

# K2 Asian Fund

## 30 November 2023

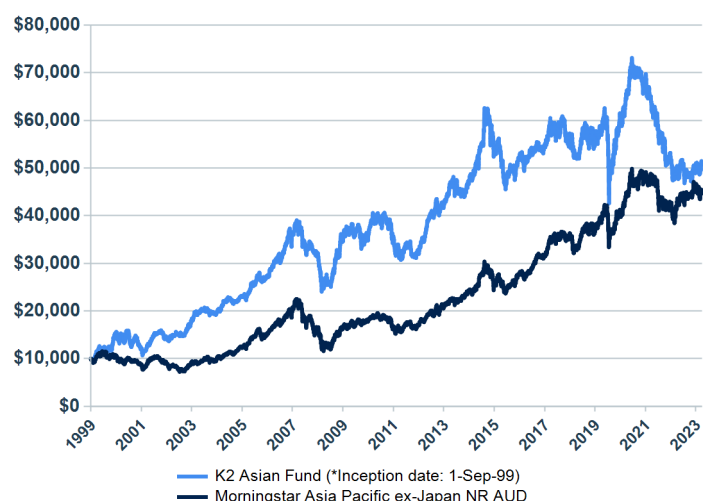


The K2 Asian Fund is an Absolute Return equities fund. The fund is index-unaware, aiming to produce positive absolute returns over the long term with a capital preservation mindset. The Fund's mandate allows it to actively manage its net market exposure – utilising both cash and shorts to help protect clients' capital.

	1 Month	Unit Price	Inception (%pa)
Performance (Net of Fees)	3.67%	157.35	6.93%

Refer below detailed performance data matrix

### Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Seven Group Holdings Ltd	10.0%	+1.5%
BHP Group Ltd-Spon ADR	7.9%	+0.3%
RIO Tinto Plc-Spon ADR	7.3%	+0.3%
Macquarie Group Ltd	6.9%	+0.4%
JPMorgan Chase & Co	6.3%	+0.5%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps >=AUD\$7.5b	57.3%	+9.9%
Mid Caps >=AUD\$2b < AUD\$7.5b	26.7%	+4.1%
Small Caps < AUD\$2b	19.6%	-7.3%

Month End Exposures	Current	Monthly Move
Communication Services	3.3%	+0.2%
Consumer	7.0%	+2.0%
Energy	11.5%	-1.4%
Financials/Real Estate	29.8%	-0.6%
Health Care	3.2%	+1.5%
Industrials	15.4%	+1.4%
Information Technology	5.7%	+0.5%
Materials	28.0%	+3.1%
SHORTS	-0.6%	-0.6%
Number of Positions	29	+5
Gross Equity Exposure	104.5%	+7.3%
Cash Weighting	-3.3%	-6.0%
Net Equity Exposure	103.3%	+6.0%
Currency Exposure Hedged of AUD	82.7%	-2.2%

### Commentary

The K2 Asian Fund returned +3.67% for the month and is now +6.1% for the current fiscal year-to-date (FYTD) outperforming the index by +4.97% (FYTD). The fund has consistently maintained an underweight to China and an overweight to South-East Asia Pacific region over the past two years.

Economic data across the major global economies continue to reinforce that a soft landing remains the most probable global outcome. The resilience of developed economies following the aggressive pace of rate hikes has been the major surprise in 2023. There is unevenness in growth and therefore earnings. Hence the market volatility throughout the year, particularly currency and bond markets, have been elevated as expectations have moved between a hard vs soft economic landing.

The restrictive monetary policy in the developed economies has been partly cushioned with ongoing fiscal stimulus reinforcing the non-recession outcome as the consensus view. This better performing economic data combined the lower bond yields over the past month has also helped drive the risk-on narrative in markets.

For China it has been different. They have exhibited a very different challenge this year which has been at odds with the key developed markets. The sharp correction in their property sector, weak business and household consumer sentiment have become some key policy challenges. There has been some consolidation of the weaker China economic data and this has been viewed positively for markets who are looking through the recovery in the years ahead.

Expectations are for the central bank in China (PBoC) to remain accommodative with monetary policy combined with some ongoing targeted fiscal stimulus from Beijing. We anticipate the accommodative and stimulatory policy will lead 5% growth for China in 2023 and around 4.2% in 2024. This also reinforces a soft economic landing and will be positive for markets.

The K2 Asian Fund has maintained an underweight exposure to China and an overweight to South-East Asia Pacific region. A focus on companies with earnings that export to China continues to be our preferred investment strategy.

Fund Characteristics	
Portfolio Managers	Campbell Neal, David Poppenbeek and Bill Laister
Strategy	Asian (excluding Japan) 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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## K2 Asian 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	
1999/00			-0.55	4.28	9.21	10.82	-4.26	-3.40	4.12	-1.07	0.21	-1.03	18.59	4.45	35.23%	-13.83%	
2000/01	19.41	8.29	-5.29	-0.99	-3.15	-2.32	16.53	-1.96	-16.41	5.38	5.37	-2.02	19.17	-8.44	16.17%	-18.46%	
2001/02	-9.11	-6.94	-4.93	2.26	10.31	1.07	8.68	4.40	2.42	1.76	1.68	-1.51	8.58	-1.93	35.54%	-11.97%	
2002/03	-7.19	0.47	-2.84	3.56	3.55	-0.49	2.38	-0.55	-1.77	0.08	3.74	4.43	4.86	-15.33	41.25%	-13.04%	
2003/04	4.43	6.54	4.42	5.22	-0.33	0.86	1.54	0.84	-1.81	-0.71	-0.20	-0.05	22.37	24.06	38.03%	-5.30%	
2004/05	-1.23	1.34	2.18	0.90	6.81	2.23	1.07	1.29	-3.05	-2.36	2.02	0.96	12.48	19.44	30.24%	-2.62%	
2005/06	3.43	0.21	1.87	-3.62	5.16	3.78	5.25	-0.95	5.04	2.33	-3.25	0.24	20.67	27.67	24.43%	-3.88%	
2006/07	0.19	2.00	2.41	2.92	3.39	2.73	1.16	0.33	0.59	2.99	5.47	3.98	31.93	28.88	31.06%	-1.35%	
2007/08	3.51	-0.19	2.71	3.98	-2.56	-1.16	-8.59	-0.36	-3.66	3.11	-0.07	-3.80	-7.58	-16.72	46.58%	-4.98%	
2008/09	-1.61	0.25	-10.76	-10.40	-0.67	5.17	-3.32	-1.41	4.80	8.03	10.26	0.85	-1.15	-6.23	49.48%	-3.99%	
2009/10	10.46	-2.58	4.70	0.90	-0.30	3.52	-4.67	-0.04	3.76	-0.46	-7.44	-0.49	6.37	17.31	12.03%	-1.70%	
2010/11	4.36	-2.11	7.61	2.52	-0.78	2.06	0.53	-1.01	1.72	1.20	-1.79	-2.36	12.13	2.75	12.14%	-2.43%	
2011/12	-1.98	-5.41	-8.97	3.67	-6.16	-1.81	4.86	5.08	-0.91	1.21	-6.90	-0.95	-17.85	-9.36	20.10%	-2.08%	
2012/13	1.21	0.73	4.90	3.90	2.00	6.00	4.30	2.11	-0.04	3.21	2.38	-3.61	30.23	22.88	6.86%	-0.14%	
2013/14	2.40	0.08	2.15	3.60	4.91	0.93	-1.63	0.89	-3.74	-0.21	0.36	-2.26	7.39	13.18	8.82%	0.00%	
2014/15	5.40	0.48	2.80	1.36	2.46	3.58	4.12	2.23	2.64	7.51	2.38	-4.23	34.88	22.15	12.90%	-0.08%	
2015/16	-4.46	-4.54	-1.35	3.40	-4.19	-2.86	-7.18	-1.56	4.04	2.48	0.24	-2.76	-17.78	-6.59	18.72%	0.00%	
2016/17	3.75	2.48	1.23	-3.34	1.59	0.17	2.65	-0.56	1.02	2.03	0.95	-2.30	9.86	19.17	20.63%	-0.44%	
2017/18	-0.07	2.20	0.54	4.48	1.44	-1.57	1.39	-0.18	-1.30	3.97	-0.22	-4.08	6.48	13.00	18.53%	-1.15%	
2018/19	-1.65	1.04	-0.07	-7.32	-1.07	1.61	1.84	5.64	1.25	1.31	-6.13	4.83	0.47	7.07	30.20%	-0.69%	
2019/20	0.02	-3.87	1.23	2.03	1.02	4.06	-2.74	-4.31	-13.58	6.44	1.86	4.05	-5.28	1.39	14.03%	-1.16%	
2020/21	4.87	6.19	-1.42	1.80	6.03	2.75	3.97	1.41	-1.37	1.73	0.55	-0.52	28.82	29.05	3.44%	-0.16%	
2021/22	-4.54	2.69	-4.09	-0.97	-5.20	-0.51	-3.52	-1.05	-2.69	0.12	-1.94	-9.54	-27.55	-13.82	8.53%	-0.14%	
2022/23	2.89	-0.04	-8.68	0.82	4.35	-4.17	5.96	-1.48	-3.09	0.26	-1.34	-0.68	-5.90	4.32	11.79%	-0.59%	
2023/24	4.63	-0.15	0.83	-2.88	3.67								6.06	1.09	5.31%	-0.02%	
													Incept.	407.55	349.46		
													Incept.	6.93%pa	6.39%pa	22.08%	-3.61%

(1) Morningstar Asia Pacific ex-Japan NR AUD

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