

### What would have happened in the Worst ASX 100 Drawdown Months?

Table 1 compares the performance of the Alleron long-short model to that of the ASX 100 accumulation index during the worst 10 index drawdown months between Feb 2005 and Mar 2017. The model has tended to perform well in down markets, bettering the ASX 100 in 9 out of the 10 worst down months. Additionally, the average monthly outperformance for the 10 worst down months was +3.00%, providing a measure of protection from capital loss.

Date	Oct-08	Jan-08	Sep-08	Aug-15	May-10	Jun-08	May-12	Jan-10	Nov-08	Sep-11	Average
ASX 100	-11.62%	-10.57%	-9.38%	-7.93%	-7.48%	-7.11%	-6.40%	-6.05%	-6.01%	-5.80%	-7.84%
Long-Short	-0.61%	-10.34%	-0.80%	-7.27%	-7.27%	-4.51%	-1.54%	-5.43%	-3.55%	-7.00%	-4.83%
Alpha	11.02%	0.23%	8.58%	0.66%	0.21%	2.60%	4.85%	0.62%	2.47%	-1.20%	3.00%

Table 1: 10 Worst Monthly Market Returns vs Long-Short Model (after costs before fees)

Extending this analysis, Figure 1 shows (approximated) cumulative returns for the ASX 100 and Alleron long-short model for three ASX market conditions:

- 40 worst down-months
- 40 best up-months
- Remaining mid-return months (66 in total)

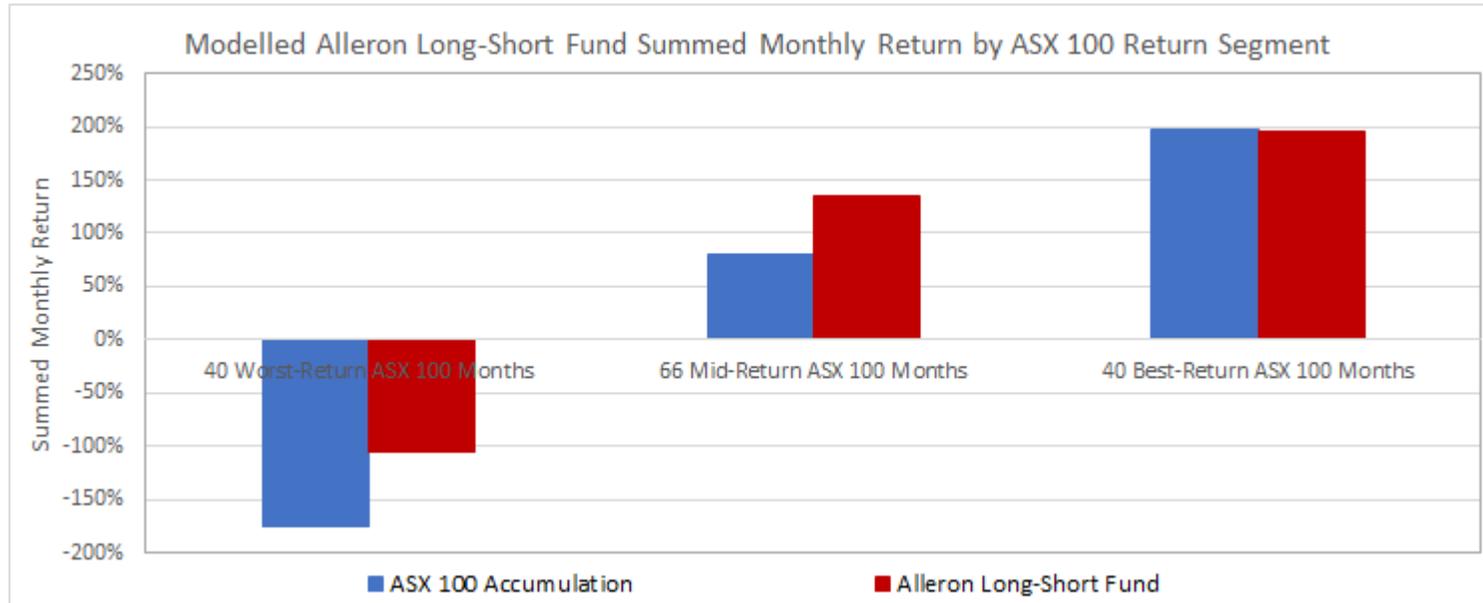


Figure 1: Modelled Alleron Long-Short Fund Performance by ASX 100 Return Segment (Feb 2007 – Mar 2017, ignoring fees)

The average monthly long-short model outperformance for the three segments is:

- Worst +1.73%
- Mid +0.82%
- Best -0.03%

Concentrating outperformance into falling and drifting markets tends to reduce maximum drawdown, giving the long-short fund the potential to compound off a higher base when better conditions return.



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