



# 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

\$17.7M

#### 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

0.8536

#### UNIT PRICE - MID

0.8515

#### UNIT PRICE - SELL

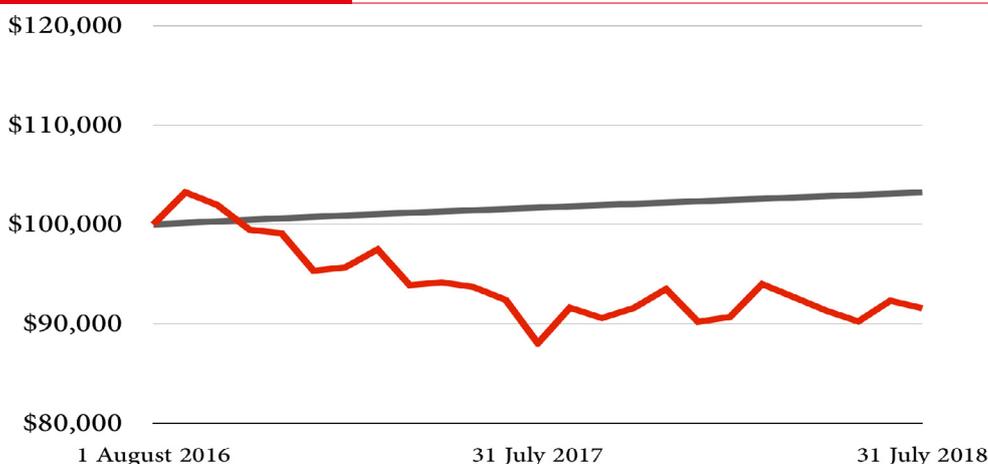
0.8494

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](mailto:dcurnow@montinvest.com)

#### ADVISERS, RESEARCHERS AND PLATFORMS

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

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

### PORTFOLIO PERFORMANCE

(to 31 July 2018, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-0.83%	<b>-0.83%</b>	0.13%	-0.96%
3 months	4.69%	-4.43%	<b>0.26%</b>	0.38%	-0.12%
6 months	4.72%	-3.76%	<b>0.96%</b>	0.75%	0.21%
1 year	4.86%	-0.85%	<b>4.01%</b>	1.51%	2.50%
2 years (p.a)	3.19%	-7.50%	<b>-4.31%</b>	1.60%	-5.91%
Since inception*	6.48%	-14.91%	<b>-8.43%</b>	3.23%	-11.66%
Compound annual return (since inception)*	3.19%	-7.50%	<b>-4.31%</b>	1.60%	-5.91%

\*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

The Montgomery Alpha Plus Fund (The Fund) took a small step back in the month of July, with a return of -0.83 per cent. During the month The Fund's short portfolio added a small amount of value – a pleasing result in a rising market, but this was more than offset by a negative result from The Fund's long portfolio. Essentially all of the negative performance on the long side was attributable to a drop in the price of Sandfire Resources – a relatively large position that has been a positive contributor to Fund performance overall, but which gave back some of that performance following a June quarter production report that was solid, but included forward cost guidance that exceeded market expectations.

The Fund had begun to reduce its exposure to Sandfire ahead of the result, but still held a significant position at the time of the price decline.

Further to our commentary in The Fund's recent annual letter, we anticipate that in the next few weeks we will be in a position to provide investors with an update in relation to the strategy changes discussed in the letter; changes that we believe offer the potential for significantly improved consistency of performance for The Fund going forward.

## TOP COMPLETED HOLDINGS\* (LONG)

(at 31 July 2018, out of 31 holdings)

COMPANY NAME	WEIGHT (%)
Aristocrat Leisure Ltd	6.64
Rio Tinto Ltd	6.63
Macquarie Group Ltd	6.44
REA Group Ltd	6.41
Wesfarmers Ltd	6.36

## TOP COMPLETED HOLDINGS\* (SHORT)

(at 31 July 2018, out of 36 holdings)

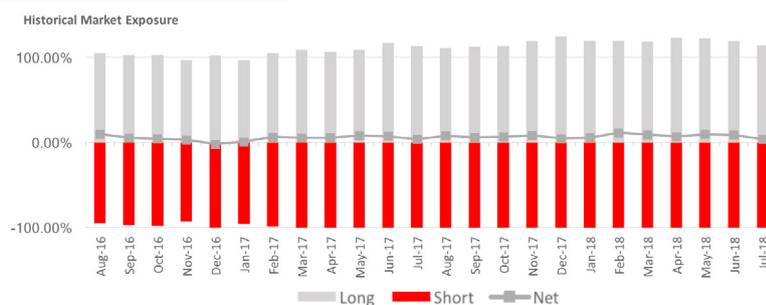
COMPANY NAME	WEIGHT (%)
Lendlease Group	5.79
Gateway Lifestyle	5.22
Boral Ltd	5.19
AMP Ltd	4.84
Nufarm Ltd	4.34

\*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	13.00	-21.10	-8.11
Industrials	15.71	-2.51	13.20
Consumer Staples	17.10	-9.36	7.74
Financials	17.63	-11.57	6.06
Real Estate	0.00	-15.23	-15.23
Information Technology	13.53	-7.33	6.20
Health Care	16.41	-4.82	11.59
Materials	16.06	-26.42	-10.36
Energy	4.49	-7.95	-3.47
Telecommunications	0.00	-3.79	-3.79

## 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.

