



The Manager, Announcements  
ASX Market Announcements  
4th Floor, 20 Bridge Street  
SYDNEY NSW 2000  
By E-lodgement

29 November 2022

Dear Manager

**K2 Asset Management Holdings Ltd (KAM)**  
**Chairman's AGM address**

In accordance with ASX Listing Rule 3.13.3, I **enclose** the Chair and Managing Director's address, which will be delivered at the company's Annual General Meeting (AGM) at 9:00 am today.

Yours faithfully

Hollie Wight  
Executive Director



## K2 Asset Management Holdings Ltd 2022 Annual General Meeting Chair and Managing Director's address

Presented by Mr Campbell Neal at 9.00 am on 29 November 2022

Good morning all and welcome to the 2022 Annual General Meeting (**AGM**) of K2 Asset Management Holdings Ltd (**K2**). I am Campbell Neal, Chairman and Managing Director of K2.

We begin today by acknowledging the Traditional Custodians of the land on which we meet, being the Kulin Nations, and we pay our respects to their elders past and present.

I would like to extend a warm welcome to all shareholders. In this new era of hybrid meetings, it is important that we are able to engage with our shareholders from wherever you are.

Present at our meeting are the members of our Board, George Boubouras and Hollie Wight.

Joining us also in virtual presence from our independent auditors, Pitcher Partners is Jackson Considine who is available to answer questions in relation to the year-end audit and the financial statements.

The notice for this Annual General Meeting was sent to Shareholders within the required period, and copies of the notice are available from the Shareholder section of our website if you do not have a copy. If there are no objections, I would like to move that the notice be taken as read.

As this meeting is conducted in a hybrid manner for the first time today, technical issues may arise that are beyond our control. In the event that today's proceedings are disrupted by technical difficulties, we will adjourn the meeting and resume at 1pm Australian Eastern Daylight Time. If this resumption is not possible, we will issue an ASX announcement with further information.

I would like to describe the voting procedures that will apply to this meeting. In accordance with my right as Chairman of the meeting, and as recommended by the Australian Securities and Investments Commission, it has been determined that votes on each resolution will be taken by way of a poll. The results of the poll will be lodged on the ASX following the meeting. Only K2 shareholders or their duly appointed representatives or proxies are eligible to vote at this meeting.

If you wish to ask a question during the meeting, we ask that you either raise your hand when question time is announced or please submit your questions via the Zoom chat option. Please direct all Zoom chat to Hollie Wight, who will be reading the questions put forward by shareholders.

As mentioned in the Notice of Meeting, voting on each of the proposed resolutions will be conducted by poll. Thank you to those many shareholders who have voted in advance of the meeting.



For my address today we will continue to expand on the business strategy and the growth of the three separate pillars of the K2 business. We will also touch on the Company's performance for the year ended 30 June 2022.

For today's meeting we have four formal resolutions to present, all of this was set out in the notice of meeting. As already stated, a copy of the Notice of Meeting is available from the Shareholder section of our website or at the physical meeting today if you do not have a copy.

We will first spend some time discussing the business strategy.

The business had a significant pivot at the start of 2020, it was a point in the market cycle where we knew that a standalone funds management business wasn't necessarily sustainable in the long term. We have seen this play out across the industry, and we are confident in our resolve to move the business in this new direction. For the business, we wanted to ensure that we pivoted to sustainable revenue and continued growth thus minimising the ebbs and troughs that are present in funds management alone.

The three pillars of the business were already present, and operational. Hence to enhance these service offerings and pull them out as standalone business units was a natural progression and one that we already had the skills and knowledge base to execute. Since the pivot we have invested in each of the three business units.

Within the funds management pillar we have appointed and are working with IDP on the wholesale distribution of the K2 Funds. IDP are highly skilled in this area and we have a great wholesale offering that is being well received.

With the assistance of IDP we continue to engage with asset consultants helped by the K2 Australian Small Cap Fund maintaining its investment rating with Lonsec. Keeping unitholders, both current and potential, up to date on fund performance is essential and all members of the investment team are active in providing webinars and online content.

Continuing to build the K2 brand and educating the market on the K2 investment strategy and process remains a priority.

The Responsible Entity (**RE**) and Trustee pillar has seen investment in human resources and compliance systems. We offer a high-quality trustee service supported by a highly motivated team. We have invested in expanding our AFSL and ensuring that we have the expertise to support this. We have been able to open up the RE business across all asset classes and hence we have positioned the business for growth and scale.

This year we have seen a number of managers onboarded to the K2 RE platform across various asset classes. Many of these managers are launching new products and we look forward to working with them in the future. We are seeing traction in the RE pillar as we solidify ourselves as a quality service provider in the RE space. Educating the market and getting out to speak to managers and service providers has been the key. We have the pleasure of working with world class service providers such as State Street, Morgan Stanley, Apex and Boardroom to name a few and they have been pivotal in working with our team to get products to market.

Moving on to the Exchange Traded Funds (**ETFs**) pillar, it is clear that we have been supporters of ETFs since launching our first ETF back in 2015. In terms of ease of entry for unitholders, transparency of valuation and reporting, ETFs are a preferred vehicle. For fund managers looking to grow their distribution channels we believe that retail fund managers will need an ETF as part of their distribution plan. We have now launched



funds on both the ASX and Cboe exchanges and we have inhouse proprietary software that assists expanding this business unit going forward.

We can assist a manager from exchange application right through to connecting market makers on the first day of trade. The expertise and assistance the K2 team can offer is an asset to fund managers and we look forward to launching more ETFs with multiple managers in the coming years.

We have grown the Funds Under Management and Advice (**FUMA**) from the start of the 2022 financial year from \$1.4 billion to now over \$2 billion. We are working with some great fund managers across the business and look forward to working with them as they continue to grow.

Moving to the financial results for the financial year ended 30 June 2022, some of the key items to note are:

- Total revenue amounted to \$2.12 million
- Breaking this down,
  - \$1.1 million came from management fees
  - \$315,000 was received in performance fees and
  - \$564,000 from responsible entity income and establishment fees.
- Expenses totalled \$3.7 million; and
- The company recorded a net loss before tax of \$1.62 million.
- There were some nuances in the statement of income this year as we were required to write off some deferred tax assets which resulted in an accounting loss greater than anticipated.
- For clarity and reassurance, the deferred tax assets of \$1.2 million that were written down are still available and can be reinstated upon the Company returning to profitability.

Expenses do continue to be closely monitored and reduced wherever possible. We reiterate that we are mindful that expense reductions do not jeopardise operational capability. The balance sheet remains exceptionally strong and continues to be guarded to ensure longevity. To allow the business to pivot and return to a sustainable revenue model was the purpose of the large cash retention exercise and as at 30 June 2022 we held \$10.8 million in cash on deposit and \$11.8 million in total assets.

The presentation includes a good summary to all shareholders. We know that there is still much work to do but we are on the right path and just how far the pivoting of the business has progressed.

- Funds under management and advice continues to grow.
- Sustainable revenue and capabilities have been put in place that are now scalable and capital on the balance sheet remains strong to support the business strategy.
- The pipeline of projects is strong and at the same time we acknowledge that each project has



varying degrees of lead time. We are excited about the projects currently underway and we look forward to announcing them when appropriate.

- We have cash on the balance sheet to support the pivot and the business has no debt.

As we head into December and look at the current pipeline across the trustee pillar, we are confident that this will continue to build and provide sustainable long-term revenue.

The Funds Management division has endured some very difficult market conditions that are consistent across the industry. Global growth is significantly lower than previous years and not expected to change much over 2023-2024. On the domestic front we have seen rising inflation paired with consecutive interest rate rises. Inflation is now the highest it has been since the early 1990s. The effect of high inflation and rising cost-of-living expenses presents great uncertainty for the domestic economy.

We are looking forward to announcing new managers being onboarded to the RE platform and we will continue to keep the market informed in this area. Growing the aforementioned business lines will be a key priority as we work towards revenue that is highly scalable.

The Board is satisfied that the key steps are being done to position the business for growth creating a diversified sustainable revenue stream.

This concludes my presentation this morning. Before we move on to the formal proceedings of the meeting, on behalf of the Board I would like to thank our shareholders for your continued support, we acknowledge that this is a long journey and we hope to deliver more positive announcements in the near future.

I would again like to thank our staff for your continued dedication and professionalism and for the hard work and resilience you have displayed this year.



K2 Asset Management Holdings Ltd  
2022 Annual General Meeting  
[Chair and Managing Director's address slide pack](#)

# K2 Asset Management Holdings Ltd

Annual General Meeting 2022

K2 Asset Management



# FAQ

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## Questions

- ▶ If attending ***in person*** please wait for allocated question time
- ▶ If attending ***online*** please use the Zoom chat function, directing questions to Hollie Wight

## Meeting Material

- ▶ Visit the K2 website at:
- ▶ <https://k2am.com.au/shareholders>

## Technical Difficulties

- ▶ If technical issue occur that can not be remedied, the meeting will resume at 1pm Australian Eastern Daylight Time



# AGM 2022

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## Agenda

- ▶ Introduction
- ▶ Chairman's address
- ▶ Receipt of Annual Report
- ▶ Resolution 1: Adoption of Remuneration Report
- ▶ Resolution 2: Re-election of Director – Ms. Hollie Wight
- ▶ Resolution 3: Approval of additional 10% placement capacity
- ▶ Resolution 4: Approval to amend Company constitution to hold virtual annual general meetings

## Three Key Pillars of Diversified & Sustainable Growth ▶

The K2 growth strategy has moved from one pillar to three complimentary business units

| Funds Management  | Trustee Services   | ETF's  |
|---|--|--|
| <ul style="list-style-type: none"><li>• Long-term superior investor return</li></ul>                                    | <ul style="list-style-type: none"><li>• Bespoke service offering</li></ul>                       | <ul style="list-style-type: none"><li>• ASX admission and fund launch</li></ul>                |
| <ul style="list-style-type: none"><li>• Growth in FUM</li></ul>   | <ul style="list-style-type: none"><li>• Increase market awareness</li></ul>                      | <ul style="list-style-type: none"><li>• Bespoke inhouse offering</li></ul>                     |
| <ul style="list-style-type: none"><li>• Growth in product offerings, internal &amp; external investment teams</li></ul> | <ul style="list-style-type: none"><li>• Growth in FUMA</li></ul>                                 | <ul style="list-style-type: none"><li>• Accelerate growth for new and existing funds</li></ul> |
| <ul style="list-style-type: none"><li>• Increased engagement of investors and broader market</li></ul>                  | <ul style="list-style-type: none"><li>• Partnering with managers positioned for growth</li></ul> | <ul style="list-style-type: none"><li>• Increase product offering and FUMA</li></ul>           |
| <ul style="list-style-type: none"><li>• Strong engagement and rating outcomes from asset consultants.</li></ul>         | <ul style="list-style-type: none"><li>• Leveraging technology - Regtech</li></ul>                | <ul style="list-style-type: none"><li>• Proprietary systems</li></ul>                          |

## Consolidated Financial Results FY 2022



|                         | FY 2021      | FY 2022       |
|-------------------------|--------------|---------------|
| <b>Income Statement</b> |              |               |
| Management Fees         | \$1,429,547  | \$1,157,592   |
| Performance Fees        | \$2,454,840  | \$315,052     |
| Responsible Entity Fees | \$219,118    | \$525,802     |
| Establishment Income    | -            | \$38,681      |
| Other revenue           | \$365,101    | \$84,058      |
| Total Revenue           | \$4,468,606  | \$2,121,185   |
| Total Expenses          | \$4,121,473  | \$3,740,896   |
| Net Profit Before Tax   | \$347,133    | (\$1,619,711) |
| Net Profit After Tax    | \$215,762    | (\$2,412,089) |
|                         |              |               |
| <b>Balance Sheet</b>    |              |               |
| Total Assets            | \$14,976,910 | \$11,844,529  |
| Total Liabilities       | \$1,908,438  | \$1,183,988   |
| Net Assets              | \$13,068,472 | \$10,660,541  |

## Expenditure FY 2022



|  | FY 2021              | FY 2022              |
|--|----------------------|----------------------|
| <b>Income Statement</b>                |                      |                      |
| Employee benefits expense              | (\$3,024,493)        | (\$2,785,449)        |
| Depreciation and amortisation expenses | (\$234,650)          | (\$232,066)          |
| Marketing expenses                     | (\$200,881)          | (\$287,412)          |
| Occupancy expenses                     | (\$42,420)           | (\$82,582)           |
| Professional expenses                  | (\$445,539)          | (\$245,742)          |
| Technology expenses                    | (\$73,049)           | (\$82,472)           |
| Fund operating expenses                | (\$51,711)           | (\$4,725)            |
| Finance costs                          | (\$25,381)           | (\$10,871)           |
| Other expenses                         | (\$23,349)           | (\$9,577)            |
| <b>Total</b>                           | <b>(\$4,121,473)</b> | <b>(\$3,740,896)</b> |

## Strong Financial Position

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- Funds under management and administration (FUMA) have increased from **\$106.5m** to **\$2,042m** from 30 June 2020 to 31 October 2022
- Robust **1817% increase** in FUMA since the 3-Pillar Strategy rolled out
- **High cash balance** of \$10.7m at 30 June 2022 (Total Assets of \$11.8m)
- **Strong balance sheet** in both absolute terms and vs peers in the industry
- **No Debt**
- The K2 2.0 reset and cost-out program from 2020 has **already delivered exceptional results**
- Circa **\$5.7m franking credits**.
- Strong **cost discipline** combined with very **strong FUMA growth** and **investment performance** are all key to delivering **sustainable growth for shareholders**

# K2 Asset Management Holdings Ltd

Annual General Meeting 2022

K2 Asset Management

