



MONTGOMERY ALPHA PLUS FUND

INVESTMENT REPORT & FACT SHEET

FUND OVERVIEW

The Montgomery Alpha Plus Fund offers investors an Australian equity market neutral strategy that harnesses the benefits of a repeatable investment process while seeking to produce higher risk-adjusted returns over the medium term - irrespective of market conditions.

By simultaneously managing long and short portfolios of similar size, The Fund aims to reduce or eliminate the risks typically associated with extreme market gyrations.

The Fund aims to achieve returns that exceed the RBA cash rate by 6-8 per cent per annum after fees and targets a lower level of volatility than the overall Australian equity market.

Typically The Fund will hold 15-35 long positions and 15-35 short positions of equal value.

FUND FACTS

INVESTMENT MANAGER

Montgomery Investment Management Pty Ltd

OBJECTIVE

The Montgomery Alpha Plus Fund seeks to generate higher risk-adjusted returns than are available in the market place over the medium term

BENCHMARK

RBA Cash Rate

APIR

FHT0041 AU

RECOMMENDED INVESTMENT TIMEFRAME

5 years

MINIMUM INITIAL INVESTMENT

\$50,000

FUND SIZE

\$27.5M

INCEPTION DATE

1 AUGUST 2016

MANAGEMENT FEE

Up to 1.55% per annum, (inclusive of GST/RITC.)

PERFORMANCE FEES

17.5% of the amount by which The Fund outperforms its Benchmark. No performance fee is payable until any previous periods of underperformance have been made up.

APPLICATION & REDEMPTION PRICES*

montinvest.com/map

UNIT PRICE - BUY

0.9414

UNIT PRICE - MID

0.9390

UNIT PRICE - SELL

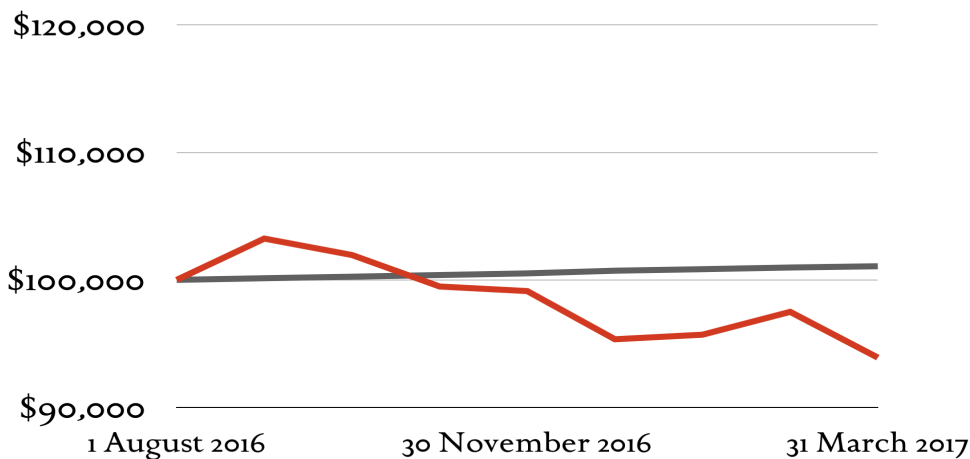
0.9367

The Fund is forward priced; you will receive the price struck subsequent to the receipt of your application / redemption request.

PERFORMANCE GRAPH

■ Montgomery Alpha Plus Fund

■ RBA Cash Rate



CONTACT DETAILS

INVESTORS

Dean Curnow
 † 02 8046 5019
 e dcurnow@montinvest.com

ADVISERS, RESEARCHERS AND PLATFORMS

Scott Phillips
 (NSW, ACT & QLD)
 † 02 8046 5005
 e sphillips@montinvest.com

David Denby
 (VIC, TAS, SA & WA)
 † 0455 086 484
 e ddenby@montinvest.com

PORTFOLIO PERFORMANCE

(to 31 March 2017, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-3.68%	-3.68%	0.11%	-3.79%
2 months	0.00%	-1.88%	-1.88%	0.24%	-2.12%
3 months	0.00%	-1.50%	-1.50%	0.36%	-1.86%
Since inception	0.00%	-6.10%	-6.10%	1.09%	-7.19%

1) Inception: 1 August 2016

PLATFORMS WE ARE ON:

None at present



FUND COMMENTARY

After some clear air in January and February, the Montgomery Alpha Plus Fund encountered more turbulence during March, declining by a disappointing 3.68 per cent for the month. There were three large contributors to this outcome, led by Downer EDI - one of the Fund's largest long positions - which surprised the market with a decision to launch a hostile takeover offer for Spotless Group. The market reacted harshly to the proposed takeover and its associated capital raising, and Downer, which had performed very well over the past 12 months, fell sharply on the news.

The other main detractors were a short position in Seven West Media, which despite its apparent structural challenges and governance issues delivered a price gain of almost 15% in the month, and a short position in Australian Agricultural Co, which also rose sharply during the month with no corresponding announcement from the company.

While the early months of the Fund's life have proved challenging, we remain confident in its ability to deliver good investment outcomes over a longer investment cycle. In particular, we believe strong performance may be expected when the recent "junk rally" has run its course and the market refocuses on underlying business quality.

TOP COMPLETED HOLDINGS* (LONG)

(at 31 March 2017, out of 29 holdings)

COMPANY NAME	WEIGHT (%)
Coca-Cola Amatil Ltd	6.7
Wesfarmers Ltd	6.6
National Australian Bank Ltd	6.5
Invocare Ltd	6.5
Perpetual Ltd	6.5

TOP COMPLETED HOLDINGS* (SHORT)

(at 31 March 2017, out of 33 holdings)

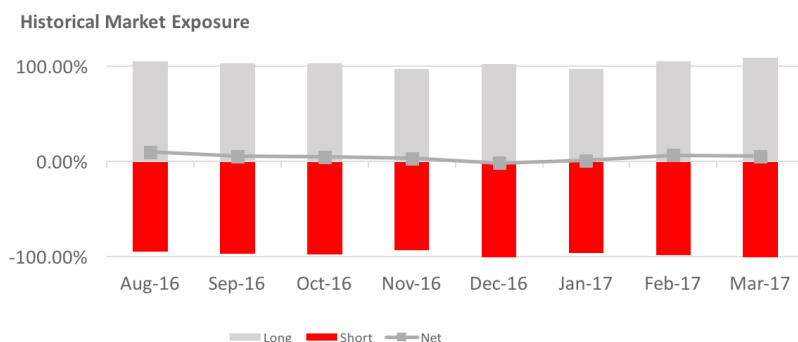
COMPANY NAME	WEIGHT (%)
James Hardie Industries	5.1
AMP Ltd	5.1
Seven West Media Ltd	5.0
Oil Search Ltd	4.9
Australian Agricultural Co	4.9

*Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.

SECTOR INDUSTRY EXPOSURE

SECTOR NAME	LONG PORTFOLIO (%)	SHORT PORTFOLIO (%)	NET (%)
Consumer Discretionary	13.1	-23.2	-10.1
Consumer Staples	13.3	-11.5	1.7
Energy	2.5	-8.4	-5.8
Financials	36.5	-12.1	24.3
Health Care	11.9	-4.0	7.9
Industrials	6.8	-9.5	-2.7
Information Technology	5.8	-2.1	3.7
Materials	11.1	-27.7	-16.6
Telecommunications	7.6	0.0	7.6
Real Estate	0.0	-4.9	-4.9

HISTORICAL MARKET EXPOSURE



Portfolio Performance is calculated after fees and costs, including the Investment management fee and Performance fee, but excludes the buy/sell spread. All returns are on a pre-tax basis. This report was prepared by Montgomery Investment Management Pty Ltd, AFSL No: 354564 ('Montgomery') the investment manager of the Montgomery Alpha Plus Fund ('MAPF'), ARSN 613 229 904. The Responsible Entity of The Fund is Fundhost Limited (ABN 69 092 517 087) (AFSL No: 233 045) ('Fundhost'). This document has been prepared for the purpose of providing general information, without taking into account your particular objectives, financial circumstances or needs. You should obtain and consider a copy of the Product Disclosure Document ('PDS') relating to the Fund before making a decision to invest. Available here: <http://fundhost.com.au/investor/map>. While the information in this document has been prepared with all reasonable care, neither Fundhost nor Montgomery makes any representation or warranty as to the accuracy or completeness of any statement in this document including any forecasts. Neither Fundhost nor Montgomery guarantees the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither Fundhost nor Montgomery, including their employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

