



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

UNIT PRICE - BUY

0.8867

UNIT PRICE - MID

0.8845

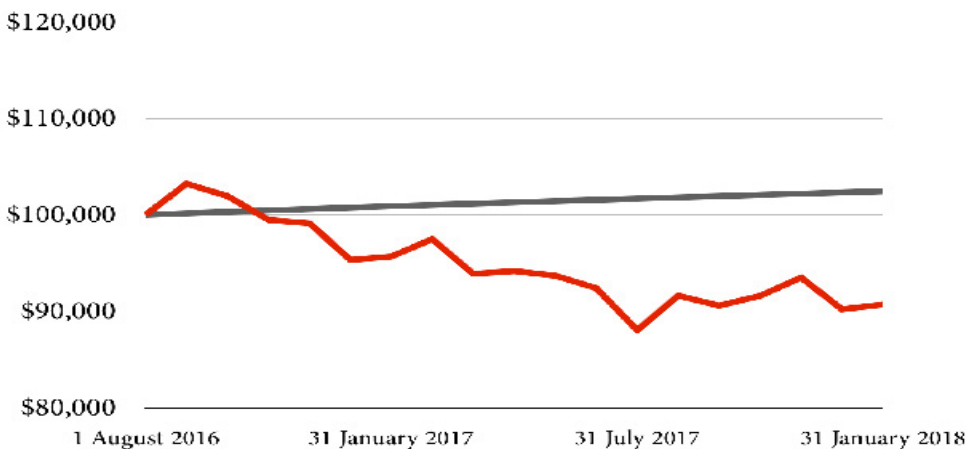
UNIT PRICE - SELL

0.8823

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

Dean Curnow
 † 02 8046 5019
 e dcurnow@montinvest.com

ADVISERS, RESEARCHERS AND PLATFORMS

Scott Phillips
 (NSW, ACT & QLD)
 † 02 8046 5005
 e sphillips@montinvest.com

David Denby
 (VIC, TAS, SA & WA)
 † 0455 086 484
 e ddenby@montinvest.com

PORTFOLIO PERFORMANCE

(to 31 January 2018, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	0.56%	0.56%	0.13%	0.43%
3 months	0.00%	-0.99%	-0.99%	0.38%	-1.37%
6 months	0.00%	3.03%	3.03%	0.76%	2.27%
1 year	2.41%	-7.62%	-5.21%	1.54%	-6.75%
Since inception*	2.30%	-11.59%	-9.29%	2.46%	-11.75%
Compound annual return (since inception)*	1.53%	-7.82%	-6.29%	1.63%	-7.92%

*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

In early February as we write the January report for the Montgomery Alpha Plus Fund (the Fund), we are confronted by news headlines announcing the biggest ever one-day point fall for the Dow Jones Industrial Average. This is needlessly breathless, given it is the percentage fall rather than the points fall that matters. Nonetheless, the decline in early February is a dramatic reversal of recent steady gains, and Australian markets are unsurprisingly following a similar path.

As investors will appreciate, the Fund's "market neutral" structure with broadly equal-sized long and short portfolios means that it does not necessarily benefit from a rising equity market, nor does it necessarily

suffer in a declining market. This structure means that the fund should be substantially insulated from broader market fluctuations and can provide significant diversification benefits, especially for investors with a sizeable "long" market exposure.

As market uncertainty emerges, we hope that investors may take some comfort from this structure, the benefits of which typically become more apparent in challenging markets.

Returning to January, the Fund delivered a small positive return, largely due to good performance from its short portfolio, led by short positions in HT&E, Graincorp and Seven West Media.

TOP COMPLETED HOLDINGS* (LONG)

(at 31 January 2018, out of 34 holdings)

COMPANY NAME	WEIGHT (%)
Rea Group Ltd	6.66
Rio Tinto Ltd	6.21
Sandfire Resources	5.95
ASX Ltd	5.63
Wesfarmers Ltd	5.63

TOP COMPLETED HOLDINGS* (SHORT)

(at 31 January 2018, out of 35 holdings)

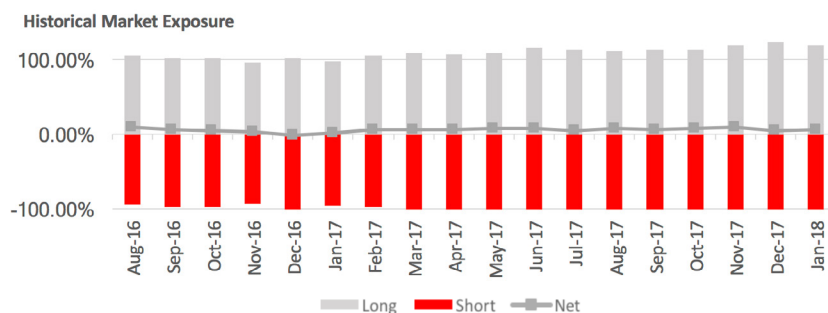
COMPANY NAME	WEIGHT (%)
Fletcher Building Ltd	5.40
Orica Ltd	5.30
Australian Agricultural Co	5.10
James Hardie Industries	5.10
AMP Ltd	5.10

*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	10.23	-29.14	-18.91
Industrials	12.14	-5.50	6.65
Consumer Staples	15.50	-15.88	-0.39
Financials	29.15	-13.81	15.34
Real Estate	0.00	-9.60	-9.60
Information Technology	23.24	0.00	23.24
Health Care	11.29	-7.25	4.04
Materials	12.16	-24.81	-12.64
Energy	0.00	-3.53	-3.53
Telecommunications	5.45	-4.33	1.12

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.

