

INVESTMENT REPORT & FACT SHEET

FUND OVERVIEW

The Montaka Global Extension Fund (Quoted Managed Hedge Fund) (ASX: MKAX) seeks to invest in long-term structural winners in attractive industries around the world, when they are undervalued. The Fund will typically invest in 15-30 excellent businesses in attractive industries while also short-selling typically 10-40 stocks based on a proprietary framework that categorises stocks into at least one of the following: structural declines; divergent expectations; asymmetries or misperceptions.

The Fund may employ capital preservation measures to manage against substantial downside risks, including listed put options with asymmetric payoffs and exchange-traded funds.

Units in the Fund will be issued and redeemed in AUD. The Fund is typically 50% hedged to the AUD. This may vary at the discretion of the Investment Manager. The Fund also aims to target a minimum 5% annual distribution yield, paid semi-annually.

FUND FACTS

INVESTMENT MANAGER

MGIM Pty Ltd, subsidiary of Montaka Global Investments LLC

OBJECTIVE

The Fund aims to provide investors with long term capital growth, with a focus on managing downside risk.

ASRN

621941508

LISTING DATE

24th June 2020

RECOMMENDED INVESTMENT TIMEFRAME

At least 5 years

APPLICATION

Investors can invest in the Fund by purchasing units on the ASX through a stockbroker or share trading account. Ticker: MKAX

FREQUENCY OF PRICING

During each ASX trading day, an indicative NAV (iNAV) is published every second on:

<https://investors.montaka.com/Investor-Centre/>
The Net Asset Value (NAV) per unit will also be published daily on the website.

TARGET YIELD

The fund will seek to deliver a target distribution of at least 5% per annum net of fees and costs, paid semi-annually.

MANAGEMENT FEE

Capped at 1.25% per annum

PERFORMANCE FEE

The performance fee is 20% of the amount by which the performance of the Fund exceeds a hurdle of 7% per annum, subject to a high watermark.

TOP 10 LONG POSITIONS¹ (as at 31 July 2020, after all fees)

	COUNTRY	MARKET CAP	% OF NAV		COUNTRY	MARKET CAP	% OF NAV		
1	Spotify	Sweden	48	10.1	6	Microsoft	US	1,552	7.8
2	Vivendi	France	32	9.4	7	Alibaba	China	673	6.3
3	Apple	US	1,817	8.9	8	REA Group	Australia	10	5.4
4	Facebook	US	722	8.0	9	SAP	Germany	167	5.2
5	Alphabet	US	1,010	7.8	10	ServiceNow	US	84	5.1
TOTAL TOP 10 LONG POSITIONS							74.0		

¹ Country refers to domicile; market capitalisation expressed in USD billions.

PORTFOLIO PERFORMANCE² (to 31 July 2020, after all fees)

	INCOME	CAPITAL GROWTH	FUND RETURN
1 month	0.00%	1.93%	1.93%
12 months	N.A.	N.A.	N.A.
2 years (p.a.)	N.A.	N.A.	N.A.
Since inception ³	0.00%	2.52%	2.52%

² In Australian dollars ³ Inception: 24 June 2020

Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall.

CONTACT DETAILS

BUSINESS DEVELOPMENT

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FUND COMMENTARY

The Montaka Global Extension Fund (Quoted Managed Hedge Fund) (the Fund) increased by 1.93%, net of fees, in the month of July. Since inception, the Fund has increased by 2.52%. The Fund ended the month with a net market exposure of 75% which will increase over time as this new vehicle becomes more fully-invested.

As the world continues to deal with COVID-19, attention turned to the disclosure of publicly-listed company earnings for the second calendar quarter of 2020. For the companies owned by the Fund, the results have substantially surprised us (and the market) to the upside.

Our decision to reinforce our portfolio exposures to businesses which are positively exposed to the digital transformation journeys

of the enterprise and consumer has proved sensible to date. And, as we detail in our forthcoming whitepaper, these trends have recently accelerated as a direct consequence of the pandemic.

Of particular note were the results of Apple (NASDAQ: AAPL) and Facebook (NASDAQ: FB) – two very long term holdings of our funds. In both cases, the resiliency of these business models proved to be even stronger than we had previously appreciated. It is extraordinary that Apple, for example, delivered better revenues for the quarter than what analysts were expecting in January – prior to the pandemic! As we say internally, good things happen to great businesses. And this is why we believe in owning the long term winners in attractive markets.

EXPOSURES (as at 31 July 2020)

% of NAV

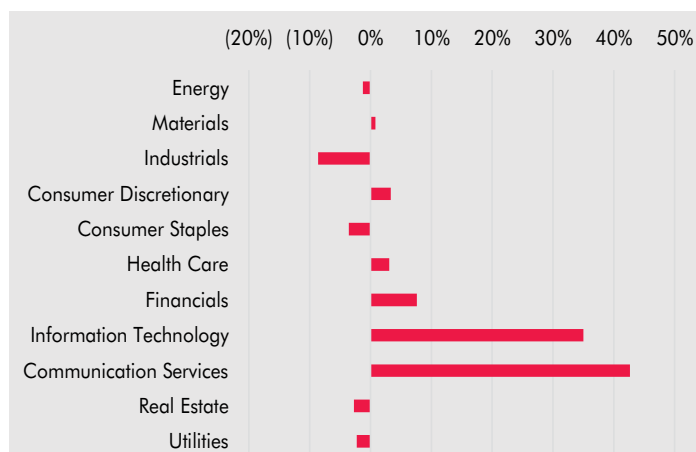
Long exposure	116.6
Less: Short exposure	(42.1)
Net market exposure¹	74.5

POSITION METRICS² (as at 31 July 2020)

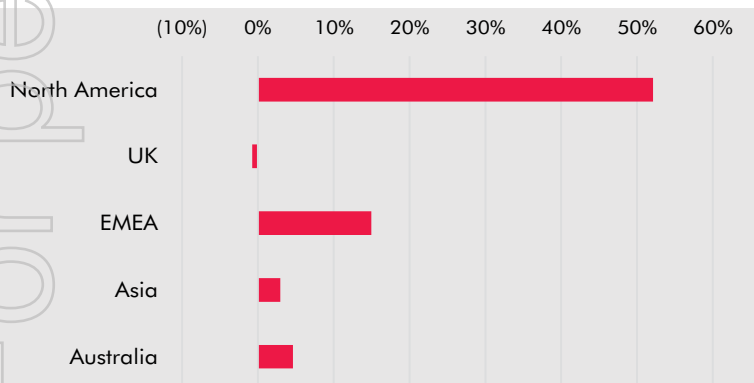
Long Portfolio Short Portfolio

Number of positions	22	13
Largest position size	10.0%	2.2%
Smallest position size	1.0%	0.3%
Average position size	5.3%	0.9%

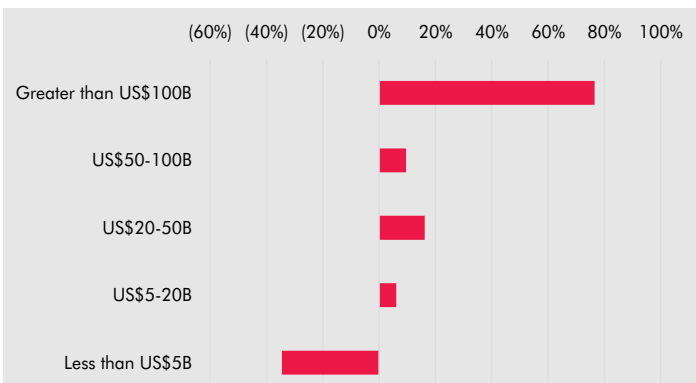
GICS SECTOR INDUSTRY EXPOSURE (net, % of NAV)



GEOGRAPHIC EXPOSURE³ (net, % of NAV)



MARKET CAPITALISATION EXPOSURE (net, % of NAV)



¹) Net market exposure adjusted for put options position is 56.0%

²) Excludes ETF exposures; position size shown as % of NAV

³) Country of domicile

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 MGIM Pty Ltd, (ACN 604 878 533) (AFSL: 516 942) the investment manager of the Montaka Global Extension Fund. The issuer of units in the Montaka Global Extension Fund is the Fund's responsible entity Perpetual Trust Services Limited ACN 000 142 049 (AFSL 236648). Copies of the PDS are available from MGIM Pty Ltd. (02) 7202 0100. Before making any decision to make or hold any investment in the Fund you should consider the PDS in full. The information provided is general information only and does not take into account your investment objectives, financial situation or particular needs. You should consider your own investment objectives, financial situation and particular needs before acting upon any information provided and consider seeking advice from a financial advisor or stockbroker if necessary. You should not base an investment decision simply on past performance. Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall.