

K2 Opportunities Fund

31 March 2026



The K2 Opportunities 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)	-11.88%	142.01	8.76%

Refer below detailed performance data matrix

Top 5 Stock Holdings	Current	Monthly Move
BHP Group Limited	12.0%	+0.5%
Woodside Energy Group Ltd	7.7%	+2.6%
Macquarie Group Limited	7.3%	-1.4%
JB Hi-Fi Limited	4.3%	+0.3%
SGH Limited	3.2%	+0.1%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps >=AUD\$7.5b	48.0%	-16.3%
Mid Caps >=AUD\$2b < AUD\$7.5b	15.1%	-1.5%
Small Caps < AUD\$2b	8.2%	+3.7%

Month End Exposures	Current	Monthly Move
Communication Services	1.7%	-1.2%
Consumer	6.2%	-0.8%
Energy	10.1%	+1.5%
Financials/Real Estate	9.0%	-2.5%
Industrials	3.2%	+0.1%
Information Technology	5.6%	-1.9%
Materials	35.4%	-6.4%
Number of Positions	27	+3
Gross Equity Exposure	71.3%	-14.1%
Cash Weighting	28.7%	+14.1%
Net Equity Exposure	71.3%	-14.1%

Fund Characteristics	
Portfolio Managers	Campbell Neal
Strategy	Australian, New Zealand and US Equities
Objectives	To deliver consistent 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	25 to 50
Cash	Up to 100% of portfolio
Distributions	Annually
Management Fee	1.31%
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
Investment Horizon	5 Years
Style Bias	Growth At a Reasonable Price
Market Capitalisation Bias	>\$7.5 billion

Commentary

The K2 Opportunities Fund returned -11.88% for the month. The domestic economic landscape became increasingly complex in March as the Reserve Bank of Australia (RBA) increased the cash rate by 25 basis points to 4.10%. This decision, reached via a narrow 5-4 majority vote, reflects the Board's ongoing concern that capacity pressures and a tight labour market are keeping inflation above target. While headline CPI eased slightly to 3.7% in February, trimmed mean inflation remained sticky at 3.3%.

Adding to these pressures, the conflict in the Middle East has resulted in a significant adverse supply shock. The price of Brent crude oil surged by more than 63% during the month, ending at US\$118 per barrel, which has materially lifted global inflation expectations and dampened growth outlooks.

The impact on sentiment has been pronounced, with Australian consumer confidence plunging to a fresh record low of 58.8 - the first time the index has dipped below 60 in its 50-year history. Business confidence also weakened to a 15-month low as intensified cost and labour pressures began to weigh on activity.

Reflecting this "uninspiring" environment, the broader Australian equity market saw sharp declines, with the S&P/ASX 200 falling 7.8% over the month. In response to this heightened volatility and the RBA's restrictive regime, the Fund actively managed its market exposure to prioritize capital protection. Gross equity exposure was reduced by 14.1% to finish the month at 71.3%, while the cash weighting was increased to 28.7%. This defensive shift was primarily executed through a 16.3% reduction in Large Cap coverage.

Despite the challenging market conditions, several of the Fund's core holdings demonstrated resilience. Woodside Energy Group Ltd was a notable positive contributor, rising +2.6% as it benefited from the spike in global energy prices. The Fund's largest holding, BHP Group Limited, also remained firm, posting a gain of +0.5%. Other minor positive contributors included JB Hi-Fi Limited (+0.3%) and SGH Limited (+0.1%), while Macquarie Group Limited detracted -1.4% from performance.

The Fund maintains its largest sector allocation in Materials (35.4%). We continue to believe that years of underinvestment in many commodity markets have created structural supply deficits that will persist for some time. As noted in previous reports, Australian producers remain well-positioned to ride a "cashflow wave" driven by these tight market dynamics, providing a potential hedge against ongoing global uncertainty and re-emerging volatility.

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

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