

K2 Global High Alpha Fund

31 August 2025



The K2 Global High 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)	2.74%	136.31	9.32%

Refer below detailed performance data matrix

Top 5 Stock Holdings	Current	Monthly Move
BHP Group Ltd	8.4%	+0.6%
Kina Securities Ltd	6.7%	+1.2%
Purpose Bitcoin Etf	6.4%	-0.8%
Summerset Group Holdings Ltd	6.4%	-0.5%
Bendigo And Adelaide Bank	6.1%	+0.3%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps>=AUD\$7.5b	47.7%	+1.1%
Mid Caps>=AUD\$2b<AUD\$7.5b	23.0%	-1.9%
Small Caps<AUD\$2b	28.4%	-3.2%

Month End Exposures	Current	Monthly Move
Consumer	10.0%	-0.1%
Financials/Real Estate	38.6%	-5.0%
Health Care	9.2%	+2.3%
Industrials	4.2%	-1.2%
Information Technology	18.5%	-1.4%
Materials	16.8%	+4.8%
Number of Positions	29	+3
Gross Equity Exposure	99.2%	-4.0%
Cash Weighting	0.8%	+4.0%
Net Equity Exposure	99.2%	-4.0%
Currency Exposure Hedged of AUD	85.8%	+1.7%

Fund Characteristics	
Portfolio Managers	Campbell Neal, David Poppenbeek and Bill Laister
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 120
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	2.05%
Buy/Sell	Monthly Application/Redemption
Performance Fee	20.5% of the amount by which the NAV per unit exceeds the High Water Mark

Commentary

K2 Global High Alpha Fund returned 2.74% 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. Northern Star Resources (NST) 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. NST 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 strive. Execution is the pathway to thrive. We expect outsized returns from the BEN and JDO holdings over the next five years.

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K2 Global High 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
2009/10						0.81	-1.26	3.46	4.61	-0.28	-5.44	1.83	3.45	1.48	33.67%	-0.28%
2010/11	5.28	1.36	13.20	8.95	5.90	10.18	0.83	2.04	0.66	3.40	-1.73	-3.09	56.62	3.50	9.62%	-0.76%
2011/12	0.97	-3.09	-8.55	8.86	-3.30	-3.53	6.22	7.90	0.04	-2.47	-7.31	-2.32	-8.00	-2.59	28.98%	-0.74%
2012/13	1.48	4.49	4.01	3.53	-0.97	6.91	4.92	4.42	2.18	4.42	1.80	-0.81	42.70	31.02	13.92%	-0.37%
2013/14	4.92	2.22	4.73	4.27	3.23	1.63	0.34	2.41	-0.56	0.05	0.19	-1.73	23.68	19.62	8.04%	-0.01%
2014/15	4.61	1.56	1.56	1.07	1.18	3.26	4.83	4.50	2.41	3.16	3.69	-3.51	31.92	23.89	9.19%	-0.07%
2015/16	4.50	-2.39	0.65	3.12	-1.87	-1.03	-4.72	-4.73	1.62	0.78	2.15	-4.13	-6.41	-0.60	18.10%	-0.49%
2016/17	3.76	2.20	-0.06	-1.85	0.62	1.52	2.24	-0.78	2.64	0.04	1.91	-0.90	11.77	15.36	19.74%	-2.44%
2017/18	0.12	3.67	1.39	3.63	1.83	1.24	-0.35	-0.17	-1.33	0.18	-0.69	0.59	10.45	15.13	16.40%	-2.98%
2018/19	0.60	0.51	-0.28	-4.95	-5.27	1.63	-3.30	3.85	-1.25	2.65	-1.85	1.26	-6.64	10.51	38.34%	-6.22%
2019/20	1.96	-3.55	2.80	0.91	3.40	2.16	1.13	-7.77	-23.23	8.13	6.33	1.38	-10.05	3.22	14.87%	-2.83%
2020/21	4.68	5.52	-0.96	-1.07	9.78	3.15	-0.28	3.41	0.90	3.48	-1.14	1.70	32.67	28.43	3.62%	-0.45%
2021/22	-0.31	3.48	-2.98	2.20	-1.12	0.75	-5.87	-1.51	2.21	-2.54	-4.35	-13.70	-22.32	-8.80	0.81%	-0.25%
2022/23	3.90	-1.29	-8.84	2.77	6.03	-4.49	7.16	-2.84	-1.84	0.79	-2.38	-1.17	-3.30	19.97	6.13%	-0.73%
2023/24	3.63	0.75	-0.16	-2.19	3.07	6.70	-0.44	-1.52	1.93	-3.87	-1.37	-0.52	5.71	18.21	2.68%	-0.33%
2024/25	3.43	-1.93	4.04	0.55	4.93	-1.50	3.72	-2.81	-6.59	0.49	4.85	4.37	13.55	17.97	0.89%	-1.08%
2025/26	-1.71	2.74											0.99	4.18	-1.95%	0.00%
Incept.													306.76	510.75		
Incept.													9.32%pa	12.18%pa	13.12%	-1.18%

(1) Morningstar Global Markets NR AUD

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