

K2 Global High Alpha Fund

30 September 2025



The K2 Global High 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.

	1 Month	Unit Price	Inception (%pa)
Performance (Net of Fees)	-0.32%	135.87	9.24%

Refer below detailed performance data matrix

Top 5 Stock Holdings	Current	Monthly Move
BHP Group Ltd	6.9%	-1.5%
Summerset Group Holdings Ltd	6.5%	+0.1%
Bendigo And Adelaide Bank	6.4%	+0.4%
Nvidia Corp	5.7%	+0.7%
Purpose Bitcoin Etf	5.3%	-1.2%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps>=AUD\$7.5b	42.2%	-5.5%
Mid Caps>=AUD\$2b<AUD\$7.5b	26.3%	+3.3%
Small Caps<AUD\$2b	33.3%	+4.9%

Month End Exposures	Current	Monthly Move
Communication Services	3.0%	+3.0%
Consumer	10.4%	+0.5%
Financials/Real Estate	39.3%	+0.7%
Health Care	6.5%	-2.7%
Industrials	4.9%	+0.7%
Information Technology	17.2%	-1.4%
Materials	20.6%	+3.8%
Number of Positions	29	0
Gross Equity Exposure	101.8%	+2.6%
Cash Weighting	-1.8%	-2.6%
Net Equity Exposure	101.8%	+2.6%
Currency Exposure Hedged of AUD	84.2%	-1.6%

Fund Characteristics	
Portfolio Managers	Campbell Neal, David Poppenbeek and Bill Laister
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 120
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	2.05%
Buy/Sell	Monthly Application/Redemption
Performance Fee	20.5% of the amount by which the NAV per unit exceeds the High Water Mark

Commentary

K2 Global High Alpha Fund returned -0.32% for the month.

Over the past year, the Reserve Bank of New Zealand (RBNZ) has reduced the official cash rate by 300 basis points to 2.5% which has translated into the lowest mortgage rate in three years. Housing prices seem to have plateaued and housing consents for stand-alone homes appear to be improving. We do have to acknowledge that New Zealand's unemployment rate has been increasing over the past few years and is now at a decade high. However, when this is coupled with a sub-3% inflation rate, it hardly feels miserable. The RBNZ summed things up nicely in the most recent Monetary Policy Statement "...the economic recovery could accelerate as the full effects of interest rate reductions flow through the economy." This backdrop would certainly be advantageous for Summerset (SUM NZ).

SUM is a New Zealand based developer, operator and owner of continuum-of-care retirement villages and is one of the Funds' largest holdings. SUM has been a strong performance contributor for the Fund over the past six years. SUM is amongst the most durable companies in our investing universe; its corporate culture is aligned with stakeholders, financial strength is strong, and the business has top quartile sustainability attributes. In addition, SUM has managerial depth, is the leader in a growth industry, and has established a competitive advance. Over the past six years SUM's share price has doubled but it feels like the investment has only recently begun to bear fruit. SUM has endured significant headwinds over the past few years. Construction costs have escalated, healthcare labour costs have inflated, and elevated interest rates have impacted the property markets. Over the next few years, SUM should enjoy tail winds. Construction productivity should improve, aged care profitability could increase, and cash flow generation will grow. SUM has a number of villages that will mature over the next five years: this maturity milestone signifies that these villages are moving into their optimal cash flow generating phase. SUM's has a good balance of recurring and development earnings over the coming years. The recent expansion into Australia has been well timed and should enable another leg of growth in the future. SUM is attractively priced at just 11x next years earnings which is a significant discount to the other companies that operate in aging population segment.

Unlike the RBNZ, the Reserve Bank of Australia (RBA) is mired with uncertainty. It is unsettling how data dependent the RBA has become and how untrusting it is of monthly economic indicators. As a result, the RBA is at risk of falling behind the curve. Economic activity has improved but it feels tenuous. Housing market activity and consumer consumption trends have strengthened but if the RBA maintains a restrictive stance on monetary policy, this momentum could easily be lost. We think it is important that the RBA alludes to further rate cuts over the coming twelve months. However, the longer this takes, the more vulnerable the economy becomes. The RBA does not want to be responsible for a sharp upward move in Australia's unemployment rate. The Fund has an underweight position in consumer facing sectors.

The Funds' material exposure was again the leading contributor to performance for the month. Northern Star Resources (NST), Fenix Resources (FEX), and Genesis Minerals (GMD) were the standout performers delivering returns for the month of +35%, +26% and +17% respectively.

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K2 Global High 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
2009/10						0.81	-1.26	3.46	4.61	-0.28	-5.44	1.83	3.45	1.48	33.67%	-0.28%
2010/11	5.28	1.36	13.20	8.95	5.90	10.18	0.83	2.04	0.66	3.40	-1.73	-3.09	56.62	3.50	9.62%	-0.76%
2011/12	0.97	-3.09	-8.55	8.86	-3.30	-3.53	6.22	7.90	0.04	-2.47	-7.31	-2.32	-8.00	-2.59	28.98%	-0.74%
2012/13	1.48	4.49	4.01	3.53	-0.97	6.91	4.92	4.42	2.18	4.42	1.80	-0.81	42.70	31.02	13.92%	-0.37%
2013/14	4.92	2.22	4.73	4.27	3.23	1.63	0.34	2.41	-0.56	0.05	0.19	-1.73	23.68	19.62	8.04%	-0.01%
2014/15	4.61	1.56	1.56	1.07	1.18	3.26	4.83	4.50	2.41	3.16	3.69	-3.51	31.92	23.89	9.19%	-0.07%
2015/16	4.50	-2.39	0.65	3.12	-1.87	-1.03	-4.72	-4.73	1.62	0.78	2.15	-4.13	-6.41	-0.60	18.10%	-0.49%
2016/17	3.76	2.20	-0.06	-1.85	0.62	1.52	2.24	-0.78	2.64	0.04	1.91	-0.90	11.77	15.36	19.74%	-2.44%
2017/18	0.12	3.67	1.39	3.63	1.83	1.24	-0.35	-0.17	-1.33	0.18	-0.69	0.59	10.45	15.13	16.40%	-2.98%
2018/19	0.60	0.51	-0.28	-4.95	-5.27	1.63	-3.30	3.85	-1.25	2.65	-1.85	1.26	-6.64	10.51	38.34%	-6.22%
2019/20	1.96	-3.55	2.80	0.91	3.40	2.16	1.13	-7.77	-23.23	8.13	6.33	1.38	-10.05	3.22	14.87%	-2.83%
2020/21	4.68	5.52	-0.96	-1.07	9.78	3.15	-0.28	3.41	0.90	3.48	-1.14	1.70	32.67	28.43	3.62%	-0.45%
2021/22	-0.31	3.48	-2.98	2.20	-1.12	0.75	-5.87	-1.51	2.21	-2.54	-4.35	-13.70	-22.32	-8.80	0.81%	-0.25%
2022/23	3.90	-1.29	-8.84	2.77	6.03	-4.49	7.16	-2.84	-1.84	0.79	-2.38	-1.17	-3.30	19.97	6.13%	-0.73%
2023/24	3.63	0.75	-0.16	-2.19	3.07	6.70	-0.44	-1.52	1.93	-3.87	-1.37	-0.52	5.71	18.21	2.68%	-0.33%
2024/25	3.43	-1.93	4.04	0.55	4.93	-1.50	3.72	-2.81	-6.59	0.49	4.85	4.37	13.55	17.97	0.89%	-1.08%
2025/26	-1.71	2.74	-0.32										0.66	6.37	-2.83%	-0.02%
Incept.													305.44	523.54		
Incept.													9.24%pa	12.25%pa	13.07%	-1.18%

(1) Morningstar Global Markets NR AUD

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