



# 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

\$21.0M

#### INCEPTION DATE

1 AUGUST 2016

#### MANAGEMENT FEE

Up to 1.58% 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

0.9189

#### UNIT PRICE - MID

0.9166

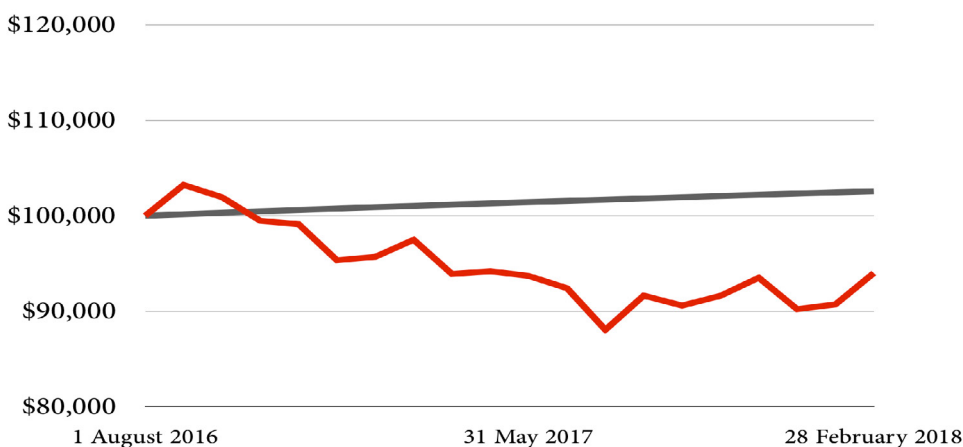
#### UNIT PRICE - SELL

0.9143

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 28 February 2018, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	3.63%	<b>3.63%</b>	0.12%	3.51%
3 months	0.00%	0.53%	<b>0.53%</b>	0.37%	0.16%
6 months	0.00%	2.59%	<b>2.59%</b>	0.75%	1.84%
1 year	2.36%	-5.94%	<b>-3.58%</b>	1.53%	-5.11%
Since inception*	2.30%	-8.30%	<b>-6.00%</b>	2.58%	-8.58%
Compound annual return (since inception)*	1.45%	-5.28%	<b>-3.83%</b>	1.62%	-5.45%

\*Inception: 1 August 2016. Ex the distribution of 2.3046 cents per unit on 30/06/2017.

PLATFORMS WE ARE ON: None at present



## FUND COMMENTARY

February was a positive month for the Montgomery Alpha Plus Fund (The Fund). The early part of the month saw a sharp rise in market volatility and some sudden declines in equity price indexes in Australia and overseas, but this appears to have largely subsided, with equity markets finishing the month at levels broadly similar to those of January. As we noted in our January report, the Fund's market-neutral structure means that it is substantially insulated from changes to overall equity markets, and the performance of the Fund depends more on relative performance differences between the companies in the Fund's long and short portfolios. Accordingly, the broader market fluctuations were less of a focus.

Of greater significance was the February half-year reporting season, which provided more good news than bad news from the Fund's perspective. During the month, companies in the Fund's long portfolio delivered - on average - higher returns to the overall market, while

companies in the Fund's short portfolio delivered - on average - lower returns than the overall market. The Fund benefits from both of these, and delivered a total return of 3.63 per cent for the month.

The largest positive contributors included Costa Group and Service Stream on the long side, and Fletcher Building, Australian Agricultural Co and Super Retail Group on the short side. The largest negative contributors included Invocare on the long side, and HT & E Limited on the short side.

Pleasingly, we note that the Fund has so far achieved good performance in each full year and half year reporting season since its inception. While the overall track record of the Fund remains too short to allow meaningful analysis, and the declines experienced during the first 12 months are yet to be recovered, good performance during reporting season, when a large amount of new information flows into the market, is a positive sign.

## TOP COMPLETED HOLDINGS\* (LONG)

(at 28 February 2018, out of 34 holdings)

COMPANY NAME	WEIGHT (%)
Rea Group Ltd	6.75
Rio Tinto Ltd	6.36
Sandfire Resources	6.15
ASX Ltd	5.83
Wesfarmers Ltd	5.15

## TOP COMPLETED HOLDINGS\* (SHORT)

(at 28 February 2018, out of 35 holdings)

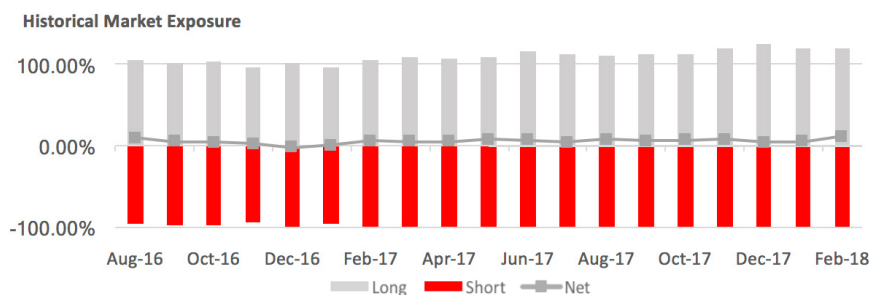
COMPANY NAME	WEIGHT (%)
James Hardie Industries	5.20
Ht&E Ltd	5.10
Orica Ltd	5.00
AMP Ltd	5.00
Aveo Group	5.00

\*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	9.63	-27.66	-18.03
Industrials	15.51	-5.34	10.18
Consumer Staples	15.64	-14.80	0.84
Financials	28.11	-13.34	14.77
Real Estate	0.00	-9.91	-9.91
Information Technology	22.20	0.00	22.20
Health Care	11.11	-7.08	4.03
Materials	12.51	-23.23	-10.72
Energy	0.00	-3.39	-3.39
Telecommunications	4.85	-3.66	1.19

## 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.

