



# 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

\$20.4M

#### 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

0.9060

#### UNIT PRICE - MID

0.9037

#### UNIT PRICE - SELL

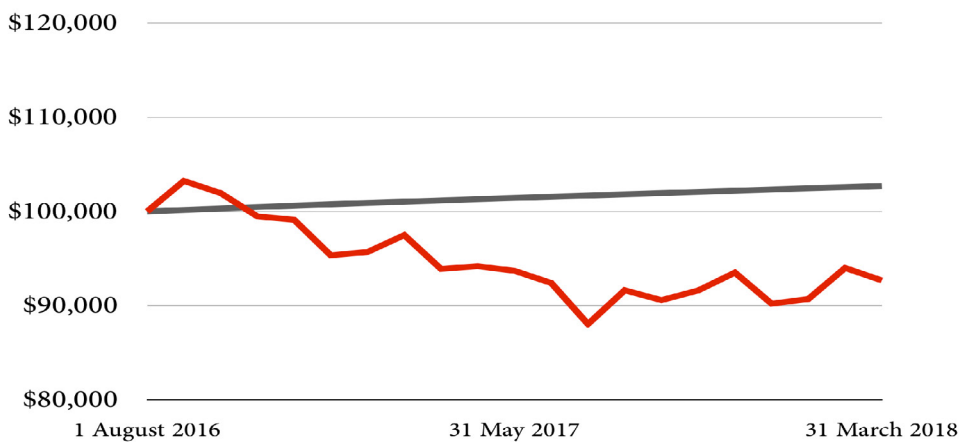
0.9015

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 March 2018, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-1.41%	-1.41%	0.13%	-1.54%
3 months	0.00%	2.74%	2.74%	0.37%	2.37%
6 months	0.00%	2.31%	2.31%	0.75%	1.56%
1 year	2.45%	-3.75%	-1.30%	1.52%	-2.82%
Since inception*	2.30%	-9.62%	-7.32%	2.71%	-10.03%
Compound annual return (since inception)*	1.38%	-5.85%	-4.47%	1.62%	-6.09%

\*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

After February's choppy markets, March saw another surge in volatility for the Australian equity market, with the S&P/ASX200 Accumulation Index closing the month down 3.77 per cent. Against this backdrop, the long portfolio of the Montgomery Alpha Plus Fund (The Fund) performed relatively well, meaning that it declined somewhat less than the market. However, companies in the short portfolio performed better still, resulting in a small negative return for The Fund for the month overall. The main detractors to performance on the short side included Premier Investments, which surprised the market with the strength of its first half profit and Australian Agriculture and Graincorp, both of which bounced off their February lows.

During the month, The Fund added new long healthcare positions in Primary Healthcare and Ansell, as well as in high-quality education business IDP Education. It also exited holdings in Computershare and Monadelphous, both of which had been successful investments, but whose valuations had become less attractive.

On the short side, The Fund exited positions in Automotive Holdings Group and Sims Metal Management, in favour of new positions in Alacer Gold, a gold explorer with assets in Turkey, and Beach Energy, whose share price appears recently to have significantly overshot its fundamentals.

### TOP COMPLETED HOLDINGS\* (LONG)

(at 31 March 2018, out of 34 holdings)

COMPANY NAME	WEIGHT (%)
Rea Group Ltd	6.54
Aristocrat Leisure Ltd	5.89
Sandfire Resources	5.68
Rio Tinto Ltd	5.55
ASX Ltd	5.50

### TOP COMPLETED HOLDINGS\* (SHORT)

(at 31 March 2018, out of 35 holdings)

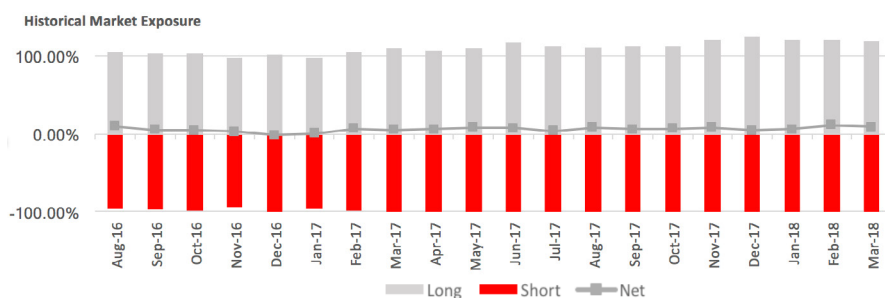
COMPANY NAME	WEIGHT (%)
Ht&E Ltd	5.34
Lendlease Group	5.05
Aveo Group	5.03
AMP Ltd	5.00
Nanosonics Ltd	4.96

\*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	11.97	-26.93	-14.96
Industrials	13.45	-4.51	8.94
Consumer Staples	15.22	-16.03	-0.81
Financials	26.67	-12.94	13.72
Real Estate	0.00	-10.08	-10.08
Information Technology	19.31	0.00	19.31
Health Care	15.64	-9.72	5.92
Materials	11.22	-19.52	-8.29
Energy	0.00	-5.41	-5.41
Telecommunications	4.96	-4.41	0.56

### 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.

