

Ironbark LHP Global Long/Short Fund (Wholesale)

Monthly Investment Report as at 31 August 2017

Asset Class

Alternatives

Investment Strategy

Multi-Manager
Long / Short

Investment Objective

To achieve equity-like returns with lower volatility than traditional global equity investments

APIR Code

HFL0108AU

ARSN

093 497 600

Fund Inception Date

31 March 2001

Benchmark

MSCI ACWI NR 100%
Hedged AUD

Buy/Sell Spread

Nil

Management Costs

(excluding performance fee²)

1.48% p.a.^{2,3}

Distribution Frequency

Annual

Number of underlying managers

33

Fund Size

\$204.5m (represents
wholesale and retail unit
classes)

Exit Price

\$1.7659

Performance Review

The Ironbark LHP Global Long/Short Fund (Wholesale) (the 'Fund') returned 0.91% net over the month, outperforming the benchmark's return of 0.45% by 0.46%.

From a sector perspective, consumer discretionary contributed positively from the short side, specifically within specialty retail and athletic apparel. Several short positions in consumer discretionary were down substantially following second quarter earnings reports, which highlighted an acceleration of sales declines and margin pressure due to the competitive landscape. Healthcare also contributed positively, being driven by long exposure to biotechnology. An acquisition of a mid-cap biotechnology long position during the month led to increased interest in the subsector. In terms of detractors, energy exposure was slightly negative as short positions underperformed long exposure. Energy attribution had been weaker earlier in the month, however improved as the month progressed, as the price of gas and oil rose following the hurricane in southwest Texas. Real estate was also slightly down. On a sector-wide basis, REITs continue to exhibit limited volatility, as an aging cycle is supported by lower interest rates.

With respect to top contributors at the individual manager level, a technology specialist benefited from long and short positions in both internet software and services. One of the largest long positions reported earnings during the month and subsequently rallied approximately 36% resulting in a significant gain for this manager. The next top performer, a US consumer specialist, had positive performance from both long and short positions, with specialty retail and multiline retail being the largest contributors by subsector. A long position in a discount retailer was the largest contributor on the month when it reported better than expected earnings. Most of the gains for the third top performer, a US trading strategy, were generated on the long side within pharmaceuticals, biotechnology, and internet software and services.

In terms of detracting managers, the top detractor, a US technology manager, suffered from both sides of their book. Long holdings in optical equipment/3D sensing suffered a material drawdown in August following soft earnings guidance across the optical sector. Short positions with more growth/momentum characteristics were the largest detractors on the month. The second largest detractor, a European value manager, underperformed last month, driven primarily by one stock, a large biopharmaceutical company, which is the largest long position in their portfolio. The third worst performer, a Japanese trading manager, suffered negative performance driven by the short portfolio. More than half the loss came from a position in a Japanese industrial company which was up significantly during month following an earnings report.

There were no manager changes over the month of August

August was a strong month for alpha generation. There were several individual outliers, both positively and negatively. The consumer discretionary sector was a positive contributor for the month and year and remains a higher allocation given the dispersion within the sector. Healthcare performed well on strength in biotechnology, and that is a trend that could continue as merger and acquisition chatter, in the investment manager's view, remains high. Technology continues to be a major focus to upgrade performance by adding additional managers within the sector. The pipeline for additional technology exposure is full, and new additions to the portfolio are expected in the coming months.

Performance

	Net Fund Return (%)	Benchmark Return (%)	Active Return (%)
1 month	0.91	0.45	0.46
3 months	1.63	2.58	-0.95
1 year	5.20	17.28	-12.08
3 years (pa)	4.96	8.95	-3.99
5 years (pa)	8.44	13.99	-5.55
7 years (pa)	7.88	13.32	-5.44
10 years (pa)	6.27	6.27	0.00
Since inception ¹ (pa)	6.58	7.07	-0.49

Past performance is not an indicator of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

¹ This figure represents the annualised performance of the Fund from the first full month of operation.

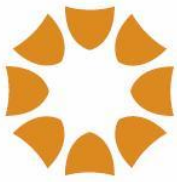
² A Performance Fee may be payable. Refer to PDS for further details.

³ For full breakdown of management costs, refer to PDS dated 28 September 2015.

Contact Details

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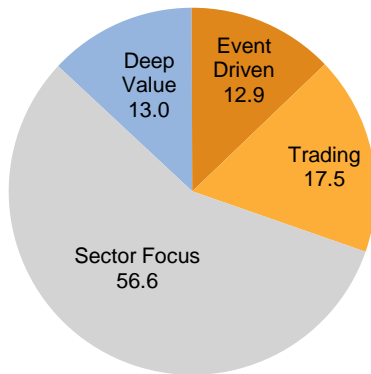


Ironbark LHP Global Long/Short Fund (Wholesale)

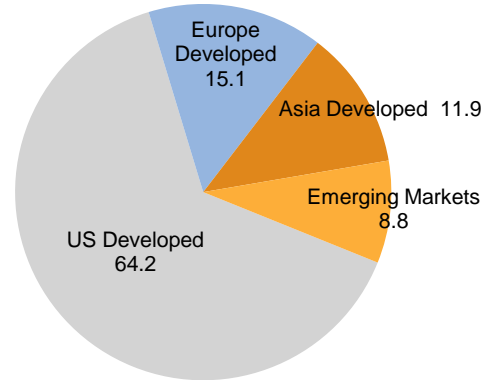
Monthly Investment Report as at 31 August 2017

Asset Allocation

Strategy Allocation (%)

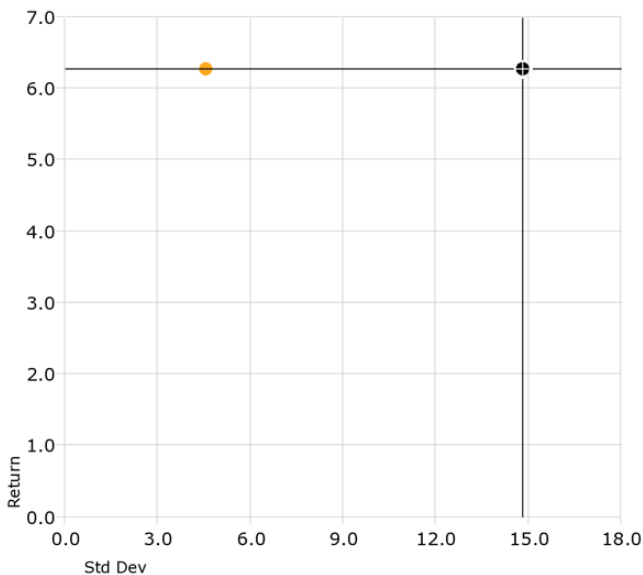


Geographic Allocation (%)



Risk vs Return over 10 years

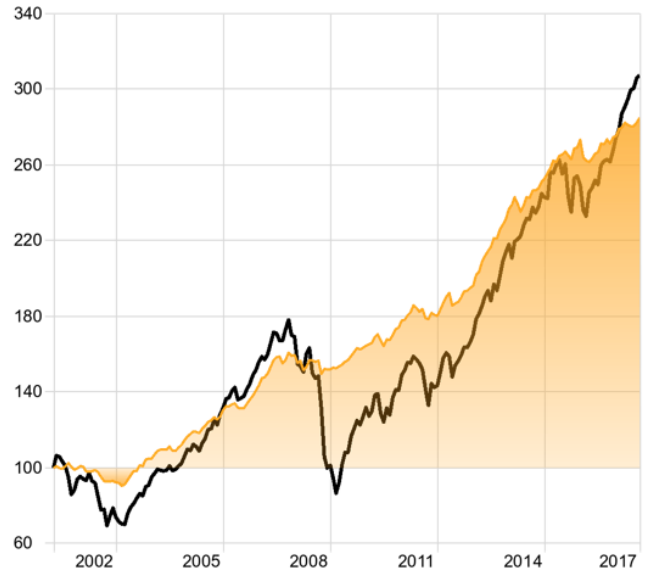
Time period: 01/09/2007 to 31/08/2017



● Ironbark LHP Global Long/Short W

Investment growth of \$100 since inception

Time period: 01/04/2001 to 31/08/2017



● MSCI ACWI NR 100% Hedged to AUD

Source: Morningstar Direct. Data in AUD

RG240 Disclosure

Since the ASIC Benchmarks and Disclosure Principles Report was issued on 28 September 2015, there has not been any material changes to the Fund's risk profile, strategy or key personnel. State Street Australia Limited was appointed as the Fund's custodian from 1 October 2015.

Important Information

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