



# 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

\$27.9M

#### 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](http://montinvest.com/map)

#### UNIT PRICE - BUY

0.9393

#### UNIT PRICE - MID

0.9370

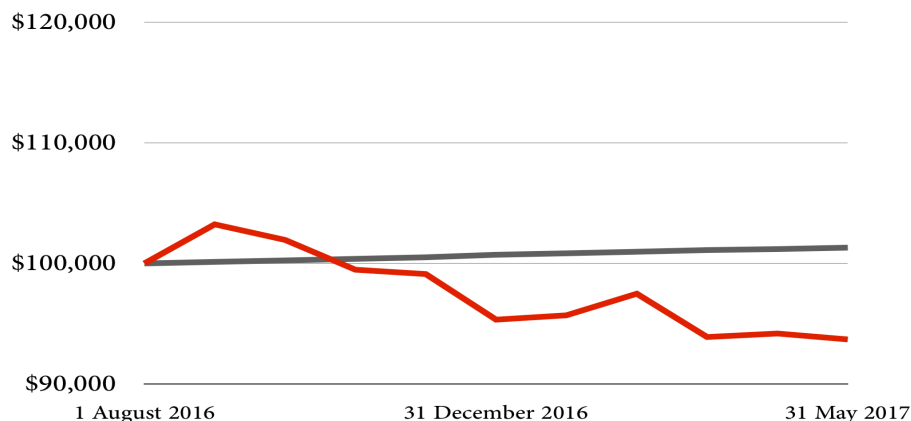
#### UNIT PRICE - SELL

0.9346

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

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### PORTFOLIO PERFORMANCE

(to 31 May 2017, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY ALPHA PLUS FUND	RBA CASH RATE	OUT/UNDER PERFORMANCE
1 month	0.00%	-0.52%	<b>-0.52%</b>	0.12%	-0.64%
2 months	0.00%	-0.22%	<b>-0.22%</b>	0.22%	-0.44%
3 months	0.00%	-3.89%	<b>-3.89%</b>	0.33%	-4.22%
Since inception	0.00%	-6.30%	<b>-6.30%</b>	1.31%	-7.61%

1) Inception: 1 August 2016

#### PLATFORMS WE ARE ON:

None at present



## FUND COMMENTARY

May was another relatively uneventful month for The Montgomery Alpha Plus Fund (The Fund). In an equity market that declined by almost 3 per cent for the month, The Fund largely achieved its objective of avoiding market risk, but still turned in a small decline of 0.52 per cent.

Underlying this result, The Fund's long portfolio of high quality businesses delivered a strong performance relative to the market, but this was offset by an even stronger relative performance from companies in the short portfolio. Most of the damage on the short side was done by a selection of five speculative mining companies which now trade on an average forward PE in excess of 40 times.

All of these companies sport "hockey stick" earnings forecasts, and in time are likely to disappoint the market, but for now they enjoy continued investor support, which is negative for The Fund's short positions.

Pleasingly, however, the very strong support for companies of this type seen in earlier months now seems to be easing, which gives us some cause for optimism over the remainder of 2017.

## TOP COMPLETED HOLDINGS\* (LONG)

(at 31 May 2017, out of 29 holdings)

COMPANY NAME	WEIGHT (%)
Wesfarmers Ltd	6.4
Duluxgroup Ltd	6.4
Invocare Ltd	6.3
Cochlear Ltd	6.3
ASX Ltd	6.2

## TOP COMPLETED HOLDINGS\* (SHORT)

(at 31 May 2017, out of 35 holdings)

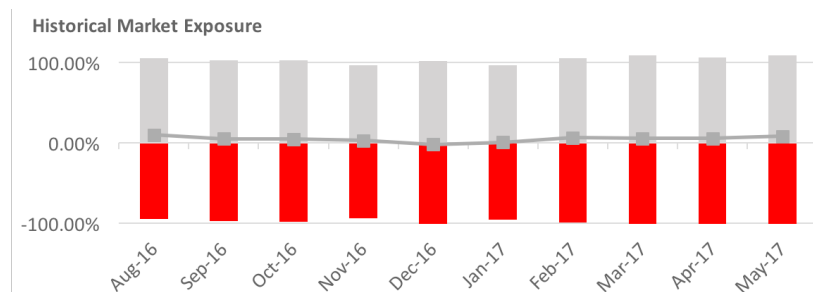
COMPANY NAME	WEIGHT (%)
Bapcor Ltd	5.1
Brambles Ltd	5.1
Australian Agricultural Co	5.0
AMP Ltd	5.0
Lendlease Group	4.9

\*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 (%)
Information Technology	6.6	0.0	6.6
Health Care	14.2	-1.4	12.8
Telecommunication Services	6.9	-1.1	5.9
Materials	11.9	-25.2	-13.3
Industrials	9.8	-8.6	1.2
Financials	36.9	-12.6	24.3
Consumer Discretionary	11.6	-30.2	-18.6
Energy	1.8	-5.7	-4.0
Real Estate	0.0	-4.9	-4.9
Consumer Staples	9.2	-11.4	-2.2

## 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.

