K2 Opportunities Fund
30 June 2026

The K2 Opportunities 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.

	3 Months	Unit Price	Inception (%pa)
Performance (Net of Fees)	-1.46%	139.94	8.61%

Top 5 Stock Holdings	Current	Monthly Move
BHP Group Limited	12.8%	+0.3%
Capricorn Metals Ltd	5.0%	-0.2%
Capstone Copper Corp.	4.6%	-0.2%
Macquarie Group Limited	4.5%	+0.5%
Woodside Energy Group Ltd	4.2%	+1.4%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps>=AUD$7.5b	49.9%	-2.0%
Mid Caps>=AUD$2b<AUD$7.5b	29.2%	-0.6%
Small Caps<AUD$2b	9.9%	+1.6%

Month End Exposures	Current	Monthly Move
Communication Services	2.4%	-0.9%
Consumer	2.8%	-2.5%
Energy	8.5%	+1.1%
Financials/Real Estate	4.5%	+0.5%
Health Care	3.1%	+1.0%
Information Technology	4.3%	-1.9%
Materials	57.0%	+1.8%
Number of Positions	**38**	**-2**
Gross Equity Exposure	**91.8%**	**-2.7%**
Cash Weighting	**8.2%**	**+2.7%**
Net Equity Exposure	**91.8%**	**-2.7%**

Fund Characteristics	
Portfolio Manager	Campbell Neal
Strategy	Australian, New Zealand and US 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

The K2 Opportunities Fund returned -1.46% for the quarter ending June 2026.

This result was achieved during a period of sharp divergence between surging global tech equities and retreating commodity markets; the S&P 500 and Nasdaq surged approximately 15% and 21% respectively from the end of March to mark their best quarter in six years. Global market optimism was largely propelled by a significant drop in oil prices following the US-Iran ceasefire agreement and exceptionally strong corporate earnings.

In Australia, the economic landscape showed signs of cooling as the Reserve Bank of Australia (RBA) kept the cash rate on hold at 4.35% in June, pausing after three consecutive rate hikes earlier in the year. The RBA board noted that while financial conditions are slowing, inflation still remains too high. Recent data supports this, with the Consumer Price Index (CPI) rising 4.0% in the 12 months to May 2026, slightly down from 4.2% in April.

Throughout the quarter, the Fund slightly reduced its gross equity exposure by 2.7% to finish at 91.8%, correspondingly increasing the cash weighting to 8.2%. We maintained a significant allocation to Large Cap positions, which now represent 49.9% of the portfolio, while slightly increasing our Small Cap exposure by 1.6% to reach 9.9%. Core holdings remained firm, with our largest position, BHP Group Limited, increasing by 0.3% to represent 12.8% of the portfolio. The Fund's top holdings also feature strong resources exposure, including Capricorn Metals Ltd (5.0%), Capstone Copper Corp. (4.6%), and Woodside Energy Group Ltd (4.2%).

The Fund's largest sector allocation remains heavily weighted towards Materials at 57.0%, which saw a 1.8% increase over the quarter, alongside an 8.5% allocation to Energy. While broader commodity markets faced a sharp sell-off in June, with iron ore breaking below US$100/t and oil prices falling significantly following the geopolitical de-escalation in the Middle East, we maintain our high conviction in these sectors. We believe that years of structural underinvestment have left many commodity markets unprepared for long-term demand, ensuring that supplies will remain tight. Navigating forward, the Fund continues to adhere to a Growth At a Reasonable Price (GARP) strategy, prioritizing active management and capital protection amid changing monetary policies.

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

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