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Heightened demand for K2 Asset Management offer as investors seek equity protection in choppy markets

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The refocus has led to increased interest in its three funds (Australian, Asian, and International equities) from financial planners, dealer groups, and self-manager superannuation funds - the latter one of the fastest growing sectors in the Australian investment landscape.

"The search for a manager who can provide equity protection has intensified in a market where volatility seems to be here to stay - at least for the medium term," said Campbell Neal, Managing Director of K2 Asset Management. "Many of our clients are now seeking a manager who can be relied on to make the right decisions for them consistently – and move quickly. K2 is that manager."

He said a highly vigilant and responsive approach encompassed the refocused K2 Asset Management offer whereby it has intensified the emphasis on capital protection.

"We see a market dominated by long-only managers investing in equities with little or no ability to protect clients' capital in falling markets," said Mr Neal. "K2 has a different approach with a more flexible mandate which benefits from being active, small, and nimble."

He said that particularly in 2010 and 2011, financial planners had been looking to move their clients into safer investment havens but doing that in a timely and efficient manner for all their clients presented a difficult challenge.

"We have the solution - a key point of difference is that our fund managers have the ability to react to changed circumstances, they are watchful and experienced," he said. "They can move into cash very quickly – within 24 hours if we see that as necessary – and our clients benefit from the protection that offers."

He said it was an approach that was working for them in the current market in particular and that K2 was attracting increasing levels of attention from the financial planning sector including large dealer groups.

Mr Neal pointed to K2's ability to make the right exposure calls and move quickly as being increasingly understood by the broader market as significant in its track record of success.

Over twelve years in the market, K2 funds have delivered strong annualised returns notably:

- **K2 Australian fund annualised performance:** 12.5%pa after all fees v Aust Ords Accumulation Index 7.1%pa.
- **K2 Asian fund annualised performance:** 10.6%pa after all fees v MSCI Asia Pacific ex Japan 3.7%pa.

"At the right times we can hold high levels of cash aiming to prevent our clients from losing the value in their portfolio," said Mr Neal. "Through us, they can achieve a sense of security that they have a manager who is able to act on their behalf and protect their assets."

He pointed to past times of challenge such as the recent GFC. During the 2008/09 financial year, the All Ords Accumulation Index was down -22% but the K2 Australian Fund was up 1.9% after all fees. Mr Neal noted that in this climate, K2 not only protected clients' capital during an extended negative period but in fact generated a small positive gain. He said that this highlights the benefits of the flexible mandate to adjust equity exposure as market conditions change - rather than being tied into a pure long only exposure.

"There are increasing levels of sophistication amongst investors including retail investors working through a financial planner," said Mr Neal. "However, no matter how much information they can access, we believe they can't maintain the level of activity and watchfulness a manager such as K2 can. As the K2 GFC results indicate, there can be significant benefits of being on board with such a manager in a choppy market."

He also emphasised that K2's 'Vigilance Rewards' tagline was not just a slogan but represented the intensification of an approach and philosophy.

"At K2, we only invest in equities, not derivatives. We are a long-biased fund and use cash to protect our investors. The fact that we are receiving major interest from the financial planning sector and its stakeholders in the current challenging market reflects the fact that we standout."

About K2

Established in 1999 K2 Asset Management Ltd is an Australian based equity fund manager. It is wholly owned by K2 Asset Management Holdings Ltd, which is a publicly listed company on the Australian Securities Exchange with the majority owned by the directors and employees of K2. Since inception we have been recognised as a leading fund manager delivering consistent performance. Our achievements make us a leading investment choice – not only amongst specialist funds but also as an alternative to mainstream fund management brands.K2 Asset Management recently won the 2011 S&P Fund Awards manager of the year in Alternative Equity Strategies. K2's funds are available for institutional and retail investors and can be accessed directly or via a range of investment platforms.

At K2, we know **vigilance rewards**.

For further information

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