



# 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

\$1.76M

#### 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](http://montinvest.com/map)

#### UNIT PRICE - BUY

1.0350

#### UNIT PRICE - MID

1.0324

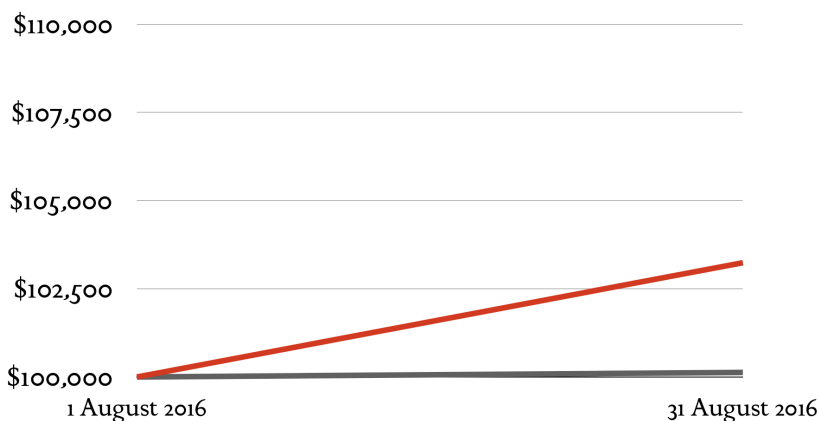
#### UNIT PRICE - SELL

1.0298

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

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### PORTFOLIO PERFORMANCE

(to 31 August 2016, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	3.24%	<b>3.24%</b>	0.13%	3.11%

1) Inception: 1 August 2016

### PLATFORMS WE ARE ON:

None at present



## FUND COMMENTARY

The August reporting season was kind to the Montgomery Alpha Plus Fund (The Fund). While there were both positive and negative outcomes, on balance the companies in the Fund's long portfolio performed significantly better than those in the short portfolio, resulting in an overall return for the month of 3.24 per cent.

The largest contributors to performance included short positions in Northern Star Resources and QBE Insurance, and a long position in Altium Limited. The largest detractors included long positions in Invocare and Navitas, and a short position in Cleanaway Waste Management.

Reporting season is naturally a time of heightened volatility for The Fund. Given that it has approximately \$2.00 exposed to the market (\$1 long and \$1 short) for every \$1 of investor capital, large movements in individual stocks can have a substantial impact to the overall result.

More generally, while we expect that The Fund will deliver attractive risk-adjusted investment returns over the long run, the August return is significantly above the level we would expect as a long run average.

### TOP COMPLETED HOLDINGS\* (LONG)

(at 31 August 2016, out of 19 holdings)

COMPANY NAME	WEIGHT (%)
Perpetual Limited	7.5
Healthscope Limited	7.5
DuluxGroup Limited	6.9
Cochlear Limited	6.8
Invocare Limited	6.6

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

### TOP COMPLETED HOLDINGS\* (SHORT)

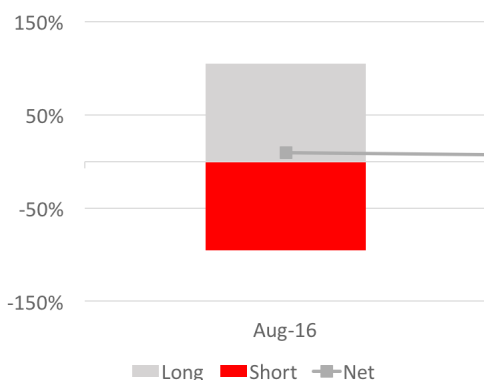
(at 31 August 2016, out of 24 holdings)

COMPANY NAME	WEIGHT (%)
News Corp	6.6
Bega Cheese Limited	6.6
Lendlease Group	6.4
Alumina Limited	6.1
Incitec Pivot Limited	6.1

## SECTOR INDUSTRY EXPOSURE

SECTOR NAME	LONG PORTFOLIO (%)	SHORT PORTFOLIO (%)	NET (%)
Consumer Discretionary	39.6	14.9	24.7
Consumer Staples	0.0	8.1	-8.1
Energy	3.7	12.5	-8.8
Financials	25.1	16.2	8.9
Health Care	15.1	0	15.1
Industrials	0.0	6.3	-6.3
Information Technology	12.0	0.0	12.0
Materials	9.3	37.1	-27.8
Telecommunications	0.0	0.0	0.0
Utilities	0.0	0.0	0.0

## 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.

