

# Ironbark LHP Global Long/Short Fund (Wholesale)

## Monthly Investment Report as at 31 May 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 fee<sup>2</sup>)  
1.48% p.a.<sup>2,3</sup>

### Distribution Frequency

Annual

### Number of underlying managers

33

### Fund Size

\$210.6m (represents wholesale and retail unit classes)

### Exit Price

\$1.7376

### Performance Review

The Fund returned -0.26% net over the month, underperforming the benchmark's return of 1.70% by 1.96%.

Energy and real estate were the major detractors of performance from a sector perspective. The energy sector's weakness continued from April, as apparent liquidations in the space led to price dislocations that were largely stock-specific. The Fund's energy related managers believe the sizable disparity of valuations between their long and short positions is at unsustainable levels. Real estate was another source of losses, which were also generally single-stock focused based on company news. Technology exposure was a strong contributor, with strong alpha generation on the long side. Payment technology, semiconductor companies (particularly names with an event angle), and communication equipment stocks were strong generators of positive performance. In addition, positive contribution came from the transportation space where short exposure to rental car companies and trucking companies, as well as long exposure to railroad stocks and US and European airlines. While the majority of US focused managers were unprofitable, nearly all European and Asian dedicated managers were positive during the month.

With respect to detractors at the individual manager level, the top detractor, a technology manager, suffered from a handful of disappointing earnings outcomes from high-conviction ideas. While the sector was positive for the Fund, this manager struggled. Continued underperformance of mid-caps versus large-caps in the US and a speculative rally in the Japan Mothers Index, which is comprised of high-growth and emerging stocks trading at 84x earnings, also contributed to the manager's losses. Long exposure drove losses for the second-worst performer, a US energy specialist, as price action continued to prove difficult as uncertainty in the energy space persists. Relative value opportunities in the energy space appear strong but not without continued volatility. The third-top detractor, a US diversified trading manager, experienced challenging alpha production. Long exposure underperformed the broader market, which drove much of the negative alpha, while most of the losses were seen in the technology and consumer sectors.

In terms of profitable managers, merger and capital market opportunities drove the majority of performance for the top performer, an event specialist, while catalyst-driven trading was also profitable. Long and short exposure produced profits, while the bulk of performance came from the technology and consumer sectors for this manager. Long exposure drove performance of the second-best performer, a global generalist. The strategy saw strong contribution from India, the UK and the US. Consumer and technology exposure were among the strongest performing sectors while real estate exposure, particularly a short position in a Chinese developer, worked against the portfolio. The third-best manager, a European focused strategy, benefited from long exposure in European telecommunications services, consumer staples and healthcare, which drove portfolio returns with a handful of high-conviction names leading the charge.

During the month, the Fund added to an existing energy manager allocation, as this manager is seeing wide spreads in this space. However, no managers were added or removed in May.

May was the most difficult alpha production month in more than a year as a challenging earnings season and the continued unwind in energy weighed on Fund performance. These two themes represented the vast majority of losses in the Fund's top ten, single-stock detractors for the month, while the biggest winners were a compilation of medium and long-term investment opportunities (long and short). While manager conviction levels remain high, the investment manager has seen net exposures tick slightly lower, with managers taking profits in China and adding to short exposure in the US. European managers remain excited about the opportunity set in the region and the attention these markets are receiving from global investors in 2017.

### Performance

	Net Fund Return (%)	Benchmark Return (%)	Active Return (%)
1 month	-0.26	1.70	-1.96
3 months	0.26	4.30	-4.04
1 year	5.43	18.91	-13.48
3 years (pa)	5.56	9.54	-3.98
5 years (pa)	8.59	15.13	-6.54
7 years (pa)	7.65	12.83	-5.18
10 years (pa)	5.97	5.73	0.24
Since inception <sup>1</sup> (pa)	6.58	7.02	-0.44

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.

<sup>1</sup> This figure represents the annualised performance of the Fund from the first full month of operation.

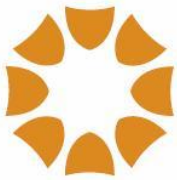
<sup>2</sup> A Performance Fee may be payable. Refer to PDS for further details.

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

### Contact Details

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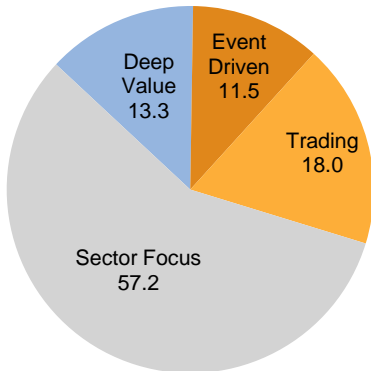


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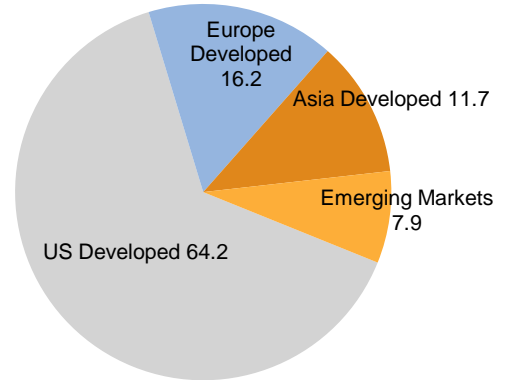
## Monthly Investment Report as at 31 May 2017

### Asset Allocation

#### Strategy Allocation (%)

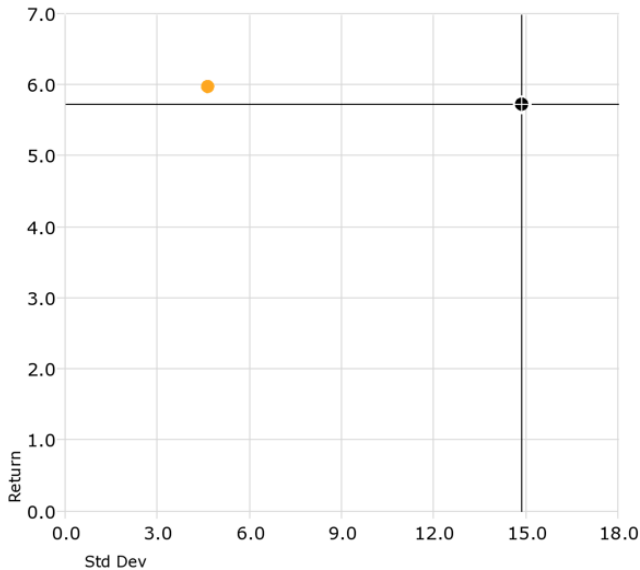


#### Geographic Allocation (%)



### Risk vs Return over 10 years

Time period: 01/06/2007 to 31/05/2017



● Ironbark LHP Global Long/Short W

### Investment growth of \$100 since inception

Time period: 01/04/2001 to 31/05/2017



● 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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