

K2 Asset Management

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K2 Asset Management Holdings

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2015 Financial year end

“Proven track record highlights ability to add significant value”

K2 Asset Management Holdings Ltd (KAM) today announced an after tax profit of \$18.9 million and a fully franked dividend of 4.5 cents per share.

K2 Asset Management's total revenue for the year increased by 9.3% to \$45.6m comprising performance fees of \$31.9m, management fees of \$12.8m and interest and other income of \$0.9m. Funds Under Management (FUM) remained consistent throughout the year finishing at \$852.2m

K2 Asset Management saw strong returns across our suite of investment products with all funds outperforming their underlying markets. Global volatility pertaining to Greece and China continued and resulted in all funds reducing market exposure leading up to financial year end. Since inception returns are as follows:

K2 Funds	Since inception fund performance*	Since inception index performance #
K2 Australian Absolute Return Fund	545.0%	258.7%
K2 Select International Absolute Return Fund	242.1%	89.1%
K2 Asian Absolute Return Fund	495.3%	161.3%
K2 Global High Alpha Fund	247.0%	93.5%
K2 Australian Small Cap Fund	30.0%	1.6%

The performance of the K2 funds, index performance and FUM as at 30 June 2015 are detailed in the table below:

K2 Funds	Financial year fund performance*	Financial year index performance #	FUM \$million
K2 Australian Absolute Return Fund	11.0%	5.7%	415.7 AUD
K2 Select International Absolute Return Fund	31.7%	23.7%	250.1 AUD
K2 Asian Absolute Return Fund	34.9%	21.9%	109.8 AUD
K2 Global High Alpha Fund	31.9%	23.7%	57.6 AUD
K2 Australian Small Cap Fund	13.5%	0.4%	19.0 AUD
Total			852.2 AUD

The above information is unaudited. *Year to date figures are based on a financial year ended 30 June and are net of all fees. # The K2 Australian Absolute Return Fund is compared to the All Ordinaries Accumulation Index, the K2 Select International Absolute Return Fund is compared to the MSCI World AC Index (AUD), the K2 Asian Absolute Return Fund is compared to the MSCI Asia Pacific ex Japan Index (AUD), the K2 Global High Alpha Fund is compared to the MSCI World AC Index (AUD) and the K2 Australia Small Cap Fund is compared to the Small Ordinaries Accumulation Index. FUM figures are pre distributions payable for 30 June 2015.

Continued from overleaf

K2's balance sheet remains strong with excess cash reserves and no borrowings. All expenses continued to be closely monitored and relatively stable while in line with FUM.

A major focus at K2 continues to be the growth of funds under management and the expansion of distribution channels. As such, K2 was excited to launch the Global Equities Fund on 20 July 2015, the first K2 fund to gain trading status on the ASX market.

The Global Equities Fund is the listed version of the K2 Global High Alpha Fund, which has returned over 25% p.a net of all fees since inception. Being listed presents an exciting opportunity to open up distribution channels particularly to self managed super funds. With easier and more efficient access investors are able to buy/sell units via their own online broker account or stockbroker like any other listed security.

With such a unique addition to the K2 suite of products K2 heads into the new financial year optimistically. Volatile markets only highlight the need for investment managers to have additional tools to draw upon. Our investment strategy has a proven track record and highlights our ability to add significant value on a risk adjusted basis.