

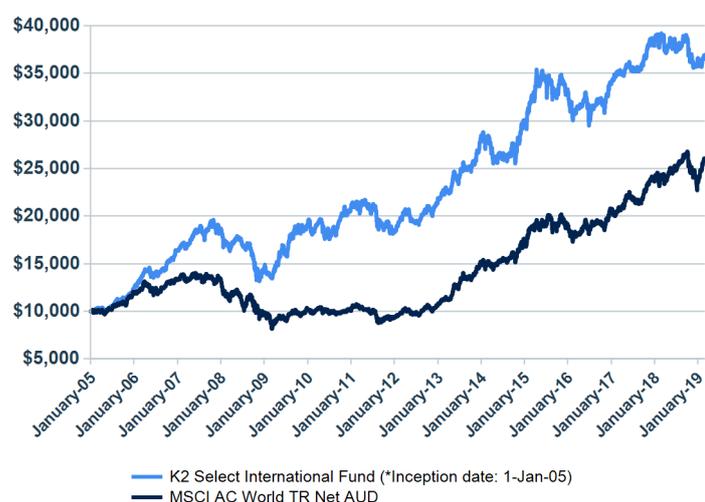
K2 Select International Fund

28 February 2019



	1 Month	3 Months	1 Year	3 Years (%pa)	5 Years (%pa)	10 Years (%pa)	Inception (%pa)	Inception Date
Performance (Net of Fees)	3.6%	3.1%	-4.2%	6.3%	5.4%	10.5%	9.7%	1-Jan-2005
Average Net Exposure	55.2%	37.0%	70.2%	74.4%	78.2%	82.4%	76.7%	

Growth of \$10,000



Top 5 Stock Holdings	Current	Monthly Move
Visa Inc	4.5%	+0.4%
Metlifecare Ltd	3.5%	-0.1%
Anthem Inc	2.9%	0.0%
Mastercard Inc - A	2.7%	+1.0%
Alphabet Inc	2.7%	+0.0%

Month End Exposures	Current	Monthly Move
Communication Services	5.5%	+1.8%
Consumer	5.6%	+0.3%
Energy	1.8%	+0.0%
Financials	13.5%	+6.3%
Health Care	13.3%	+2.6%
Industrials	9.0%	+4.1%
Information Technology	12.4%	+1.8%
Materials	4.1%	+3.1%
Real Estate	1.0%	-3.4%
SHORTS	-1.4%	+8.6%
Number of Positions	40	-3
Gross Equity Exposure	67.6%	+8.2%
Cash Weighting	35.1%	-25.3%
Net Equity Exposure	64.9%	+25.3%
Currency Exposure Hedged of AUD	0.9%	+1.9%

Commentary

The K2 Select International Fund returned 3.6% for the month of February while the MSCI AC World TR Net AUD Index returned 5.2%.

International equities continued their explosive recovery from December's heavy losses with the S&P 500 now delivering its best start to a year since 1991. The local Chinese A share market (14.6%) stood out, rallying aggressively on the prospect of an increased weighting in the MSCI Indices, which was confirmed on 1 March and has continued positive rhetoric on a potentially imminent resolution to trade talks with the US. Central banks from the US to Europe, Australia and Japan collectively maintained their dovish positioning, providing a genuine 'soft' floor for equity markets.

Positive contributors to Fund performance included Hong Kong listed companies Lenovo Group, which reported improved margins across all divisions, and Guangzhou Auto Group, as domestic China car sales showed glimpses of recovery. On the short side, the Fund exited its position in Blue Prism Group following the completion of a significant capital raising, with the stock having lost almost half its value from when the trade was initiated in September 2018.

Video game producer Take-Two Interactive was the largest detractor for the month as the Fortnite effect dampened expectations for the March quarter.

The Fund remains fully unhedged at the currency level. Losses incurred in January were largely recovered in February as the AUD fell -2.4% against the USD with investors now starting to entertain the idea of a potential cut in US interest rates, data dependent of course.

We view the risk/reward trade off as materially more attractive than 3 to 6 months ago and have increased our net equity exposure accordingly. While we believe that markets are overbought in the short-term, we remain buyers on any weakness.

Fund Characteristics	
FUM	AUD \$37m
Portfolio Managers	Campbell Neal, David Poppenbeek, James Soutter and Tony Sutton
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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