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
FHT0041AU

RECOMMENDED INVESTMENT TIMEFRAME
5 years

MINIMUM INITIAL INVESTMENT
$50,000

FUND SIZE
$23.7M

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

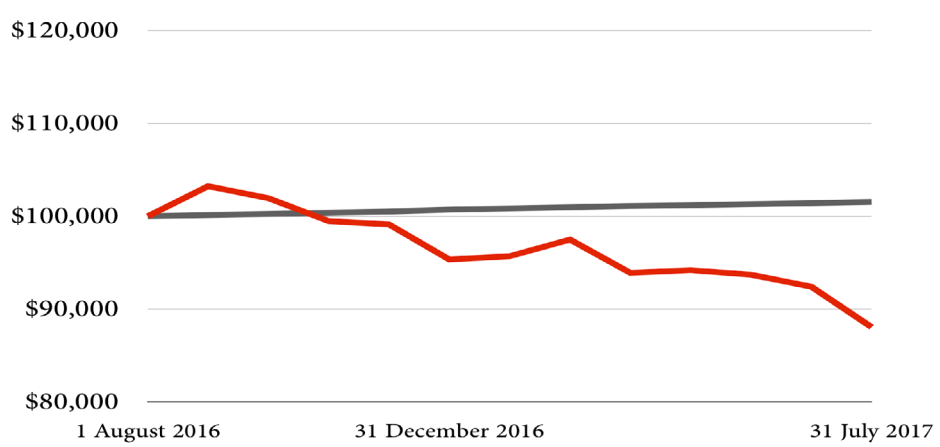
UNIT PRICE - BUY
0.8607

UNIT PRICE - MID
0.8585

UNIT PRICE - SELL
0.8564

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

PERFORMANCE GRAPH



CONTACT DETAILS

INVESTORS

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

ADVISERS, RESEARCHERS AND PLATFORMS

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

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

PORTFOLIO PERFORMANCE

(to 31 July 2017, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-4.72%	**-4.72%**	0.13%	-4.85%
3 months	2.45%	-8.97%	**-6.52%**	0.36%	-6.88%
6 months	2.41%	-10.41%	**-8.00%**	0.70%	-8.70%
1 year	2.30%	-14.26%	**-11.95%**	1.55%	-13.5%
Since inception*	2.30%	-14.26%	**-11.95%**	1.55%	-13.5%

*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

July was a terrible month for The Montgomery Alpha Plus Fund (The Fund). The business quality and other factors that govern The Fund's stock selection generally had negative returns for the month, meaning that a majority of stocks in The Fund's long portfolio underperformed, and a majority of stocks in The Fund's short portfolio outperformed.

This divergence results in negative overall performance for The Fund. We anticipate that the types of business quality, cashflow, valuation and other factors applied in stock selection will deliver positive returns on average over long stretches of time, but are acutely aware that the experience of the first 12 months of The Fund's life has been the opposite.

As we noted in the annual letter recently sent to investors in The Fund, it is important to keep in mind that a year is not a long time in equity investing, and there will invariably be years when the wind is behind us and years when it is not.

Having said that, we recognise that it will take some time for The Fund to recover the drawdown of the past year and begin to deliver positive returns.

TOP COMPLETED HOLDINGS* (LONG)

(at 31 July 2017, out of 29 holdings)

COMPANY NAME	WEIGHT (%)
Wesfarmers Ltd	6.5
ASX Ltd	6.3
Invocare Ltd	6.1
Cochlear Ltd	6.0
Duluxgroup Ltd	6.0

TOP COMPLETED HOLDINGS* (SHORT)

(at 31 July 2017, out of 33 holdings)

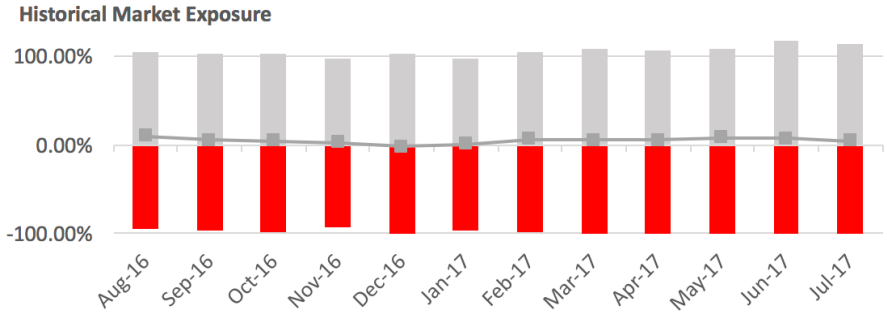
COMPANY NAME	WEIGHT (%)
Automotive Holdings Group Ltd	5.2
Bapcor Ltd	5.1
James Hardie Industries-Cdi	5.1
Seven West Media Ltd	5.1
AMP Ltd	5.0

**Top Competed 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	13.0	-38.1	-25.1
Industrials	10.5	-7.5	3.0
Consumer Staples	12.0	-14.9	-2.9
Financials	36.1	-13.4	22.6
Real Estate	0.0	-4.8	-4.8
Information Technology	9.7	0.0	9.7
Health Care	15.9	-1.4	14.4
Materials	8.1	-22.2	-14.1
Energy	0.0	-5.6	-5.6
Telecommunications	7.6	-1.2	6.4

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.