

K2 Australian Fund

31 August 2025



The K2 Australian 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)	3.95%	164.93	9.59%

Refer below detailed performance data matrix

Top 5 Stock Holdings	Current	Monthly Move
Macquarie Group Ltd	11.4%	-2.7%
Kina Securities Ltd	6.9%	-0.2%
Bendigo And Adelaide Bank	6.9%	+0.3%
BHP Group Ltd	6.8%	+0.4%
Summerset Group Holdings Ltd	6.6%	-0.7%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps>=AUD\$7.5b	56.4%	-0.2%
Mid Caps>=AUD\$2b<AUD\$7.5b	18.8%	-11.2%
Small Caps<AUD\$2b	17.9%	-3.9%

Month End Exposures	Current	Monthly Move
Consumer	8.5%	+0.0%
Financials/Real Estate	43.2%	-10.4%
Health Care	18.3%	+1.4%
Industrials	4.8%	-4.3%
Information Technology	2.3%	+0.1%
Materials	16.0%	+2.0%
Number of Positions	22	0
Gross Equity Exposure	93.1%	-15.2%
Cash Weighting	6.9%	+15.2%
Net Equity Exposure	93.1%	-15.2%

Fund Characteristics	
Portfolio Managers	Campbell Neal, David Poppenbeek and Bill Laister
Strategy	Australian and New Zealand Equities
Objectives	To deliver consistent 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	25 to 50
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	1.31%
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
Investment Horizon	5 Years
Style Bias	Growth At a Reasonable Price
Market Capitalisation Bias	>\$7.5 billion

Commentary

K2 Australian Fund returned 3.95% for the month.

The Reserve Bank of Australia (RBA) reduced the official cash rate by 0.25% during the month taking it to 3.60%. The decision from the Board was unanimous. The global economic outlook was assessed as uncertain whilst Australia was seen as subdued but showing signs of improvement. Monetary policy in Australia is still viewed as being restrictive so further rates cuts should be expected over the coming twelve months. So, what does this mean for local share prices? Broadly, we do not expect to experience another bout of zero-bound inflation anytime soon. Hence, it is likely that real bond yields will stay positive for some time, and this should be seen as a good thing. In regard to the equity market risk premium, our expectation that the QE driven convergence in yields has now played out and hence risk asset valuations will continue to normalise towards pre-GFC levels. As a result, future returns from equities will predominantly reflect earnings power as opposed to multiple expansion. The growth-at-any-price momentum strategy is starting to get long in the tooth.

The US\$ gold price continued to strengthen during the month. The push to hold gold has been aided by Central bank demand which has seen physical gold reach 22% of all foreign reserves. This is one of the largest increases in over two decades. Geopolitical uncertainties also remain, with no end in sight in the Russian/ Ukrainian hostilities as well as Middle East conflicts. Economic uncertainties, primarily due to the introduction of tariffs as well as softness in the US labour market, should lead to the US Federal Reserve (FED) making numerous rate cuts over the coming quarters. Lower US interest rates will be supportive for the US gold price. Ramelius Resources (RMS) and West African Resources (WAF) were amongst the Fund's best performance contributors for the month with each of them delivering 20%+ returns. They both had strong quarterlies as well as solid profit results. RMS and WAF should be generating strong free cash with the potential to grow production organically over next 24 months.

Another strong contributor to performance was MA Financial Group (MAF) which delivered a +18% return. MAF released a strong first half result during the month. Revenue rose +21% versus last year which drove a +27% improvement in net profits. MAF has invested heavily over the past few years, and future earnings are looking promising. MAF is well on the way to delivering on its 2026 targets of building \$15 billion of assets under management, a \$4 billion loan book, \$190 billion of managed loans, and delivering an EBITDA margin of 40%. MAF's share price has more than double over the past twelve months. The Fund reduced its holding during the month given the significant valuation re-rate.

Bendigo Bank (BEN) and Judo Capital (JDO) were also solid contributors to performance and collectively added more than 100 basis points to performance. We believe that BEN and JDO have a once-in-a-generation opportunity to win share away from the four major banks. Three of the four majors have recently appointed new CEOs. These incoming CEO's have all spent their formative banking years' operating under different cultural settings. As a result, there will be a period of operational uncertainty. Interestingly, the major banks have opted to prioritise their proprietary distribution channels. This channel delivers superior margins however this may leave the door open for BEN and JDO to double down on the broker market. Differentiation is the key to survive. Setting goals is the gateway to thrive. Execution is the pathway to thrive. We expect outsized returns from the BEN and JDO holdings over the next five years.

George Boubouras
Managing Director (MD)
Research, Investments & Advisory
research@k2am.com.au

Marcela Tirado
Head of Relationship Management
& Corporate Services
invest@k2am.com.au

K2 Australian 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				1.90	2.00	9.51	-3.92	-2.58	5.57	-3.95	-1.93	2.44	8.53	15.98	51.97%	-12.83%
2000/01	13.14	6.79	-3.07	0.14	4.50	0.91	4.53	-2.88	-11.90	13.03	5.25	0.47	32.19	8.85	27.72%	-16.68%
2001/02	-7.85	-4.82	-5.35	8.66	11.51	1.84	3.93	3.54	-0.16	-0.36	2.66	-2.71	9.54	-4.50	32.13%	-14.57%
2002/03	-6.33	3.62	-0.93	1.69	1.62	4.28	1.80	1.23	-0.17	2.20	0.66	1.45	11.23	-1.08	51.58%	-14.43%
2003/04	3.72	6.97	1.59	2.45	-1.19	2.93	0.44	1.39	0.54	-0.07	0.32	2.16	23.16	22.37	36.03%	-3.74%
2004/05	3.07	1.39	4.18	4.46	3.68	1.38	3.83	0.32	-2.04	-3.41	0.79	3.22	22.57	24.75	26.86%	-5.18%
2005/06	1.34	0.74	3.91	-3.22	3.74	1.40	1.72	0.52	3.51	1.91	-0.43	2.03	18.33	24.20	27.57%	-3.95%
2006/07	-0.88	2.28	1.53	5.78	0.42	2.98	1.03	0.51	3.03	2.67	3.46	0.16	25.35	30.28	32.21%	-4.92%
2007/08	-0.61	-1.48	2.56	0.91	-1.90	-0.29	-9.27	-0.39	-1.46	1.58	0.91	-2.27	-11.56	-12.12	51.05%	-8.23%
2008/09	0.26	2.84	-5.78	-5.61	-3.76	3.37	-1.65	-1.16	5.75	4.72	0.91	2.86	1.94	-22.15	46.55%	-3.37%
2009/10	7.17	7.41	5.13	-0.98	1.75	3.51	-4.00	-0.23	3.46	-0.58	-5.67	-0.85	16.30	13.78	10.30%	-2.62%
2010/11	2.10	-1.10	4.72	3.27	0.07	3.41	-0.49	1.92	0.00	-1.59	-1.73	-0.77	9.99	12.17	14.13%	-3.98%
2011/12	-3.41	-0.59	-4.76	3.69	-2.82	-2.13	3.08	1.91	1.94	-0.20	-5.47	-0.37	-9.22	-7.04	23.28%	-3.47%
2012/13	3.27	2.95	1.21	3.61	0.07	3.07	4.47	4.47	0.32	4.54	-2.84	-1.39	26.09	20.67	7.24%	-0.19%
2013/14	3.27	1.31	4.56	2.53	-0.31	0.08	-2.33	2.23	1.70	-0.13	-0.01	-0.87	12.49	17.64	11.71%	-0.02%
2014/15	2.83	1.60	-2.02	1.99	-0.83	-0.72	3.46	6.25	0.40	-0.35	1.17	-2.97	10.98	5.67	18.55%	-0.34%
2015/16	1.61	-4.14	-2.72	3.42	-0.62	-1.70	-3.79	-1.43	4.39	3.08	2.25	-3.08	-3.16	2.01	19.81%	-0.29%
2016/17	5.14	1.29	1.25	-1.40	-0.03	2.94	0.23	-1.56	1.00	-0.07	0.07	-0.02	8.99	13.12	16.66%	-1.52%
2017/18	1.00	0.26	0.50	2.87	1.80	3.25	0.79	0.73	-2.72	1.74	0.68	1.58	13.08	13.73	21.63%	-3.71%
2018/19	0.39	-1.40	0.11	-7.18	-2.45	-1.17	0.06	2.43	0.17	1.41	0.34	-0.29	-7.63	11.04	39.30%	-3.30%
2019/20	2.23	-4.63	3.59	-0.99	3.96	2.13	2.74	-9.38	-26.24	10.83	5.72	2.17	-12.70	-7.21	13.80%	-1.68%
2020/21	3.13	5.12	-3.93	1.68	13.34	2.36	-1.03	3.98	1.03	4.35	1.05	1.01	36.05	30.24	2.37%	-0.18%
2021/22	0.49	2.58	-1.35	-0.48	-1.43	2.58	-5.82	2.00	3.79	-1.70	-3.68	-10.94	-13.98	-7.44	1.19%	-0.20%
2022/23	4.88	0.89	-6.77	2.47	5.05	-3.51	6.95	-2.66	-1.46	1.38	-1.94	-0.37	4.10	14.75	4.22%	-0.69%
2023/24	3.82	2.11	-1.35	-3.94	4.63	7.84	0.66	-0.41	2.15	-3.47	0.05	0.19	12.31	12.51	-1.60%	-0.31%
2024/25	4.08	0.08	4.27	0.21	2.20	-2.73	4.20	-3.99	-6.68	18.74	1.96	3.36	26.41	13.23	2.87%	-0.77%
2025/26	-3.71	3.95											0.09	5.82	-0.25%	0.00%
Incept.													974.53	804.48		
Incept.													9.59%pa	8.87%pa	21.81%	-4.12%

(1) S&P/ASX All Ordinaries Accumulation Index

DISCLAIMER: The K2 Australia Absolute Return Fund is issued by K2 Asset Management Limited (K2) ABN 95 085 445 094, AFS Licence No 244393, a wholly owned subsidiary of K2 Asset Management Holdings Limited. The information contained in this document is produced in good faith and 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. The information provided in this document is current at the time of the preparation and K2 is not obliged to update the information. 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. Please note that past performance is not a reliable indicator of future performance. Any advice and information contained in this document is general only and has been prepared without taking into account any particular circumstances and needs of any party. Before acting on any advice or information in this document you should assess and seek advice on whether it is appropriate for your needs, financial situation, and investment objectives. Investment decisions should not be made upon the basis of its past performance or distribution rate, or any rating given by a ratings agency, since each of these can vary. In addition, ratings need to be understood in the context of the full report issued by the ratings agency themselves. A product disclosure statement or information memorandum for the funds referred to in this document can be obtained at www.k2am.com or by contacting K2. You should consider the product disclosure statement before making a decision to acquire an interest in the fund.

©2025 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.