

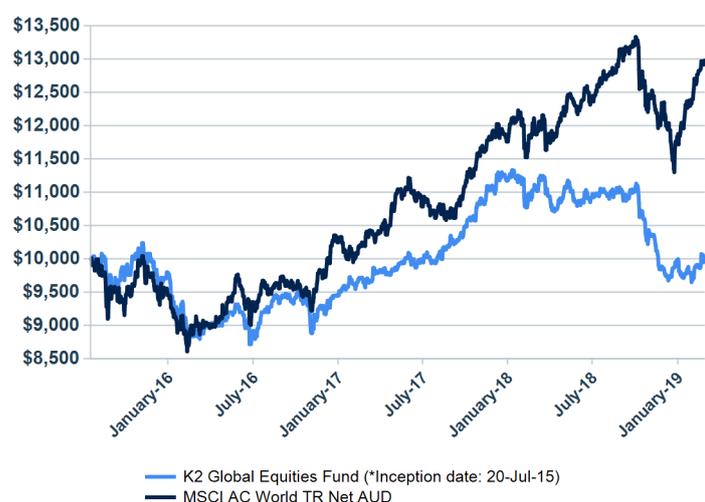
K2 Global Equities Fund (Hedge Fund)

28 February 2019



| | 1 Month | 3 Months | 1 Year | 3 Years (%pa) | Inception (%pa) | Inception Date |
|---------------------------|---------|----------|--------|---------------|-----------------|----------------|
| Performance (Net of Fees) | 3.8% | 1.6% | -9.7% | 4.1% | 0.1% | 20-Jul-2015 |
| Average Net Exposure | 52.7% | 33.9% | 68.6% | 76.8% | 77.5% | |

Growth of \$10,000



| Top 5 Stock Holdings | Current | Monthly Move |
|----------------------------|---------|--------------|
| Cedar Woods Properties Ltd | 3.6% | +0.3% |
| Metlifecare Ltd | 3.6% | +0.1% |
| Elanor Investor Group | 3.0% | +0.1% |
| Axesstoday Ltd | 2.7% | +0.0% |
| Seven Group Holdings Ltd | 2.3% | +1.3% |

| Month End Exposures | Current | Monthly Move |
|---------------------------------|---------|--------------|
| Communication Services | 2.3% | +0.6% |
| Consumer | 13.2% | +5.5% |
| Energy | 1.1% | +0.1% |
| Financials | 18.1% | +4.0% |
| Health Care | 8.5% | +1.5% |
| Industrials | 8.6% | +5.0% |
| Information Technology | 4.5% | +0.8% |
| Materials | 4.4% | +3.8% |
| Other | 1.1% | +1.1% |
| Real Estate | 4.1% | -1.3% |
| SHORTS | -3.5% | +6.0% |
| Number of Positions | 63 | +6 |
| Gross Equity Exposure | 69.4% | +15.1% |
| Cash Weighting | 37.5% | -27.2% |
| Net Equity Exposure | 62.5% | +27.2% |
| Currency Exposure Hedged of AUD | 2.2% | +2.8% |

Commentary

The K2 Global Equities Fund returned 3.8% for the month of February while the MSCI AC World TR Net AUD Index returned 5.2%.

International equities continued their explosive recovery from December's heavy losses with the S&P 500 now delivering its best start to a year since 1991. The local Chinese A share market (14.6%) stood out, rallying aggressively on the prospect of an increased weighting in the MSCI Indices, which was confirmed on 1 March and has continued positive rhetoric on a potentially imminent resolution to trade talks with the US. Central banks from the US to Europe, Australia and Japan collectively maintained their dovish positioning, providing a genuine 'soft' floor for equity markets.

The largest positive contributor to performance was Australian listed Seven Group Holdings, which rallied 23% for the month, reporting a 61% increase in underlying profit for the first half of 2019 and reaffirming full year guidance for EBIT growth of 25%. Core operating business WesTrac grew EBIT 40% as miners ramped up production and Seven's other core business, Coates Hire experienced strong margin expansion as the business continues to benefit from Australia's infrastructure boom.

The largest detractor was Pioneer Credit, which declined 23% during the month after missing consensus profit expectations for the first time in five years and as a result the position was exited.

The Fund remains fully unhedged at the currency level. Losses incurred in January were largely recovered in February as the AUD fell -2.4% against the USD with investors now starting to entertain the idea of a potential cut in US interest rates, data dependent of course.

We view the risk/reward trade off as materially more attractive than 3 to 6 months ago and have increased our net equity exposure accordingly. While we believe that markets are overbought in the short-term, we remain buyers on any weakness.

Fund Characteristics

| | |
|--------------------|---|
| FUM | AUD \$8m |
| Portfolio Managers | Campbell Neal, David Poppenbeek, Josh Kitchen, Nicholas Leilt, James Soutter and Tony Sutton |
| Strategy | International Equities (Based on K2 Global High Alpha Fund) |
| 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 | Bought and Sold on the ASX market (ASX: KII) |
| Performance Fee | 20.5% of the amount by which the NAV per unit exceeds the High Water Mark |

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