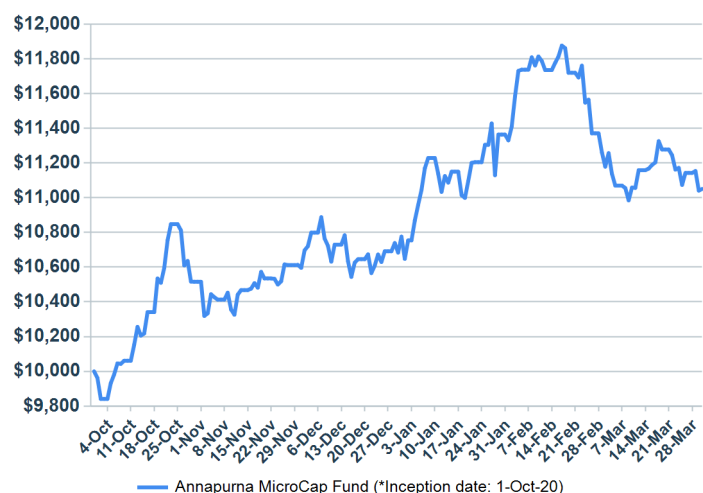


The Annapurna Microcap fund is a high conviction Nanocap, Microcap and Smallcap fund managed by leading Microcap professionals. The fund aims to deliver superior risk-adjusted returns through the investment cycle while protecting client's invested capital.

	1 Month	3 Months	6 Months	Inception (%pa)
Performance (Net of Fees)	-2.81%	2.55%	10.51%	10.51%

Growth of \$10,000



Annapurna Microcap Fund

Figure 1: Annapurna - We are looking forward to increased company field trips and company visits post the reporting season. We are ready to go.

Month End Exposures	Current	Monthly Move
Communication Services	3.9%	-2.1%
Consumer	9.8%	+3.6%
Energy	0.1%	-2.9%
Financials	19.2%	+4.2%
Health Care	17.9%	+8.5%
Industrials/Real Estate	8.1%	+1.4%
Information Technology	16.0%	+0.3%
Materials	16.8%	-5.3%
Number of Positions	35	-3
Gross Equity Exposure	91.8%	+7.6%
Cash Weighting	8.2%	+3.4%
Net Equity Exposure	91.8%	+7.6%

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Commentary

The Annapurna Microcap fund was down -2.81% in March and is up 10.51% since inception. The overall ASX emerging market index was also down during March giving up past gains after a relatively strong performance in past periods.

A strong contributor to the fund in March included Universal Biosensors (UBI). The business has testing technology that has a series of industrial and healthcare testing applications. We are particularly interested in the hand held wine testing device and its use in speeding up and digitising the testing process as an adjunct to the more formal lab testing. In April UBI announced that some of this technology has been used within healthcare and UBI continues to perform very well for the fund. Alcidion (ALC) also performed well, a relatively new addition to the fund. Alcidion has healthcare software that is used on the hospital floor to manage patient outcomes. We believe it has solid prospects particularly within the UK NHS system. Other smaller positions that performed well included Digital Wine Ventures (DW8)-digital enterprise grade distribution of (wholesale) wine, Pentanet (5GG)-W.A based ultra-fast broadband provider and Dropsuite (DSE)-software to manage cyber attacks within Exchange (email systems).

Detractors included Atrium Coal (ATU). ATU have exploration rights to a Canadian coking coal project. In the middle of last year the Alberta government (Canada) issued a favourable ruling to relax some of the rules around exploration and development of coking coal in certain areas this encouraged Atrium (and others) to invest in exploration. In February this year the Alberta Government surprisingly rescinded that relaxation and has begun a new consultation process to review the regime. We believe that the likely outcome could be adverse and have sold the shares. Poseidon Nickel (POS) also detracted due to a falling Nickel price and little new news flow. We continue to focus on Industrial metals used to decarbonise the economy. Raiz (RZI) detracted from performance after a strong February. It has since bounced back due to strong monthly fund figures.

We have reduced our exposure to heavy infrastructure given the protracted government dependant delivery cycle and patchy 1H21 reporting results. We have increased our exposure to established healthcare software business over the last month.

Fund Characteristics	
FUM	AUD \$2.2m
Portfolio Managers	Bill Laister and Stephen Scott
Strategy	Nanocap/microcap and Small cap stocks. The fund is focused on Australian opportunities but can invest in international microcap and small cap stocks
Objectives	The fund aims to deliver superior risk adjusted returns through the investment cycle while protecting client's invested capital. The fund will aim to limit capacity to \$50m or below.
Return Target	To return 10% p.a net of fees over a 3-5 year investment cycle
Number of Stocks	Concentrated NanoCap/Microcap portfolio of 20- 50 stocks
Cash	Able to use cash/shorting/gearing up-to 130% as opportunities arise
Distributions	Annually
Management Fee	1.025%
Buy/Sell	Daily Application, Monthly Redemption (Minimum of 90 days' notice prior to a Redemption Day)
Performance Fee	20.5% pa of the amount by which the NAV per unit exceeds the High Water Mark once the fund achieves its 6% hurdle



Stephen Scott
Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 25 years funds management experience domestically and globally

Over 25 years experience and a leading emerging companies / microcap portfolio manager. His roles have included Head of Research, Senior Portfolio Manager, Microcap Industrial Analyst and Senior Analyst. Stephen has been involved in portfolio management and construction, economic analysis and securities research throughout his career and was part of the largest microcap investment team and mandate in Australia.

Stephen has both domestic and global experience having worked in London, New York and Sydney in Senior funds management, investment research and management roles. Stephen has worked for Westpac, Deutsche Asset Management, Ord Minnett, Contango Asset Management, MAP Capital and Taylor Collison.



Bill Laister
Annapurna Microcap Fund - Portfolio Manager

- ▶ Responsible for the management of the microcap fund
- ▶ Long track record in the nanocap and microcap investing
- ▶ Over 30 years funds management experience

Over 30 years experience in the financial services industry as Senior Portfolio Manager, Head of Australian Equities, Head of Trading and Resources Analyst. He has worked at several organisations as Senior Portfolio Manager at Contango Asset Management (initial shareholder, 1999), Head of Australasian Equities HSBC AM, Director Contango MicroCap Ltd (ASX listed) and various roles at Wilsons & Co and Morgans Stockbroking in the 1980s.

Bill has been involved in resources analysis, portfolio construction and management through out his career. He launched the first Australian MicroCap mandate in 2004 and grew FUM to be the largest in the local market. He travels regularly reviewing greenfield sites, mining operations and growth opportunities for companies.

DISCLAIMER: Returns are shown after fees (including performance fees) and expenses have been deducted and assume the reinvestment of income distributions. Please note that past performance is not a reliable indicator of future performance. The information contained in this document is produced by K2 Asset Management Ltd ("K2") in good faith, but does not constitute any representation or offer by K2. It is subject to change without notice, and is intended as general information only and is not complete or definitive. K2 does not accept any responsibility, and disclaims any liability whatsoever for loss caused to any party by reliance on the information in this document. A product disclosure statement for general information on any Fund referred to in this document can be obtained at www.k2am.com.au or by contacting K2. You should read the product disclosure statement and consider whether the product is appropriate for you before making a decision to acquire or continue to hold an interest in a Fund. Fees referred to in this document are inclusive of GST and RITC and do not include expense recoveries.