

K2 Australian Small Cap Fund (Hedge Fund)

30 November 2025



The K2 Australian Small Cap 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)	-0.69%	2.55	5.14%

Refer below detailed performance data matrix

Top 5 Stock Holdings	Current	Monthly Move
Summerset Group Holdings Ltd	7.4%	+0.6%
National Storage REIT	5.7%	+0.9%
NRW Holdings Ltd	4.6%	+0.6%
Bendigo And Adelaide Bank	4.5%	-0.6%
Patriot Battery Metals I-Cdi	4.3%	+4.3%

Market Capitalisation Coverage	Current	Monthly Move
Large Caps>=AUD\$7.5b	12.4%	+1.7%
Mid Caps>=AUD\$2b<AUD\$7.5b	36.2%	-1.6%
Small Caps<AUD\$2b	46.3%	+0.3%

Month End Exposures	Current	Monthly Move
Communication Services	3.5%	-0.3%
Consumer	11.9%	-2.4%
Energy	2.3%	-0.3%
Financials/Real Estate	24.4%	-4.9%
Health Care	7.4%	+0.6%
Industrials	14.8%	+3.2%
Information Technology	3.4%	+0.8%
Materials	27.6%	+3.8%
Number of Positions	32	-3
Gross Equity Exposure	95.3%	-0.7%
Cash Weighting	4.7%	+0.7%
Net Equity Exposure	95.3%	-0.7%

Fund Characteristics	
Portfolio Managers	Campbell Neal, David Poppenbeek and Bill Laister
Strategy	Australian and New Zealand Small Cap 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	Bought and Sold on the ASX market (ASX: KSM)
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	>\$1billion

Commentary

The K2 Small Cap Fund returned -0.69% for the month of November 2025.

The Reserve Bank of Australia (RBA) kept the cash rate unchanged at 3.60% in November, maintaining a restrictive stance amid persistent inflation pressures. Forward guidance remains data-dependent, with no immediate plans for rate cuts. Inflation forecasts were revised higher, with trimmed mean inflation expected to reach ~3.2% by end-2025, before easing toward the 2-3% target band over the next two years. GDP growth for 2025 is projected at 2.0%, and unemployment is expected to peak at 4.4%. Headline CPI for the September quarter (released in November) rose 1.3% QoQ, bringing annual inflation to 3.2%, above the RBA's target range. Underlying (trimmed mean) inflation also accelerated to 3.0% YoY, marking the first significant uptick since late 2022. Key drivers included electricity prices (+23.6% YoY), housing costs, and transport. Australian GDP grew 0.4% in Q3 2025, seasonally adjusted, and 2.1% through the year. Household saving ratio increased to 6.4%, while terms of trade rose slightly (+0.3%). Unemployment edged up to 4.5% in September, then eased to 4.3% in October, indicating a still relatively tight labour market. Wage growth held steady at 3.4% YoY, supporting real income gains.

Strong Performance came from National Storage (NSR) who announced they had received an unsolicited, non-binding, indicative proposal from a consortium led by Brookfield Property Group and GIC Investments. The offer was \$2.86 per stapled security in cash, representing a significant premium to its prior trading price of around \$2.26. The stock added 92 bps to overall performance. In mid-November, PMET Resources (PMT) released a study, confirming a positive lithium-only feasibility study for its flagship Project in Quebec. This study validated the project's large-scale potential and marked a major milestone toward mine development. The Lithium Price performed strongly also in November (+19.0%), which saw brokers upgrading consensus forecasts for FY 2026 and beyond. The stock added 80 bps to overall performance.

Performance detractors were mixed with, Bendigo Bank (BEN) underperforming due to a stock specific issue. The November decline was driven by compliance failures, and uncertainty over regulatory penalties. We used the weakness as an opportunity to increase the holding marginally. The stock detracted 96 bps. AP Eagers in early October announced a deal to acquire a 65% stake in Canada One Auto Group, funded partly through a \$143 million institutional capital raising. These new shares were issued at a steep discount to the prevailing market price and November 4 marked the first day these discounted shares could be traded, prompting many investors to lock in quick gains. The stock detracted 71 bps.

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K2 Australian Small Cap 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
2013/14						2.86	3.19	3.06	4.44	0.36	1.15	-1.26	14.52	1.12	41.95%	0.00%
2014/15	3.64	2.57	-0.68	0.50	-1.04	-0.37	2.60	4.48	1.37	-0.22	2.23	-2.11	13.51	0.44	22.50%	0.00%
2015/16	5.71	-2.77	3.61	1.57	1.31	1.20	-3.95	-5.76	4.80	3.33	1.21	-0.40	9.58	14.40	12.48%	-0.20%
2016/17	4.80	3.05	0.00	-1.48	-3.76	-0.39	1.57	-1.54	3.14	-2.28	0.78	2.80	6.50	7.01	15.90%	-0.54%
2017/18	2.08	3.58	0.05	2.86	-0.23	5.91	-0.28	-3.36	0.04	-2.06	1.65	-1.87	8.29	24.25	21.35%	-2.04%
2018/19	1.82	-0.96	2.06	-6.33	-4.24	-3.25	-0.36	1.48	-1.08	1.04	0.31	-0.08	-9.53	1.92	44.79%	-3.92%
2019/20	5.21	-3.19	3.27	-0.11	2.71	1.01	2.56	-8.00	-28.03	11.37	6.81	-0.18	-12.11	-5.67	26.94%	-1.30%
2020/21	4.81	11.25	1.40	3.21	12.13	1.58	0.80	-1.11	2.75	6.18	1.08	3.57	58.25	33.23	6.13%	-0.24%
2021/22	-1.03	4.78	0.19	0.75	-2.02	2.31	-8.61	-1.08	2.50	-0.86	-9.08	-13.71	-24.36	-19.52	8.30%	-0.01%
2022/23	9.20	1.14	-9.78	2.28	3.94	-4.45	8.43	-2.17	-4.84	2.21	-3.10	-3.33	-2.16	8.45	7.70%	-0.21%
2023/24	5.12	-2.13	-1.49	-4.25	3.80	5.92	1.15	0.18	3.34	-3.49	-0.63	-1.88	5.13	9.35	7.51%	-0.11%
2024/25	4.56	-2.59	3.53	0.39	0.43	-3.14	2.89	-1.34	-2.86	2.09	2.30	1.14	7.27	12.26	6.53%	-1.15%
2025/26	-2.72	7.25	2.24	-0.12	-0.69								5.81	15.75	2.32%	0.00%
Incept.													82.54	145.39		
Incept.													5.14%pa	7.77%pa	17.26%	-0.75%

(1) S&P/ASX Small Ordinaries Accumulation Index

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