

Select International Alpha Fund

31 January 2024

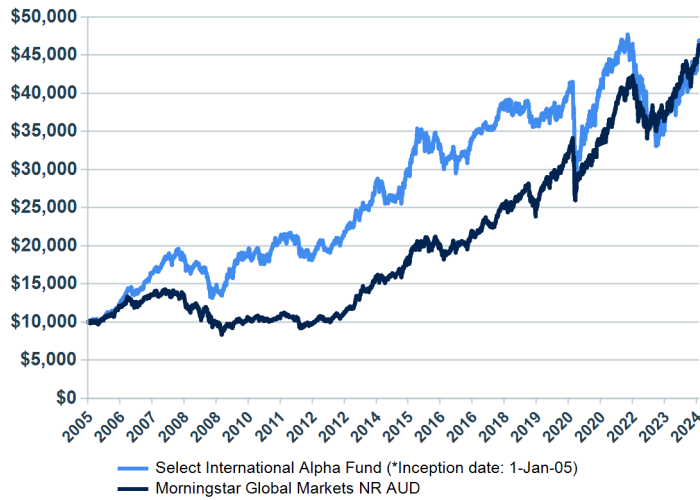


The Select International Alpha Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts to help protect clients' capital. The Fund has been managed by GAM Investments since January 2023.

	1 Month	3 Months	6 Months	1 Year	3 Years	Inception
Performance (Net of Fees)	8.89%	12.74%	14.24%	25.37%	4.88%	8.44%

Refer below detailed performance data matrix

Growth of \$10,000



Commentary

The Select International Alpha Fund returned +8.89% for the month and +17.9% financial-year-to-date (FYTD) outperforming the index by +5.3% and 9.4% respectively. The fund is up +25.37 over the past year (net, after fees).

Global economic conditions and confidence in early 2024 are reflecting the underlying resilient economic data that surprised markets in 2023. The US economy continues to exhibit reliable economic momentum despite the tight restrictive monetary policy. It has become clear that the developed markets have remained more robust despite the tight monetary policy. Labour markets and consumption have remain robust reinforcing the non-recession outlook as the core view. Earnings and credit conditions in the US remain resilient. The Q4 2023 US quarterly reporting period currently underway reinforces the improved earnings outlook vs expectations. A marginal improvement to 2024 earnings outlook is anticipated. Inflation continues to move lower although the improvement will be more delayed and stubborn for investors, particularly services inflation. The Fed will continue to remain hawkish with their commentary despite bond holders anticipating easier policy ahead.

The key for investor sentiment in 2024 will be the timing of rate cuts and the magnitude. Despite the hawkish comments from Fed Members, bond markets anticipate the rate cut cycle to begin later this year. There is also some expectation for more synchronisation with rates cuts from other key developed market central banks (ECB, BOE, RBA). However, the resilient economic conditions imply rate cuts will not occur as soon, or as much, as some investors hope. US rates to head lower but at a slower pace compared to previous easing cycles. Some emerging markets have greater headwinds, particularly China. Their economic challenges persist given the property sector concerns. Much more coordinated monetary and fiscal stimulus is required to help attract investment and turn around the subdued consumer and business sentiment in China.

The global Fund overweights to quality Tech (including AI and cloud) have been key contributors to the performance. Overweights include Microsoft (MSFT), Alphabet (GOOG), NVIDIA (NVDA), Amazon (AMZN), Uber Technologies (UBER), Netflix (NFLX), PayPal Holdings (PYPL) and Dell Technologies (DELL). The Fund is unhedged vs the USD and remains underweight vs benchmark Consumer Discretionary, Financials and Commercial Real Estate.

Name	%
Microsoft Corp	9.7%
Intuitive Surgical Inc (CFD)	4.9%
Alphabet Inc	4.2%
NVIDIA Corp	4.0%
Amazon	3.7%
ServiceNow Inc	3.4%
Dell Technologies Inc	3.4%
Netflix Inc	3.2%
PayPal Holdings Inc	3.0%
Uber Technologies Inc	3.0%
Total (top 10 of 75 holdings)	42.5%

Source: GAM Investments (GAM), GAM Star Alpha Technology Fund

Category Top Categories by Net Exposure

Category	Net Exposure
Information Technology	23.1%
Healthcare	8.1%
Industrials	6.2%
Communication Services	3.0%
Financials	2.5%
Consumer Staples	-0.8%
Consumer Discretionary	-3.2%

Net (Short) Gross Exposure 95.10%
Net (Long) Short Exposure -56.00%

Source: GAM Investments (GAM), GAM Star Alpha Technology Fund

Fund Characteristics

Portfolio Managers	Mark Hawtin, David Goodman, Wendy Chen, Pieran Maru & Kevin Kruczynski
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 80
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	1.36%
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

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Select International 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
2004/05							0.89	1.30	-0.44	-1.38	1.36	3.79	5.56	3.03	50.51%	-4.41%
2005/06	4.91	0.73	2.64	-0.96	4.20	4.43	5.11	4.42	5.66	-0.07	-3.66	2.02	33.16	22.26	21.28%	-4.15%
2006/07	0.43	2.13	2.80	3.60	1.97	4.81	2.40	0.13	1.06	3.14	5.05	-0.29	30.70	9.93	23.64%	-1.06%
2007/08	0.09	0.64	2.57	3.36	-3.71	-1.08	-8.04	-0.63	-1.22	2.98	1.83	-3.45	-7.04	-19.95	43.46%	-7.29%
2008/09	-2.51	2.89	-8.60	-9.70	-2.45	5.09	-3.10	-2.84	4.93	6.88	7.84	-0.65	-4.00	-15.30	51.14%	-3.95%
2009/10	7.58	2.13	3.34	-1.70	1.41	3.03	-4.09	0.16	4.70	0.17	-5.42	-2.72	8.11	8.36	11.69%	-1.03%
2010/11	4.31	-2.46	8.39	2.70	0.04	3.75	0.43	0.92	0.98	1.73	-1.91	-1.55	18.20	3.50	12.01%	-2.42%
2011/12	-2.18	-4.47	-4.46	2.48	-3.02	-1.70	3.61	4.73	3.57	-0.02	-4.28	-1.48	-7.57	-2.59	22.89%	-2.93%
2012/13	0.63	3.44	1.97	0.58	1.43	2.81	2.74	1.78	0.72	2.50	4.06	-0.44	24.49	31.02	6.72%	-0.35%
2013/14	3.93	-0.38	0.47	2.43	4.36	5.47	-0.93	1.56	-5.72	-2.51	1.16	-1.82	7.72	19.62	8.01%	-0.15%
2014/15	0.65	1.03	3.92	0.77	4.13	3.74	4.04	4.23	2.06	3.09	3.14	-2.68	31.74	23.89	13.16%	-0.63%
2015/16	-0.13	-2.30	-1.88	5.41	-2.12	-1.91	-3.98	-3.27	2.08	0.40	3.97	-7.06	-10.88	-0.60	20.86%	-0.71%
2016/17	2.90	2.13	0.13	-1.29	3.85	2.98	2.07	0.88	0.42	1.23	1.42	-2.06	15.50	15.36	23.10%	-2.82%
2017/18	0.26	0.99	1.89	3.62	2.39	-1.72	2.11	-0.29	-2.65	0.70	-0.69	-0.25	6.38	15.13	21.63%	-3.25%
2018/19	0.83	2.67	-0.16	-5.59	-1.95	2.09	-2.55	3.58	-0.28	3.12	-4.07	3.51	0.69	10.51	32.63%	-3.84%
2019/20	1.29	-1.58	1.39	0.26	2.89	1.88	0.26	-8.61	-16.74	4.90	6.25	-0.27	-9.91	3.22	9.52%	-2.35%
2020/21	2.93	5.39	0.02	-2.91	9.05	4.76	-0.45	4.70	1.05	2.69	-0.53	1.80	31.80	28.43	2.59%	-0.26%
2021/22	1.65	3.32	-3.37	2.76	-3.89	2.78	-6.81	-3.68	1.13	-3.00	-1.19	-11.91	-21.05	-8.80	5.43%	-0.15%
2022/23	4.96	-2.21	-8.79	3.56	6.86	-4.06	6.57	1.45	2.14	0.55	3.61	-1.50	12.63	19.97	7.68%	-25.68%
2023/24	3.22	0.96	-1.46	1.85	4.81	-1.21	8.89						17.92	8.52	16.14%	-59.16%
												Incept.	369.65	357.36		
												Incept.	8.44%pa	8.29%pa	20.20%	-6.33%

(1) Morningstar Global Markets NR AUD

Up until 7 February 2023, K2 Asset Management Ltd was the investment manager of the Select International Alpha Fund (former name K2 Select International Absolute Return Fund). The data represented in this table and document for the dates prior to 7 February 2023 were for K2 Asset Management Ltd as the investment manager of the Fund. The past performance of the Fund is not a reliable indicator of the future performance of the Fund with a new investment manager.

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Investment Team



Mark Hawtin is the investment director responsible for running global long only and long/short funds investing in the disruptive growth & technology sectors. Prior to joining GAM in October 2008, he was a partner and portfolio manager with Marshall Wace Asset Management for eight years, managing one of Europe's largest technology, media and telecoms hedge funds. Mark Hawtin previously spent seven years at Enskilda Securities, initially as head of sales, before taking responsibility for the international equity business, overseeing pan-European research and trading activities and around a quarter of the investment banking staff. He is based in London.



David Goodman is an investment manager in GAM's Global Equity team, responsible for applying technical analysis to assist with portfolio construction and risk management. Between joining GAM in December 2009 and starting his career trading equity derivatives for Citigroup, he has held numerous senior positions at such companies as SEB, Marshall Wace, Instinet Alpha and Pali International. David Goodman has passed the Securities Association, General Registered Representative examination and has passed the Society of Technical Analysts diploma exam thus is a full member of the Society of Technical Analysts (MSTA). He is based in London.



Wendy Chen Senior Investment Analyst, is responsible for covering the global internet sector in GAM's Global Equity team. Wendy joined GAM from Welight Capital, a family office for one of the founding partners of Tencent, where she was an Investment Analyst also covering the global internet sector. Wendy is a technology enthusiast and brings strong experience from her five years as an Associate at Goldman Sachs, where she was focused on China online entertainment equity research. Wendy holds a bachelor's degree in Economics and Law from the University of Peking in Beijing and a master's degree in International Finance and International Relations from John Hopkins University. She is based in Hong Kong.



Pieran Maru is an investment analyst and responsible for covering software and hardware companies in GAM's Global Equity team. Pieran joined the team from GAM's compliance function, where he joined GAM Investments in April 2017. Pieran holds a BA in Materials Science from the University of Oxford, the Investment Management Certificate (IMC) and has passed CFA Exam Level 1. He is based in London.



Kevin Kruczynski, Investment Manager, is a member of the Global Equity team. He is responsible for managing both Global and US Equity portfolios. He joined GAM Investments in 2016 from THS Partners, a global equity investment firm and a long-standing sub-advisor of GAM's oldest global equity strategies. Prior to that, Kevin spent two years at Cazenove Capital and in 2001 he worked for Merrill Lynch Investment Managers, where he supported the charities team. Kevin holds a degree in Banking and International Finance from City University and is a CFA charterholder. He is based in London.