

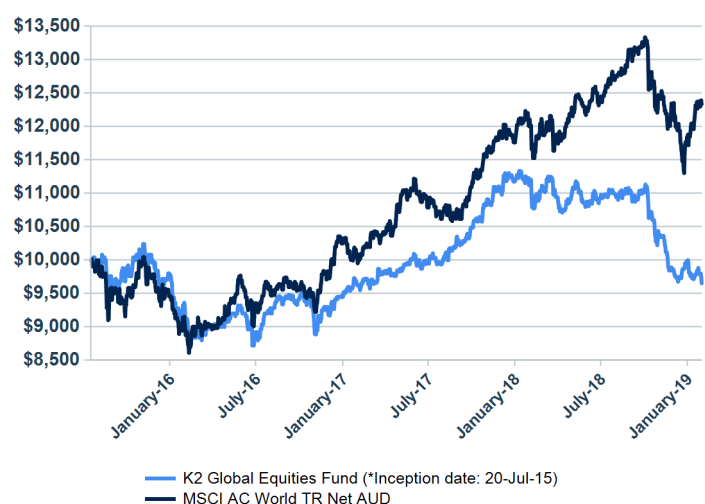
K2 Global Equities Fund (Hedge Fund)

31 January 2019



	1 Month	3 Months	1 Year	3 Years (%pa)	Inception (%pa)	Inception Date
Performance (Net of Fees)	-3.4%	-7.5%	-13.2%	1.2%	-1.0%	20-Jul-2015
Average Net Exposure	25.6%	35.8%	71.5%	77.0%	78.0%	

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Pioneer Credit Ltd	3.8%	+0.5%
Metlifecare Ltd	3.5%	+0.1%
Cedar Woods Properties Ltd	3.3%	+0.1%
Elanor Investor Group	2.9%	+0.0%
Axesstoday Ltd	2.7%	+0.2%

Month End Exposures	Current	Monthly Move
Communication Services	1.6%	+0.8%
Consumer	7.7%	+1.5%
Energy	1.0%	+0.3%
Financials	14.0%	+2.2%
Health Care	7.0%	-0.6%
Industrials	3.7%	+2.2%
Information Technology	3.7%	+0.4%
Materials	0.6%	+0.6%
Real Estate	5.4%	+1.7%
SHORTS	-9.5%	+2.5%
Number of Positions	57	+5
Gross Equity Exposure	54.3%	+6.6%
Cash Weighting	64.7%	-11.7%
Net Equity Exposure	35.3%	+11.7%
Currency Exposure Hedged of AUD	-0.6%	-2.8%

Commentary

The K2 Global Equities Fund returned -3.4% for the month of January while global equity markets returned 4.2%.

International equities bounced back from December's heavy losses with the S&P 500 delivering its best January performance since 1987. Sharp gains were driven by a significant change in policy guidance from the US Federal Reserve, which saw them swing from "hawkish" to "dovish" on further interest rate rises. Conciliatory talks on trade between US and China also buoyed investor sentiment throughout the month. Slowing global economic growth and corporate earnings are forcing governments and central bankers to consider additional stimulatory policies. We see significant uncertainty and volatility persisting and therefore continue to remain defensively positioned.

Positive contributors to Fund performance included Hong Kong listed Lonking Holdings, which benefited from favourable Chinese domestic policy aimed at accelerating infrastructure investment. Guangzhou Automobile Group, also listed in Hong Kong, was aided by stimulus measures announced for the Chinese Auto makers. The company, which trades on a PE of less than 5X and a dividend yield of 5.8%, is well positioned to further re-rate. The largest detractor, outside of currency, was collectively the Fund's short positions and a number of these positions were exited during the month. These positions added 89 basis points in December, but this reversed almost entirely in January.

The Fund remains fully unhedged to the AUD. Strong gains made in December were reversed in January as the AUD rallied 3.3% against the USD, with investors starting to price in no additional US interest rate rises in 2019. Our unhedged currency position detracted -288 basis points, representing the major driver of January's negative performance. Reflecting our cautious outlook, net exposure currently stands at 35% after having increased from 24% at the end of December, driven by an increase in HK, China and US equities and a reduction in short positions.

Fund Characteristics	
FUM	AUD \$8m
Portfolio Managers	Campbell Neal, David Poppenbeek, Josh Kitchen, Nicholas Leitt, 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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