



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

\$16.9M

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

0.9973

UNIT PRICE - MID

0.9948

UNIT PRICE - SELL

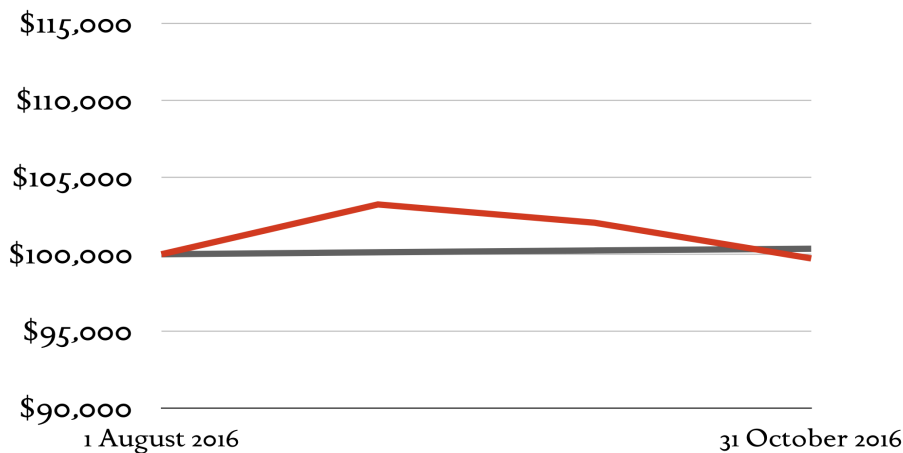
0.9923

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

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PORTFOLIO PERFORMANCE

(to 31 October 2016, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-2.42%	-2.42%	0.13%	-2.55%
2 months	0.00%	-3.64%	-3.64%	0.25%	-3.89%
Since inception	0.00%	-0.52%	-0.52%	0.38%	-0.90%

1) Inception: 1 August 2016

PLATFORMS WE ARE ON:

None at present



FUND COMMENTARY

October saw a second difficult month for the Montgomery Alpha Plus Fund (The Fund), with a return of negative 2.42 per cent, effectively erasing the gains that has been achieved in August. The weak October performance was due almost exclusively to a sharp drop in the price of Healthscope (HSO) – one of The Fund's largest long positions at the start of the month.

HSO announced a weak September quarter, which management had difficulty explaining, and the market appears to have extrapolated this weakness. We note that similar periods of weakness have proven temporary, and we consider the long-term trend towards growing rates of hospital treatments remains very much intact.

More generally, the market appears to be reacting harshly to any negative surprises. Ultimately, this should prove beneficial to longer-term investors, as market overreaction is an important source of mispricing opportunities.

TOP COMPLETED HOLDINGS* (LONG)

(at 31 October 2016, out of 24 holdings)

COMPANY NAME	WEIGHT (%)
National Australia Bank Ltd	6.59
ASX Ltd	6.43
Perpetual Ltd	6.42
Coca-Cola Amatil Ltd	6.29
Cochlear Ltd	5.98

TOP COMPLETED HOLDINGS* (SHORT)

(at 31 October 2016, out of 28 holdings)

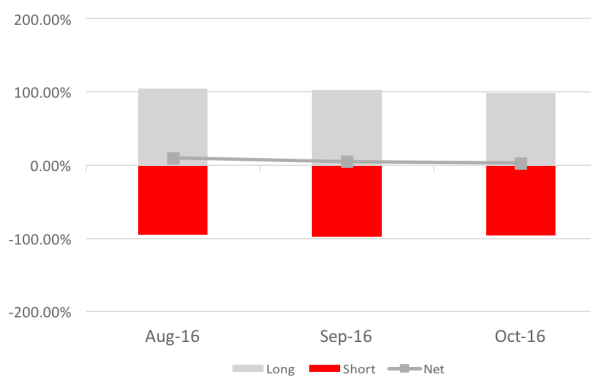
COMPANY NAME	WEIGHT (%)
QBE Insurance Group Ltd	5.62
Incitec Pivot Ltd	5.41
Australian Agricultural Co	5.36
Sims Metal Management Ltd	5.17
Newcrest Mining Ltd	4.93

*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	14.9	-19.9	-5.1
Consumer Staples	6.3	-8.3	-2.1
Energy	1.1	-4.8	-3.7
Financials	29.7	-8.9	20.9
Health Care	22.4	-2.7	19.7
Industrials	1.9	-9.1	-7.2
Information Technology	7.0	0.0	7.0
Materials	5.1	-37.1	-32.0
Telecommunications	9.9	0.0	9.9
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.

