

# K2 Asian Fund

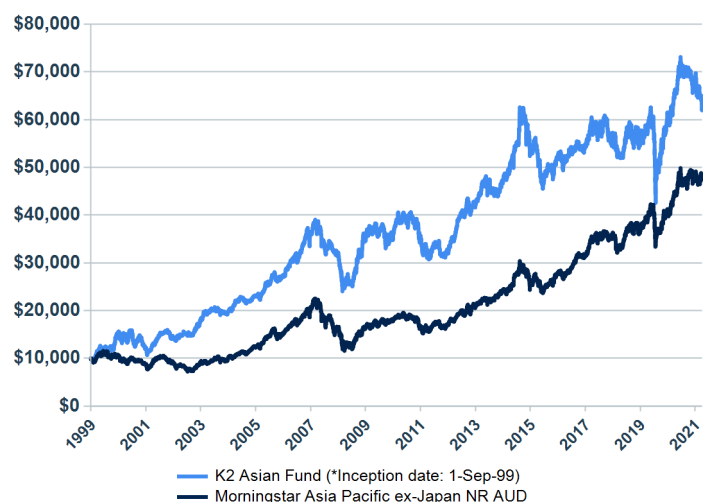
## 30 November 2021



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)	-5.20%	-9.97%	-12.20%	-4.04%	3.67%	6.98%	5.01%	8.54%

### Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Ryman Healthcare Ltd	6.0%	-0.6%
Shenzhou International Group	5.7%	-0.1%
Samsung Electronics Co Ltd	5.7%	+0.6%
Macquarie Group Ltd	5.6%	+0.3%
Techtronic Industries Co Ltd	5.4%	+0.6%

Month End Exposures	Current	Monthly Move
Communication Services	5.4%	+0.4%
Consumer	22.5%	-0.2%
Financials	31.0%	+1.6%
Health Care	6.0%	-0.6%
Industrials/Real Estate	19.5%	-0.4%
Information Technology	9.4%	+0.6%
Materials	4.2%	+0.5%
Number of Positions	29	0
Gross Equity Exposure	99.9%	+2.1%
Cash Weighting	0.1%	-2.1%
Net Equity Exposure	99.9%	+2.1%
Currency Exposure Hedged of AUD	86.4%	+3.5%

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### Commentary

The K2 Asian Fund returned -5.2% for the November in a volatile month for equities in the APAC region. The fund has delivered +8.54% p.a. over 22 years (after all fees).

Asian equity markets experienced generally weaker returns in November. Taiwan (+2.6%) and mainland China (+0.5%) were the only countries to finish in positive territory while Hong Kong (-7.5%), Korea (-4.4%) and Singapore (-4.9%) significantly underperformed. Sentiment rapidly deteriorated in the last few days of the month with the emergence of a new Covid strain combined with an unexpected hawkish shift from the Federal Reserve. Removal of the word "transitory" and potential acceleration of the tapering program came as a shock to investors already grappling with the potential economic impacts of Omicron.

With regards to inflation, this month we saw The Dollar Store raise prices by 25% to \$1.25, the first price increase since it was founded in 1986. And anecdotally, according to the American Farm Bureau Federation, the average cost of feeding 10 people with turkey and trimming for Thanksgiving dinner has increased by 14% from last year. So, it came as no surprise to us that the concept of transitory inflation has been removed from the Fed lexicon. On the flipside however, right on cue, the threat of border closures and subsequent oil price falls might serve to dampen inflationary expectations in the short term.

A positive contributor to fund performance included Korean electronic titan Samsung. At the recently held 2021 investor forum Samsung provided a clear roadmap on its strategy to support medium to long-term growth targets. On the negative side, portfolio holdings leveraged to the re-opening trade declined in a classic case of markets shooting first and asking questions later. While Omicron does represent a bump in road, we believe that when the dust settles pent up demand for experiences and travel will lead consumer spending.

Following recent gains the AUD fell significantly, declining -5.5% to close the month at 0.7102 as investors flocked to the perceived safe haven of the American Dollar. The fund is approximately 87% hedged to the AUD.

The fund remains fully invested with a focus on high quality companies and is well positioned for the ongoing cyclical recovery.

### Fund Characteristics

FUM	AUD \$8m
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	0.55	-0.52	28.82	29.05	3.44%	-0.16%	
2021/22	-4.54	2.69	-4.09	-0.97	-5.20								-11.74	-4.10	1.30%	0.00%	
													Incept.	519.54	374.29		
													Incept.	8.54%pa	7.25%pa	22.94%	-3.89%

(1) Morningstar Asia Pacific ex-Japan NR AUD

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