



# MONTGOMERY ALPHA PLUS FUND

## INVESTMENT REPORT & FACT SHEET

### FUND OVERVIEW

The Montgomery Alpha Plus Fund offers investors a global equity market neutral strategy that harnesses the benefits of a distinctive investment process while seeking to produce risk-adjusted returns that are uncorrelated with equity markets.

The Fund invests in securities listed on Australian and international stock exchanges. Typically The Fund will hold 80-180 long positions and 80-180 short positions.

### FUND FACTS

#### INVESTMENT MANAGER

Montgomery Quantitative Management Pty Limited

#### 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

FHT0041AU

#### RECOMMENDED INVESTMENT TIMEFRAME

5 years

#### MINIMUM INITIAL INVESTMENT

\$50,000

#### FUND SIZE

\$13.7M

#### 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

0.7784

#### UNIT PRICE - MID

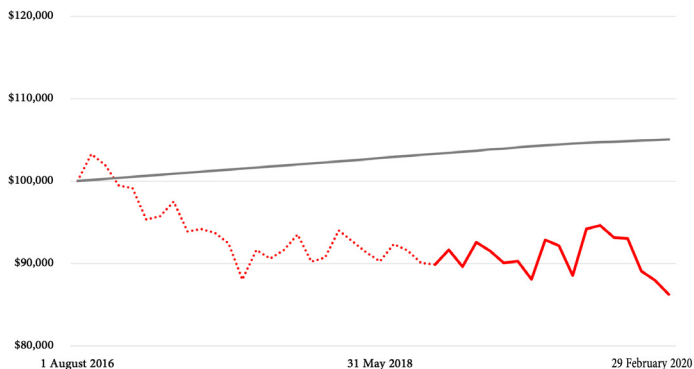
0.7765

#### UNIT PRICE - SELL

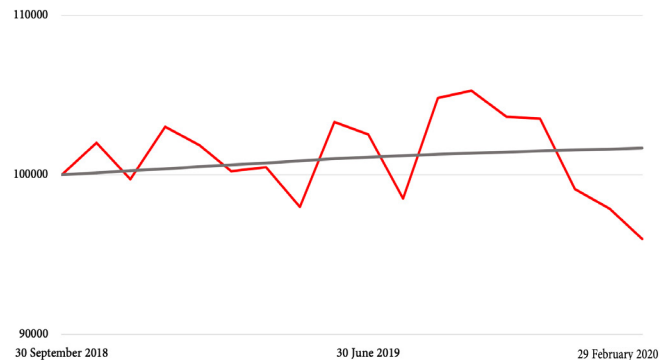
0.7745

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

### PERFORMANCE GRAPH SINCE INCEPTION



### PERFORMANCE GRAPH REVISED STRATEGY



..... Montgomery Alpha Plus Fund

— RBA Cash Rate

— Montgomery Alpha Plus Fund Revised Strategy

### PORTFOLIO PERFORMANCE

(to 29 February 2020, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-1.94%	<b>-1.94%</b>	0.06%	-2.00%
3 months	0.00%	-7.29%	<b>-7.29%</b>	0.19%	-7.48%
6 months	0.00%	-8.44%	<b>-8.44%</b>	0.40%	-8.84%
12 months	3.24%	-7.48%	<b>-4.24%</b>	1.05%	-5.29%
3 years (p.a)	3.05%	-7.05%	<b>-4.00%</b>	1.36%	-5.36%
Since Inception	9.19%	-22.94%	<b>-13.75%</b>	5.04%	-18.79%
Compound annual return (since inception)*	2.49%	-6.54%	<b>-4.05%</b>	1.38%	-5.43%

\*Inception: 1 August 2016 \*\* Refers to global version of the fund launched 01/10/2018

PLATFORMS WE ARE ON:

None at present



In the January report for the Montgomery Alpha Plus Fund (The Fund), we included a link to a paper we had recently published setting out an analysis of the long-term performance of the group of quantitative signals employed by The Fund in stock selection. To recap, we showed that the recent performance for the group of signals has on average been poor, but that similar periods have occurred several times in recent decades, and that these have been followed by periods of recovery. The January paper can be found [here](#).

This month, we start to dig a little deeper to explore the performance of particular signal groups, and in particular, the performance of signals from the “value” family. The Fund, like most quantitative funds, has a significant exposure to stocks that we believe offer good relative or absolute value having regard to current and forecast earnings. While this exposure has paid off over long stretches of time, recently it has experienced strong headwinds,

as “growth” stocks have strongly outperformed “value” stocks. During February we published a note on this dynamic, which can be found [here](#).

Interestingly, towards the end of February we saw a shift in the value vs growth dynamic, as the market disruption caused by COVID-19 appeared to prompt a shift in market sentiment away from growth and back towards value. This change did not fully erase the value underperformance that had accrued through the early part of February, but it will be interesting to see how it unfolds over the coming months. With value now having underperformed growth for an extended period, the spread between the price of value and the price of growth has blown out to a significant degree, and the scope for a meaningful reversion towards the mean appears correspondingly high.

**GEOGRAPHIC EXPOSURE (LONG) (%)**

Australia	34.39
Canada	34.51
Hong Kong	44.16
Other	0.00
USA	39.46
Western Europe	34.06

**GEOGRAPHIC EXPOSURE (SHORT) (%)**

Australia	33.02
Canada	28.61
Hong Kong	39.48
Other	0.00
USA	31.97
Western Europe	32.34

**MARKET CAP EXPOSURE (LONG) (%)**

Less than \$5b	78.85
\$5-20b	64.52
\$20-50b	20.94
\$50-100b	7.88
Greater than \$100b	14.39

**MARKET CAP EXPOSURE (SHORT) (%)**

Less than \$5b	82.16
\$5-20b	61.06
\$20-50b	19.66
\$50-100b	1.09
Greater than \$100b	1.46

**NUMBER OF HOLDINGS**

Number of Long Positions	183
Number of Short Positions	147

**PORTFOLIO EXPOSURES (%)**

Gross Long	186.57
Gross Short	165.43
Net Long	21.14

**SECTOR INDUSTRY EXPOSURE**

SECTOR NAME	LONG PORTFOLIO (%)	SHORT PORTFOLIO (%)	NET (%)
Communication Services	4.89%	-9.89%	-5.00%
Consumer Discretionary	37.83%	-13.87%	23.96%
Consumer Staples	5.45%	-3.94%	1.51%
Energy	9.12%	-7.50%	1.62%
Financials	34.91%	-13.59%	21.32%
Health Care	18.04%	-29.28%	-11.24%
Industrials	23.56%	-27.52%	-3.96%
Information Technology	19.15%	-21.39%	-2.24%
Materials	26.19%	-25.74%	0.45%
Real Estate	5.36%	-12.72%	-7.36%
Utilities	2.08%	0.00%	2.08%

**CONTACT DETAILS**
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**FUND PERFORMANCE (%)**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2020	-1.23	-1.94											-3.15
2019	-1.14	-1.59	0.25	-2.48	5.43	-0.75	-3.92	6.40	0.44	-1.55	-0.12	-4.27	-3.80
2018	0.56	3.63	-1.41	-1.45	-1.19	2.32	-0.83	-1.67	-0.20	2.01	-2.25	3.31	2.63
2017	0.38	1.87	-3.68	0.31	-0.52	-1.38	-4.72	4.08	-1.14	1.13	2.07	-3.53	-5.38
2016								3.24	-1.25	-2.42	-0.36	-3.82	-4.66

# 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 Quantitative Management Pty Limited, CAR #001267155 of AFSL 354564 (‘Montgomery’) the investment manager of the Montgomery Alpha Plus Fund (‘MAPF’). 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 Quantitative makes any representation or warranty as to the accuracy or completeness of any statement in this document including any forecasts. Neither Fundhost nor Montgomery Quantitative guarantees the performance of the Fund or the repayment of any investor’s capital. To the extent permitted by law, neither Fundhost nor Montgomery Quantitative, 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.

