9.41%pa	7.46%pa	23.91%	-4.07%

(1) Morningstar Asia Pacific ex-Japan NR AUD

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