

Hamilton12 Australian Shares Income Fund

AS AT 31 OCTOBER 2024

Calculated by
**S&P Dow Jones
Indices**

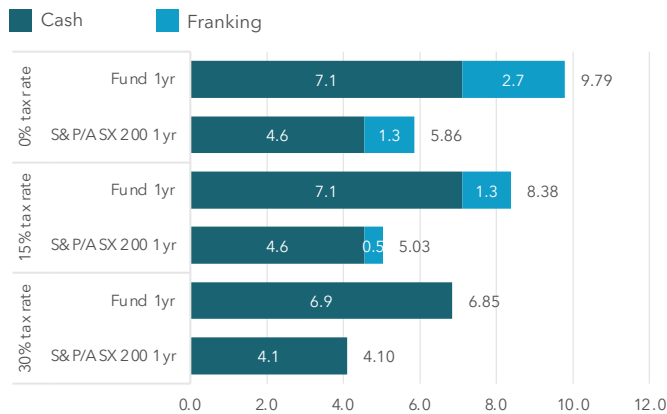
INVESTMENT STRATEGY AND OBJECTIVE

The Fund invests in ASX listed shares and adopts the same evidence-based, systematic investment strategy as the S&P Dow Jones Indices calculated [Hamilton12 Australian Diversified Yield Index](#) (H12ADYI). The portfolio aims to generate long-term after-tax returns in excess of the Benchmark after fees, including an annual gross dividend yield that exceeds the gross dividend yield of the Benchmark.

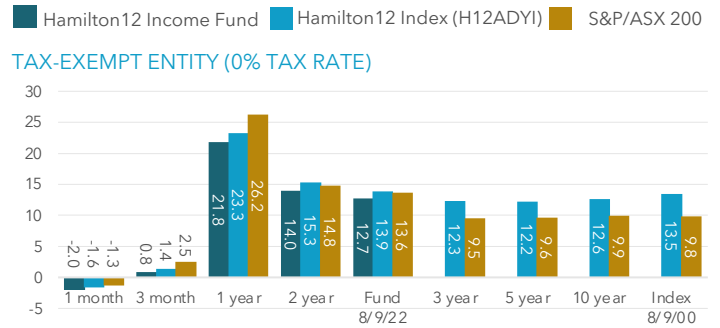
ABOUT HAMILTON12

Established in 2017, Hamilton12 designs systematic, evidence-based investment strategies to offer cost-effective, positive risk-adjusted returns. Prioritising fee minimisation, tax efficiency, and surpassing benchmarks, the firm employs research-driven methods aligned with investors' needs. Hamilton12 emphasises a disciplined, rule-based approach over speculative methods, removing emotional biases for rational investment decisions. This strategy is rooted in the principles of modern finance, ensuring consistency and reliability in investing.

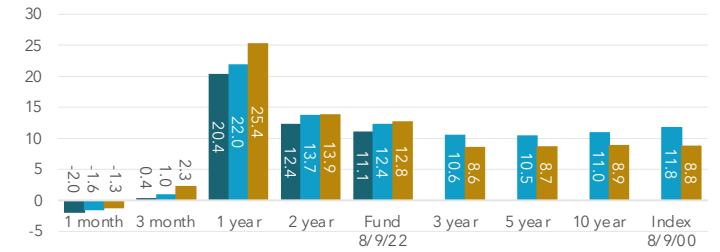
AFTER-TAX DIVIDEND YIELD¹ (%)



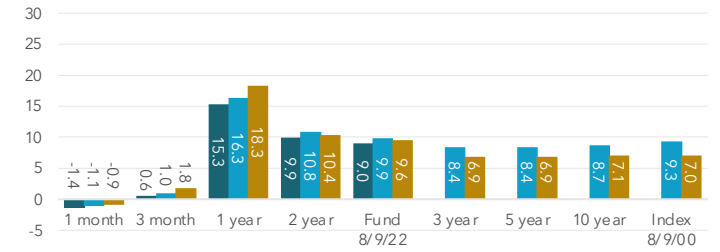
PERFORMANCE AFTER FEES³ (%)



SUPER FUND PRE-RETIREMENT (15% TAX RATE)



COMPANY ENTITY (30% TAX RATE)



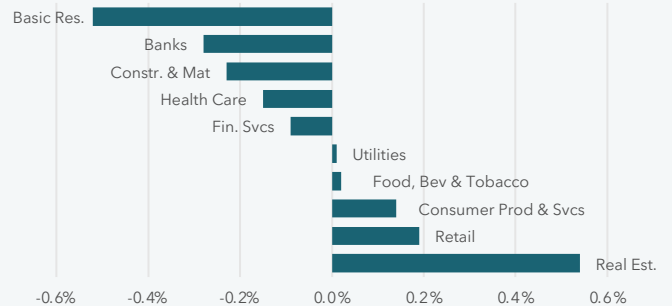
PERFORMANCE COMMENTARY²

In October 2024, fund returns lagged the S&P/ASX 200 as growth stocks outperformed value, with the MSCI Australia Growth Index returning -0.3% pre-tax versus -2.7% for the MSCI Australia Value Index. While recent market dynamics have favoured growth stocks, our systematic approach allocates towards stocks with high franked dividend yields while maintaining sector diversification, resulting in a natural value tilt without directly targeting value. This positioning is likely to generate positive returns in growth-favoured markets, albeit with potential underperformance relative to the benchmark. Our systematic process also tends to limit drawdowns in corrections and supports faster recoveries, as shown in the [Risk table on page 2](#).

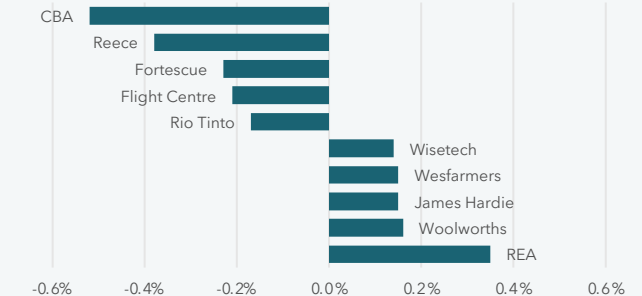
The ICB Supersectors that contributed most to relative underperformance were Basic Resources (-0.5%), Banks (-0.3%) and Construction and Materials (-0.2%). The fund did not hold Commonwealth Bank during this period (up 5%) which contributed -0.5% to relative performance. Commonwealth Bank went ex-dividend in August 2024 and is the lowest yielding of the four major banks. The fund held an overweight position in Fortescue (Basic Resources, down 7%, -0.2% relative contribution) and Reece (Construction and Materials, down 19%, -0.4% relative contribution).

The fund benefitted from its overweight positions in Real Estate stocks specialising in services and development. In particular, the fund held overweight positions in REA (real estate advertising, up 13%, +0.4% relative contribution) and HMC capital (asset management, up 24%, +0.1% relative contribution). The fund only held two REITS during the month (Charter Hall, Abacus) because most REITs pay unfranked distributions. 90% of listed REITS experienced negative returns during the month.

ICB SUPERSECTORS



STOCKS



1. After-Tax Dividend Yield, including accrued but undistributed income, combines the dividend yield with the net tax benefit over the trailing 12 months of net dividends for securities held by the trust.
 2. Performance commentary focuses on periods of consecutive overperformance or underperformance. There are 11 ICB Industries, 20 ICB Supersectors, 45 ICB Sectors and 173 Subsectors compiled by FTSE Russell.
 3. Performance figures include franking credits, are calculated after fees have been deducted, and assume dividends have been reinvested. Taxes on capital gains are not accounted for in the computation of after-tax returns for tax-exempt and superannuation fund reporting. Taxes on capital gains are calculated at 30% for the computation of company returns. Returns greater than 1 year are annualised returns. Since inception, assuming first investment on 9 September 2022 for the H12 Australian Shares Income Fund and 8 September 2000 for the H12ADYI and the S&P/ASX200.

SECTOR ALLOCATION⁴

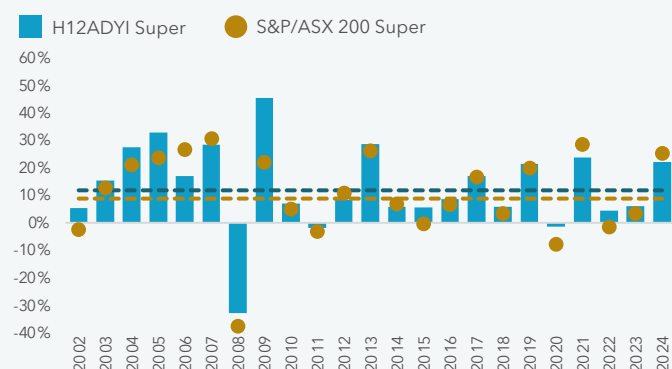
Industry	Fund	S&P/ASX 200
Financials	23.7%	27.6%
Basic Materials	22.2%	19.5%
Consumer Discretionary	10.9%	8.1%
Industrials	10.1%	11.0%
Health Care	8.5%	10.4%
Energy	6.1%	5.5%
Real Estate	5.5%	6.9%
Consumer Staples	4.1%	3.8%
Technology	2.9%	3.6%
Telecommunications	2.4%	2.4%
Utilities	1.8%	1.2%
Industry Active Share		9.4%

TOP HOLDINGS⁴

Company	Fund	S&P/ASX 200
BHP Group	10.3%	8.6%
Commonwealth Bank Of Australia	4.9%	7.9%
Fortescue	4.4%	2.8%
ANZ Group Holdings	4.0%	3.3%
Cochlear	3.9%	0.8%
National Australia Bank	3.8%	4.1%
Rio Tinto	3.6%	1.8%
REA Group	3.2%	1.0%
Suncorp Group	3.0%	0.8%
Westpac Banking Group	2.6%	3.6%
Top 10	43.6%	34.6%
Stock Active Share		60.1%

RISK

Rolling 12-month historical performance of the [Hamilton12 Australian Diversified Yield Index](#) shows returns above that of the S&P/ASX 200 for relatively low incremental risk along with below-average downside risk.



Concept	Metric	Super	Tax-exempt
Overall risk	Standard deviation	15.6%	15.8%
	S&P/ASX 200 Std dev	14.5%	14.6%
	Maximum drawdown	43.1%	42.2%
	Recovery	2.3 years	2.1 years
	S&P/ASX 200 max draw	50.2%	49.4%
Reward-for-risk	S&P/ASX 200 recovery	5.5 years	5.5 years
	Sharpe ratio	0.56	0.66
Equity market exposure	ASX 200 Sharpe	0.39	0.45
	Alpha	3.0%	3.7%
Equity market exposure	Beta	0.97	0.97
	Upside capture	105%	107%
	Downside capture	89%	88%

FUND DETAILS

Fund Benchmark	S&P/ASX 200 Franking Credit Adjusted Daily (Superannuation)
Fund Inception Date	8 September 2022
Reference Index	Hamilton12 Australian Diversified Yield Index (H12ADYI)
Index Launch Date	6 November 2020
Index Inception Date	8 September 2000
Investment Manager	Hamilton12 Pty Ltd
Trustee	K2 Asset Management Ltd
Administrator	Apex Group Ltd
APIR	HMN7149AU
Fund Net Assets	\$14,610,216
Applications	Daily
Redemptions	Daily
Distributions	Quarterly

CHARACTERISTICS

Number of Holdings	92
% in Top 10 Holdings	43.6%
NAV per A-class unit	\$1.0401
Franking Percentage ⁵	98.75%
Next distribution date ⁶	10 January 2025

FEES AND COSTS

Management Fee	0.60% p.a., exclusive GST
Buy/Sell Spread	+/- 0.20%
Performance Fee	15%, exclusive of GST, of the amount by which the after-tax returns of the Fund exceed the returns of the Benchmark on a quarterly basis.

- The table is based upon average weights in the Hamilton12 Australian Shares Income Fund at the end of each month for the 12 months at the end of the period, and the corresponding relative market capitalisation of stocks in the S&P/ASX 200. Active share is the sum of absolute differences between Hamilton12 Australian Shares Income Fund weight and S&P/ASX 200 weight, averaged across the six rebalancing dates.
- The franking percentage indicates the proportion of franking credits received from dividends since the fund's launch.
- Next distribution date for payment or reinvestment is subject to change.

Disclaimer

The Hamilton12 Australian Shares Income Fund is issued by K2 Asset Management Ltd (K2) ABN 95 085 445 094, AFS Licence No 244 393, a wholly owned subsidiary of K2 Asset Management Holdings Ltd. This fact sheet has been produced by Hamilton12 Pty Ltd (ABN 72 626 045 412) (H12), AFS Representative #: 001298730, is a Corporate Authorised Representative of K2. The information contained in this fact sheet is produced in good faith and does not constitute any representation or offer by K2 or H12. It is subject to change without notice and is intended as general information only and is not complete or definitive. The information provided in this fact sheet is current at the time of the preparation and H12 is not obliged to update the information. K2 and H12 do not accept any responsibility and disclaims any liability whatsoever for loss caused to any party by reliance on the information in this fact sheet. The information memorandum for the fund referred to in this fact sheet can be obtained by contacting K2 or H12. You should consider the information memorandum before making a decision to acquire an interest in the fund. Past performance is not an indication or guarantee of future results. All information for an index prior to its Launch Date is hypothetical back-tested, not actual performance, based on the index methodology in effect on the Launch Date. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. This back-tested data may have been created using a "Backward Data Assumption." For more information on "Backward Data Assumption" and back-testing in general, please see the Performance Disclosure. Hamilton12 makes no representation to the accuracy of the information contained in this fact sheet. The Hamilton12 Australian Diversified Yield Index ("the index") is the property of Hamilton12 Pty Ltd, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Index. The Index is not sponsored by S&P Dow Jones Indices or its affiliates or its third-party licensors (collectively, S&P Dow Jones Indices). S&P Dow Jones Indices will not be liable for any errors or omissions in calculating the Index. "Calculated by S&P Dow Jones Indices" and the related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Hamilton12 Pty Ltd. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones). All rights reserved Hamilton12 Pty Ltd (ABN 72 626 045 412).