

Select International Alpha Fund

31 July 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. As of 8 May 2024, the Fund has been managed by Liontrust Investment Partners.

	1 Month	3 Months	6 Months	1 Year	3 Years	Inception
Performance (Net of Fees)	-2.84%	-2.02%	-2.82%	11.01%	0.08%	8.06%

Refer below detailed performance data matrix

Name	%
Microsoft Corporation	5.3%
Seagate Technology Holdings PLC	4.4%
BayCurrent Consulting, Inc.	4.4%
Alphabet Inc. Class A	4.1%
Intuitive Surgical, Inc.	4.1%
Apple Inc.	3.6%
ServiceNow, Inc.	3.2%
Meta Platforms Inc Class A	3.2%
Netflix, Inc.	3.0%
Coinbase Global, Inc. Class A	2.6%
Total (top 10 of 80 holdings)	37.8%

Source: Liontrust Investment Partners, GAM Star Alpha Technology Fund

Category	Top Categories by Net Exposure
Industrials	8.8%
Communication Services	8.5%
Health Care	7.1%
Government Bonds	5.9%
Information Technology	3.2%
Financials	2.9%
Materials	1.1%
Consumer Staples	0.2%
Private & Delisted	0.1%

Net (Short)	Gross Exposure 89.55%
Net (Long)	Short Exposure -51.63%

Source: Liontrust Investment Partners, GAM Star Alpha Technology Fund

Fund Characteristics	
Portfolio Managers	Mark Hawtin, David Goodman, 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

George Boubouras
Managing Director (MD)
Research, Investments & Advisory
03 9691 6111
research@k2am.com.au

Marcela Tirado
Head of Relationship Management &
Corporate Services
03 9691 6111
invest@k2am.com.au

Sarah Connelly
Head of Investor Relations
03 9691 6110
invest@k2am.com.au

Commentary

The Select International Alpha Fund returned -2.84% for the month to be up +11% over the past year (net, after fees). Global markets continue to digest the monthly economic data flow to better gauge the degree of the slowdown underway in key developed markets. The slower economic pulse is the natural outcome following two years of persistently tighter monetary policy as the higher cash rates and some quantitative tightening that began in late 2022 slows down economic activity.

However, the key surprise for markets this year has been the resilience of the US economy as markets become more comfortable with the non-recession scenario. A combination of robust fiscal spending, excess cash on company balance sheets and households (aggregate), sound credit conditions and expanding profits have helped drive markets.

There are some key risks as some stubborn core inflation measures remain. This will lead to a limited, measured and shallow interest rate cut cycle. Markets are anticipating the first US rate cut will be 25bps by The Fed at the upcoming FOMC meeting. Depending on the data going forward and assuming some resilience will persist, we anticipate US Fed Funds rate will reach a mid to high 3% level from the current 5.25%-5.5% target range by late 2025. Outside of a US recession outcome (lower probability compared to last year), stable measured US rate cuts will be supportive for markets.

The current US quarterly earnings period continue to see expanding but slowing earnings. Over 75% of companies reported have beaten expectations, however, some valuations continue to present some challenges for investors.

Some concerns going forward will be the degree of bond issuance required for key economies including the US. Emerging economies, however, face more challenges with regard to their credit rating as government budgets become more challenging.

China continues to operate as a two-speed economy. Domestic demand remains weak as Beijing continues to deal with the consequences of the housing construction collapse. Consumer sentiment remains weak as government economic policy has focused on higher end export sector. The focus on subsidies for their export sector has consistently led to trade tensions with the US for a number of years. This is expected to continue under a Harris or Trump administration.

Domestically, the Governor of the RBA continues to navigate the tightrope of persistent core inflation data and the ongoing fiscal stimulus (at both federal and state government level), low unemployment rate and expanding earnings (aggregate). The RBA is at odds with other global central banks, given they started to tighten policy later, and in hindsight, the RBA rate hikes were not high enough to deal with the inflation challenges.

The overweight and focus on disruptive technologies is the core investment theme from the London based investment team, led by Mark Hawtin (who have managed this fund since January 2023).

The global Fund remains overweight to quality Tech (including AI and cloud) which have been key contributors to the performance. Overweights include Microsoft (MSFT), Alphabet (GOOG), Meta (META), Seagate Technologies (STX), Amazon (AMZN), PayPal (PYPL), NVIDIA (NVDA) and Apple (APPL).

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	0.34	1.32	-2.45	-3.81	4.85	17.94	18.21	16.14%	-59.16%
2024/25	-2.84												-2.84	4.26	2.30%	0.00%
Incept.													356.38	419.38		
Incept.													8.06%pa	8.78%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 Head of the Global Equities team. Mark joined Liontrust in 2024 from GAM where he was an Investment Director running global long only and long/short funds investing in the disruptive growth & technology sectors. Before joining GAM in 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.



David Goodman is an Investment Manager in the Global Equities team. David joined Liontrust in 2024 from GAM where he was responsible for applying technical analysis to assist with portfolio construction and risk management. Between starting his career trading equity derivatives for Citigroup and joining GAM in 2009, 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).



Pieran Maru is an investment analyst in the Global Equities team. Pieran joined Liontrust in 2024 from GAM where he covered software and hardware companies in GAM's Global Equity team. Pieran initially joined GAM's compliance team in 2017, before moving to the Global Equity team in 2021. Pieran holds a BA in Materials Science from the University of Oxford, the Investment Management Certificate (IMC), a Certificate in ESG Investing and has passed CFA Exam Level 1.



Kevin Kruczynski is an Investment Manager in the Global Equities team. Kevin joined Liontrust in 2024 from GAM where he managed 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.