



The Manager, Announcements
ASX Market Announcements
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By E-lodgement

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K2 Asset Management Holdings Ltd (KAM): K2 Asset Management Ltd announces new fee structure for managed funds

K2 Asset Management Ltd (**K2**) is pleased to announce a reduction in both management fees and performance fees for three of its managed investment funds. The changes will be effective from the issue of new product disclosure statements on 3 July 2017.

The changes to the fee structure (set out in the table below) followed extensive industry and client consultation as part of a thorough review of K2's distribution and pricing strategy. These changes will benefit new and existing clients and better place K2 to be more competitive in a number of new distribution channels, with the aim to grow funds under management.

	Investment Management Fee*		Performance Fee*	
	Current	From 3 July 2017	Current	From 3 July 2017
K2 Australian Fund	1.54% pa (incl. GST & RITC)	1.31%pa (incl. GST & RITC)	20.50% pa (incl. GST & RITC)	15.38% pa (incl. GST & RITC)
K2 Select International Fund	1.54% pa (incl. GST & RITC)	1.36% pa (incl. GST & RITC)	20.50% pa (incl. GST & RITC)	15.38% pa (incl. GST & RITC)
K2 Australian Small Cap Fund	2.05% pa (incl. GST & RITC)	1.31% pa (incl. GST & RITC)	20.50% pa (incl. GST & RITC)	15.38% pa (incl. GST & RITC)

* Please refer to the relevant product disclosure statement for information regarding the calculation of investment management and performance fees.

Additional changes have been made to the K2 Select International Fund and the K2 Australian Small Cap Fund, with the performance fee hurdle rate to be increased to 6% pa.

Since inception K2 has been recognised as a leading fund manager delivering consistent performance over the long term. Our approach to equities remains the primary focus across all K2 products and provides clients with a flexible investment mandate, high conviction stock selection and a tested investment process. Our new distribution and pricing strategy aims to position K2 as a primary investment choice – not only amongst specialist fund managers but also as an alternative to mainstream fund management brands.



As the above changes to fees will come into effect with the issue of new product disclosure statements on 3 July 2017, there will be no impact on 2017 financial year revenue or profits. The 2018 financial year revenue may be impacted by the new fee structure. Management fee revenue will continue to be aligned with funds under management and performance fee revenue with the performance returns of the K2 funds.

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