



# Ironbark LHP Global Long/Short Fund (Wholesale)

## Monthly Investment Report as at 30 April 2018

### 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

Benchmark Unaware

### Distribution Frequency

Annually

### Number of underlying managers

31

### Fund Size

\$200.3m (represents wholesale and retail unit classes)

### Exit Price

\$1.8454

### Performance Review

The Ironbark LHP Global Long/Short Fund (Wholesale) (the 'Fund') returned 0.90% (net) over April.

In April, financials was the top-performing sector, with gains generated on both the long and short side of the Fund. Significant alpha was generated on long positions, while financial indices were either flat or up marginally during the month. The positive alpha generation was largely a result of earnings-related stock appreciation and contributions from both large and mid-cap banks. Health care was also a top performer, with biotechnology shares being responsible for the bulk of the gains. A significant acquisition announcement in the gene therapy space led much of the small and mid-cap biotechnology sector to rise as sentiment to the group generally improved.

From a geographic perspective, Emerging Markets was the worst-performing region. The month was characterised by high dispersion of returns across these managers. Trade tensions between the US and China saw underperformance in pockets, and several idiosyncratic events led to sell-offs in single stock companies. European equity also underperformed despite the European Stoxx 600 trading up 3.9% in April.

With respect to top contributors at the individual manager level, the top performer, a financials manager, produced strong performance as a result of a high earnings hit rate and even better slugging percentage (in other words, the largest positions contributed the most to the overall returns). The largest contributor was a bank that reported first quarter earnings that exceeded expectations and caused full-year sell side estimates to climb by over 15%, sending the stock higher by approximately 25% for the month. The second-top performer, a health care manager, had performance driven by its long book. The largest contributor was a gene therapy-related position, which was the subject of an announced acquisition by a large-cap pharmaceutical company. The third-highest performer, a technology manager, generated profits by both longs and shorts. The month saw some of the largest positions contribute the most to profits. A long time position in a technology provider to the gaming and lottery industries rallied strongly in expectation of a favourable upcoming court ruling.

In terms of detracting managers, the worst performer, an Asia-centric manager, had positioned themselves with negative net exposure to Japan going into the Japanese full year earnings season, which runs from April to mid-May. The manager had expressed their view through short positions in Japanese equities as well as via index put options and currency options, expecting a strengthening of the yen. While aggregate earnings so far have tracked below consensus, macroeconomic events, including the inter-Korea summit, have seen the manager's positions generate losses. The second-worst performer, an international generalist manager, found negative returns driven by a headwind from poor industry selection and earnings-related stock-specific headwinds. The manager suffered a reversal in several previously successful themes, including long positions in tobacco, short positions in food retail and short positions in media. An energy manager was the third-worst detractor, and suffered losses on the short side of the portfolio as the price of oil and related equities rallied significantly during the month. Despite running a low net strategy, a bias toward large-cap shorts negatively impacted performance.

The positive US fundamental outlook at a macroeconomic level (such as tax policy changes, continued labour market strength, consumer and business confidence, and increased IT spending) keeps the Fund's managers pointed toward more optimism on the long side of their portfolios. However, there are headwinds including interest rate increases, trade policy uncertainty, and the potential for rising inflation which are being monitored. With most European corporates set to report first quarter earnings in May, the focus is shifting increasingly towards the medium-term outlook that management teams will communicate.

### Performance

	Net Fund Return (%)	
1 month	0.90	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. <sup>1</sup> This figure represents the annualised performance of the Fund from the first full month of operation.
3 months	-0.03	
1 year	5.93	
3 years (p.a.)	4.43	
5 years (p.a.)	7.05	
7 years (p.a.)	6.97	
10 years (p.a.)	6.87	
Since inception <sup>1</sup> (p.a.)	6.59	

### Contact Details

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# Ironbark LHP Global Long/Short Fund (Wholesale)

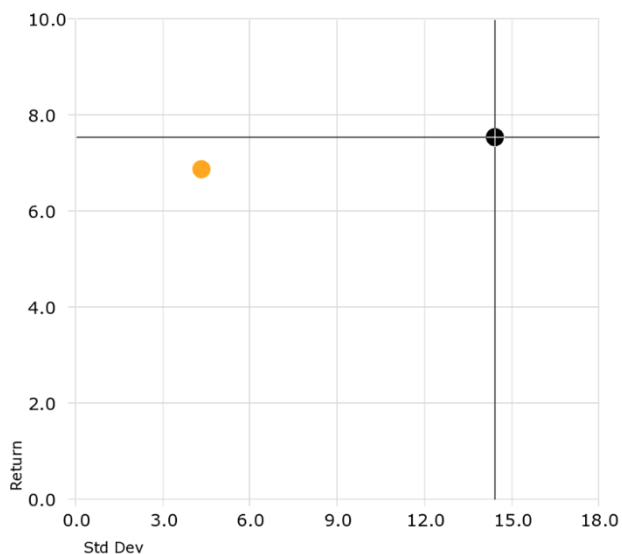
## Monthly Investment Report as at 30 April 2018

### Performance Review (cont'd)

As a variety of economic, political, demographic and regulatory forces continue to create incremental dispersion across global equities, the investment manager's expectation is that the environment for profitable stock selection should remain compelling. The investment manager is particularly excited about overseas exposure that continues to benefit from further development. Mainland China-listed A-shares will be included in the MSCI Emerging Markets Index in May, meaning that liquidity, short borrow, and overall interest in the world's second largest equity market are poised to improve significantly. The Fund has meaningful exposure to greater-China and the investment manager's expectation is that A-share exposure will become a more significant opportunity going forward.

### Risk vs Return over 10 years

Time period: 01/05/2008 to 30/04/2018



● Ironbark LHP Global Long/Short W

### Investment growth of \$100 since inception

Time period: 01/04/2001 to 30/04/2018

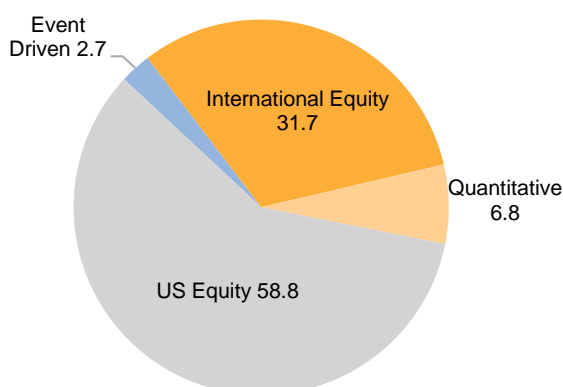


● MSCI ACWI NR 100% Hedged to AUD

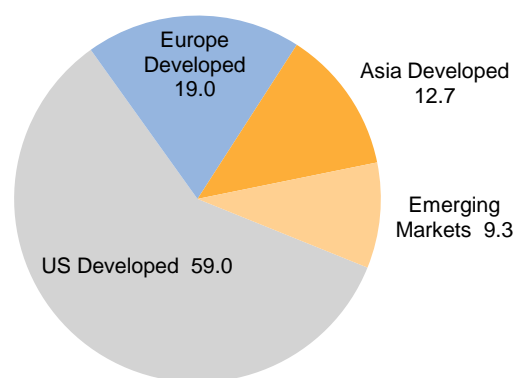
Source: Morningstar Direct. Data in AUD

### Asset Allocation

#### Strategy Allocation (%)



#### Geographic Allocation (%)



### Important Information

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