

## MONTHLY INVESTMENT REPORT

APRIL 2020

UNIT PRICE<sup>1</sup> \$ 0.8305

### FUND COMMENTARY

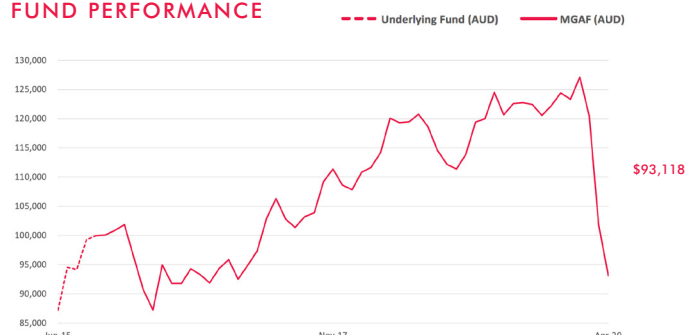
This monthly report is slightly longer than usual to provide a further update with regards to our approach to navigating this COVID-19 crisis.

First on the performance update. The Montaka Global Access Fund (the Fund) declined by 8.6 per cent, net of fees. The decline in the month was driven substantially by the sharp appreciation of the Australian dollar relative to global currencies. As a global equities fund exposed to global currencies, sharp appreciations in the Australian dollar typically result in a drag on the Fund's Australian-dollar-reported performance. We have subsequently increased the Australian dollar exposure of the Fund to 60-70 per cent to help protect against possible further increases here. The decline in the month was also driven by losses in our short portfolio exceeding the gains from our long portfolio. This is a direct consequence of our overall portfolio being positioned defensively against a rapidly rising equity market. Since inception, the underlying strategy has increased by an annualised 1.3 per cent, net of fees, delivered with an average net market exposure of 47 per cent.

The Fund remains very defensively positioned, as evidenced by its very low net market exposure of 21 per cent. Such a low net means that, in the short-run, the Fund will likely underperform in a rising market; and outperform in a falling market.

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### FUND PERFORMANCE



PERFORMANCE (%)	1M	3M	12M	2 YR PA	3 YR PA	COMPOUNDED ANNUAL RETURN SINCE INCEPTION	SINCE INCEPTION
<b>Fund (AUD)<sup>2</sup></b>	<b>(8.6)</b>	<b>(26.8)</b>	<b>(25.2)</b>	<b>(9.7)</b>	<b>(3.3)</b>	<b>(1.6)</b>	<b>(6.9)</b>
Underlying Fund (AUD) <sup>4</sup>	(8.6)	(26.9)	(25.4)	(9.8)	(3.3)	1.3	6.6
Average Net Market Exposure	21	44	49	47	46	47	47
Global Market (AUD) <sup>2,5</sup>	3.7	(9.9)	3.2	8.6	9.8	8.3	43.1
Average Net Market Exposure <sup>3</sup>	100	100	100	100	100	100	100

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

2) Inception: 1 November 2015; Ex-distribution of 1.9994 cents 30/06/2016, 7.4407 cents 30/06/2018 and 2.9395 cents 30/06/2019.

3) Based on average of month-end net market exposures

4) Montaka Global Fund; inception 1 July 2015

5) MSCI World Net Total Return Index in Australian dollar terms

\* all exposures, metrics & positions are derived from the Underlying Fund (Montaka Global Fund)

### PERFORMANCE ATTRIBUTION<sup>1\*</sup> (%)

	April 2020
Long portfolio contribution	6.02
Short portfolio contribution	(8.87)
Change in AUD/USD	(5.72)
Net return	(8.57)
Since inception <sup>2</sup>	(6.88)

### EXPOSURES (as at 30 April 2020)

	% of NAV
Long exposure	71.1
Less: short exposure	(50.1)
Net market exposure	21.0

### POSITION METRICS (as at 30 April 2020)

	Long Portfolio	Short Portfolio
Number of positions	19	39
Largest position size	7.4	3.2
Smallest position size	0.8	0.2
Average position size	3.7	1.3

Note: sizes shown as % of NAV

### TOP 10 LONG POSITIONS (as at 30 April 2020)

	% of NAV		% of NAV
1 Spotify	7.4	6 Alibaba	5.1
2 Vivendi	7.2	7 Facebook	4.6
3 Rheinmetall	6.2	8 Microsoft	4.3
4 Ping An	5.8	9 St James's Place	4.3
5 Apple	5.3	10 Berkshire Hathaway	4.1
Total top 10 long positions			54.2

### FUND SIZE (NAV) (\$M) (as at 30 April 2020)

Montaka Global Fund	109.7
of which: Montaka Global Access Fund	45.7

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We understand that some investors will be disappointed with the Fund's recent short-term performance. Not participating in the recent liquidity-induced rally, while others are, is naturally frustrating. But we are not here to bet your capital on chasing short-run relative returns. Rather, we are here to compound your capital over the very long-term.

This requires us to prioritise the protection of capital when risks to the economy and businesses are high, and stock prices rise quickly, like we are seeing today. It will also allow flexibility to deploy capital in the future, when prices are attractive, and risks have subsided. We have come to learn that most of our clients appreciate this portfolio approach to building wealth.

Many investors were shocked to learn recently that Warren Buffett did not buy shares in the equity market selloff earlier in the year – and instead he was liquidating certain positions and sitting on more than \$100 billion of government bonds. He totally “missed the bounce” for want of a better expression. How could the world's greatest investor seemingly have made such a mistake? One conclusion might be that he simply got it wrong. Some have even suggested that he is past his prime or has lost his nerve. But perhaps Buffett is protecting against the risk of a downside scenario, which may or may not eventuate, but which remains possible, and with potentially severe impact.

The impact of COVID-19 has been extraordinary, yet we are still far from knowing when the “other side” of this pandemic will be, and the full extent of the economic costs. Equity markets are pricing in a return to normal within weeks or months; but the world's leading epidemiologists are suggesting this may not occur until well into 2021, and business leaders are looking out years before economic activity returns to pre-COVID-19 levels. Evan Greenberg, the CEO of Swiss-based insurer, Chubb, said only days ago that this will be “the largest event in insurance history.” Yet, many stocks are trading near their pre-pandemic highs – but with growth prospects that have become materially impaired. This is perhaps why Stan Druckenmiller believes the risk-reward calculation for equities is the worst he has seen in his career.

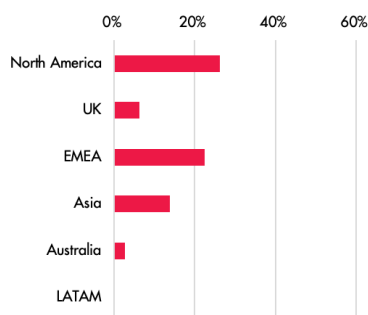
Warren Buffett remains defensively positioned today because he is protecting against a stock market scenario which has not played out. We are too. Today, this possible downside scenario is called an alternative history. Over the coming weeks and months, it may well become history.

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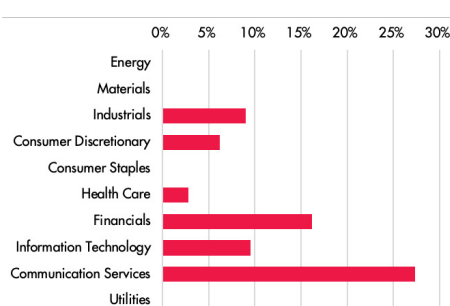
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## LONG PORTFOLIO (30 April 2020)

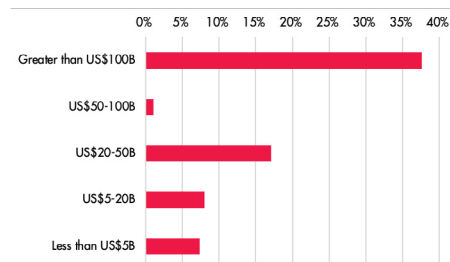
### GEOGRAPHIC EXPOSURE (Country of domicile)



### INDUSTRY EXPOSURE

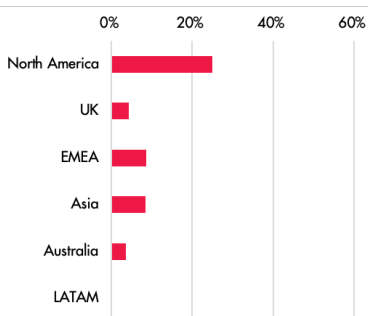


### MARKET CAP EXPOSURE

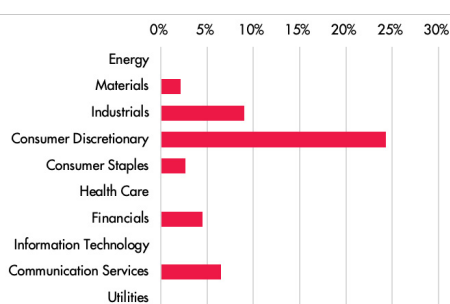


## SHORT PORTFOLIO (as at 30 April 2020)

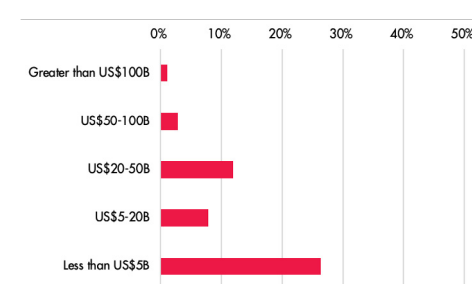
### GEOGRAPHIC EXPOSURE (Country of domicile)



### INDUSTRY EXPOSURE



### MARKET CAP EXPOSURE



Note: exposures shown as % of NAV

## INVESTMENT MANAGER

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## DISCLAIMER

#Fund performance is calculated after fees and costs, including the investment management fee and performance fee. All returns are on a pre-tax basis.  
 This report was prepared by MGIM Pty Ltd, (ACN 604 878 533) AFSL 516 942 the investment manager of the Montaka Global Access Fund (ARSN 607 245 643). 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 account your particular objectives, financial circumstances or needs. You should obtain and consider a copy of the Product Disclosure Statement (PDS) relating to The Fund before making a decision to invest. 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, or other authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. Past performance is not indicative of future performance.