



Ironbark LHP Global Long/Short Fund (Wholesale)

Quarterly Investment Report as at 31 October 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

Distribution Frequency

Annually

Number of underlying managers

32

Fund Size

\$204.4m (represents wholesale and retail unit classes)

Exit Price

\$1.8015

Performance Review

The Ironbark LHP Global Long/Short Fund (Wholesale) (the 'Fund') returned 1.93% (net) during October, underperforming the benchmark's return of 2.82% by 0.89%.

Over the month, from a sector perspective, technology, the top sector performer, contributed positively on the long side of the Fund with strong contribution from semiconductor and 3-D sensor companies. Consumer discretionary was another top contributor, generating gains on both the long and short side of the Fund. Strength in online marketplace retailers on the long side and department stores, apparel and household products on the short side led to significant alpha generation in this sub-sector. While no sector had negative attribution during the month, health care and real estate were relative underperformers. In both sectors, small gains on the long side were mostly offset with small losses on the short side.

With respect to top contributors at the individual manager level, a quantitative manager benefitted from long positioning in technology stocks as positive market sentiment and strong price momentum outperformed ahead of earnings releases. The second-best contributor, an international equity manager, benefitted from long tobacco positions and China related exposure. In China, this manager profited on the long side, in outbound travel, beer and air conditioning manufacturers. However, shorts in Chinese financials and real estate detracted from returns. The manager has been adding to both gross and net exposure over the past 10 weeks, as they are seeing an interesting opportunity set. The third-top contributor performed strongly across Europe, the US and Asia. European positions generated the largest attribution to performance, though Asia was the best performer on a relative basis. The biggest individual position winners for this manager were a consumer electronics company and an airline. The manager remains convicted on the opportunity set and continues to run gross and net exposure at historic high levels.

In terms of detracting managers, the top detractor, a health care focused manager, suffered in a momentum-driven market. The sub-sectors with the largest net exposures, pharmaceuticals and medical technology, were the largest detractors. The fundamentally driven net short positioning to large caps also added to the losses, despite the manager being on the correct side of a major company-specific announcement. Recent news that Amazon is looking to enter the health care pharmacy market by obtaining a drug wholesale license, and the potential disruption this could lead to a scramble to estimate which segments could be most negatively exposed to such a large new entrant into the market place. The second-worst performer, a technology focused manager, generated positive alpha that was overwhelmed by negative industry and momentum exposures. Short exposure to diversified and memory-oriented semiconductors and semiconductor equipment makers led to the losses. The third-worst performer, another technology focused manager, incurred losses on the short side of the Fund in internet and media companies.

The Fund redeemed from two US equity managers in October, one specialist in health care and another in industrials. Both managers were small allocations whose capital was redeployed to larger allocations.

October was a very positive month with significant alpha generation. Looking ahead to the remainder of the year, the Fund's energy-focused managers are seeing a more positive alpha generating environment given fundamental valuation has begun to be more of a focus for the market as the price of oil has settled in the \$50-\$60 range per barrel (in US dollar terms). Additionally, the Fund's managers are focused on the outcome of US tax policy changes and the impact those changes will have on all sectors of the market. Technology remains a major focus for upgrade, as the investment manager expects to add additional managers within the sector in the coming months.

Performance

	Net Fund Return (%)	Benchmark Return (%)	Active Return (%)
1 month	1.93	2.82	-0.89
3 months	2.94	5.54	-2.60
1 year	7.17	23.40	-16.23
3 years (p.a.)	5.49	10.73	-5.24
5 years (p.a.)	8.48	14.56	-6.08
7 years (p.a.)	7.67	12.54	-4.87
10 years (p.a.)	6.09	6.13	-0.04
Since inception ¹ (p.a.)	6.64	7.32	-0.68

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.

Contact Details

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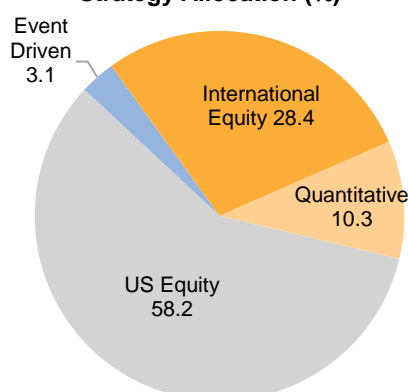


Ironbark LHP Global Long/Short Fund (Wholesale)

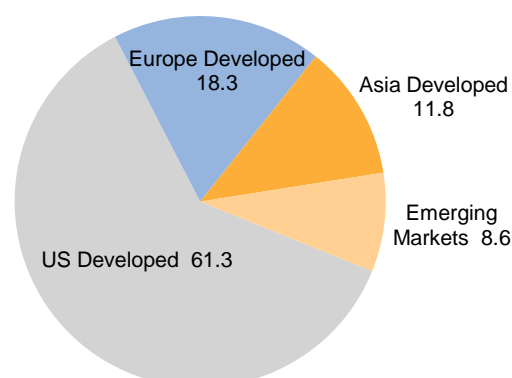
Quarterly Investment Report as at 31 October 2017

Asset Allocation

Strategy Allocation (%)

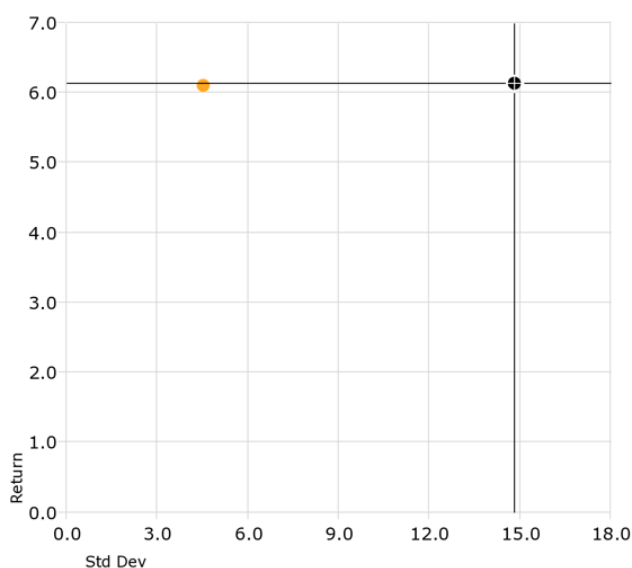


Geographic Allocation (%)



Risk vs Return over 10 years

Time period: 01/11/2007 to 31/10/2017



● Ironbark LHP Global Long/Short W

Investment growth of \$100 since inception

Time period: 01/04/2001 to 31/10/2017



● 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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