



# 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

\$14.3M

#### 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

0.7938

#### UNIT PRICE - MID

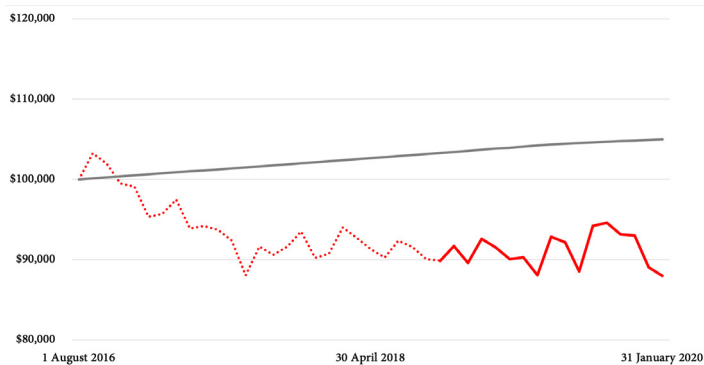
0.7919

#### UNIT PRICE - SELL

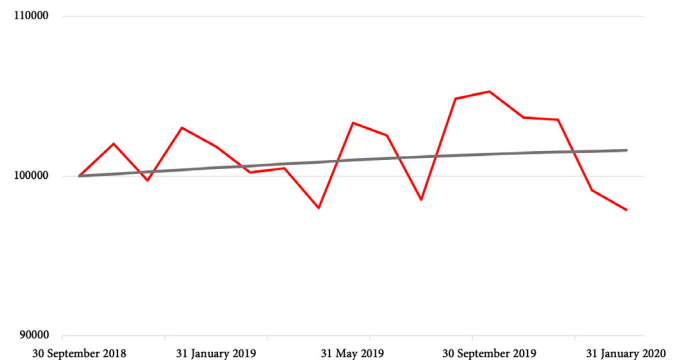
0.7899

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 31 January 2020, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-1.23%	<b>-1.23%</b>	0.06%	-1.29%
3 months	0.00%	-5.57%	<b>-5.57%</b>	0.19%	-5.76%
6 months	0.00%	-0.65%	<b>-0.65%</b>	0.42%	-1.07%
12 months	3.19%	-7.08%	<b>-3.89%</b>	1.11%	-5.00%
3 years (p.a)	3.10%	-5.87%	<b>-2.77%</b>	1.38%	-4.15%
Since Inception	9.19%	-21.23%	<b>-12.04%</b>	4.97%	-17.01%
Compound annual return (since inception)*	2.54%	-6.14%	<b>-3.60%</b>	1.40%	-5.00%

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

PLATFORMS WE ARE ON: None at present



## FUND COMMENTARY

A run of challenging market conditions for the Montgomery Alpha Plus Fund (The Fund) continued into January, with the Fund declining by 1.23 per cent for the month. Performance by geographic region was mixed, with Australia and Hong Kong weak, but Canada and the US strong, and Western Europe close to flat. On average, stock selection contributed a small negative result for the Fund, and this translated to a slightly larger negative result after expenses, including trading and stock borrowing costs.

We are mindful that the run of weak performance for the Fund (and indeed for many other global quantitative funds) has continued now for some time, and we have undertaken considerable work to try to shed some light on

the underlying causes and implications. [Please click here to view an article we recently published setting out some of the findings to date from this work.](#) By way of brief summary, while the recent experience has been a trying one for investors, we hope that this analysis provides some comfort that periods like this where quantitative funds have underperformed have occurred numerous times in the past, and in all cases have been followed by periods of recovery. While we can't forecast when more favourable conditions will arrive, we remain confident they will.

We continue to work on analysing the dynamics of the current market and will publish further commentary and guidance as this work progresses.

### GEOGRAPHIC EXPOSURE (LONG) (%)

Australia	39.42
Canada	35.68
Hong Kong	37.73
Other	0.00
USA	39.27
Western Europe	32.68

### GEOGRAPHIC EXPOSURE (SHORT) (%)

Australia	36.22
Canada	30.73
Hong Kong	34.73
Other	0.00
USA	34.35
Western Europe	35.20

### MARKET CAP EXPOSURE (LONG) (%)

Less than \$5b	61.61
\$5-20b	73.39
\$20-50b	23.60
\$50-100b	8.67
Greater than \$100b	17.51

### MARKET CAP EXPOSURE (SHORT) (%)

Less than \$5b	86.40
\$5-20b	59.24
\$20-50b	21.44
\$50-100b	2.09
Greater than \$100b	2.05

### NUMBER OF HOLDINGS

Number of Long Positions	176
Number of Short Positions	147

### PORTFOLIO EXPOSURES (%)

Gross Long	184.78
Gross Short	171.22
Net Long	13.56

### SECTOR INDUSTRY EXPOSURE

SECTOR NAME	LONG PORTFOLIO (%)	SHORT PORTFOLIO (%)	NET (%)
Communication Services	5.23%	-10.00%	-4.77%
Consumer Discretionary	34.41%	-15.71%	18.70%
Consumer Staples	6.19%	-5.36%	0.83%
Energy	11.09%	-11.59%	-0.50%
Financials	35.99%	-12.45%	23.54%
Health Care	18.85%	-29.87%	-11.02%
Industrials	21.83%	-24.26%	-2.43%
Information Technology	21.37%	-24.21%	-2.84%
Materials	24.62%	-28.06%	-3.44%
Real Estate	5.19%	-9.71%	-4.52%
Utilities	0.00%	0.00%	0.00%

### CONTACT DETAILS

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### FUND PERFORMANCE (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2020	-1.23												-1.23
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.

