

# Select International Alpha Fund

## 30 September 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)	-0.94%	-4.35%	-5.90%	9.86%	-0.39%	7.90%

Refer below detailed performance data matrix

Name	%
Microsoft Corporation	5.2%
Intuitive Surgical, Inc.	4.2%
PayPal Holdings, Inc.	4.2%
Netflix, Inc.	3.9%
BayCurrent, Inc	3.9%
Alphabet Inc. Class A	3.8%
Meta Platforms Inc Class A	3.6%
Seagate Technology Holdings PLC	3.4%
ServiceNow, Inc.	2.8%
Uber Technologies, Inc.	2.8%
<b>Total (top 10 of 80 holdings)</b>	<b>37.9%</b>

Source: Liontrust Investment Partners, GAM Star Alpha Technology Fund

Category	Top Categories by Net Exposure
Communication Services	14.9%
Government Bonds	9.1%
Financials	7.0%
Industrials	6.4%
Health Care	6.1%
Consumer Discretionary	4.7%
Real Estate	2.2%
Consumer Staples	2.1%
Information Technology	1.7%

Net (Short)	Gross Exposure 105.88%
Net (Long)	Short Exposure -50.43%

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

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### Commentary

The Select International Alpha Fund returned -0.94% for the month to be up +9.86% over the past year (net, after fees).

The ongoing global theme of resilient economic data in many key developed markets continues to be supportive for equity valuations and risk assets in general. When you include the synchronisation of lower cash rates by many central banks, it is another positive driver for the economy.

The lower cash rates by The Fed, ECB, BoE, BoC and PBoC will eventually lead to global economic upgrades over the next year which is supportive for earnings and credit conditions. There are many moving parts and nuances to the broader economic cycle, however, it is a very rare outcome for economies to avoid a recession following such aggressive monetary policy. The 11 Fed Fund rate hikes from early 2022 through to late 2023 from a zero target to a 5.25%-5.5% target was historically aggressive. The recent 50bps rate cut in September is the beginning of a shallow easing cycle ahead given the resilience of key economic data.

The magnitude and degree of monetary tightening were significant given many policy makers were behind the curve when it came to dealing with accelerating inflation. The combination of government spending and other fiscal initiatives helped to support parts of the economy as the private sector dealt with the demand destruction from the rapidly rising funding costs.

The lower inflation pulse over the past year has allowed many of the more aggressive central banks to begin the more accommodative monetary policy and cut cash rates. The resilience of the broader economy however implies that rates will not get to the levels many were conditioned for over the past 15-years.

China remains a concern for investors as the second largest economy continues to deal with the aftermath of the largest property construction collapse globally. The most recent policies of beginning to finally target wealth effects at the household level are positive. The lower rate environment in recent years has not been able to address the many issues with regard to negative wealth effects from property which has led to weak consumer and business sentiment.

More aggressive and targeted policies to improve household wealth and disposable income will eventually increase domestic demand. China has been reluctant to help household spending becoming a larger part of their economy. They are beginning to understand that improving household expenditure will complement their export sector which is one of the most effective and efficient globally.

The BoJ and RBA remain the outliers compared to most global central banks. Japanese central bank continues to communicate their intention to continue to slowly maintain higher nominal yields following many decades of negative rates. The RBA remains in a complicated situation whereby government spending and policies have remained very stimulatory keeping core inflation at uncomfortable levels and thereby keeping cash rates higher for longer.

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

## 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	-0.62	-0.94										-4.35	2.77	2.06%	0.00%
Incept.													349.30	412.00		
Incept.													7.90%pa	8.62%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.