

# MONTGOMERY GLOBAL FUND

## INVESTMENT REPORT & FACT SHEET

### FUND OVERVIEW

The Montgomery Global Fund employs a highly disciplined, bottom-up, value style and typically invests in 15 to 30 high conviction stocks listed on major global stock exchanges. The focus of The Fund is on investing in what Montgomery Global regards as high quality businesses with attractive prospects trading at a discount to their estimated intrinsic value.

The Fund has the flexibility to retain a reasonable level of cash, with a "soft" 30 per cent limit. The Fund will generally be currency unhedged but can protect investors capital if we see material upside to the AUD.

The Fund aims to deliver superior positive returns when suitable investment opportunities are abundant, and to preserve capital through cash allocations when an insufficient number of company names are appealing.

### FUND FACTS

#### INVESTMENT MANAGER

Montgomery Global Investment Management Pty Ltd

#### OBJECTIVE

The Montgomery Global Fund aims to outperform the index over a rolling 5-year period.

#### BENCHMARK

MSCI World Net Total Return Index, in Australian dollars.

#### FUND CONSTRUCTION

The Fund will typically invest in a portfolio of 15-30 high-conviction stocks listed on the major global stock exchanges. Cash typically ranges from 0%-30%, but can be exceeded in certain situations.

#### APIR

FHT0036AU

#### RECOMMENDED INVESTMENT TIMEFRAME

5 years

#### MINIMUM INITIAL INVESTMENT

\$25,000

#### INCEPTION DATE

1 JULY 2015

#### FUND SIZE

\$89.3M

#### MANAGEMENT FEE

The 1.29% per annum, inclusive of GST/RITC.

#### PERFORMANCE FEES

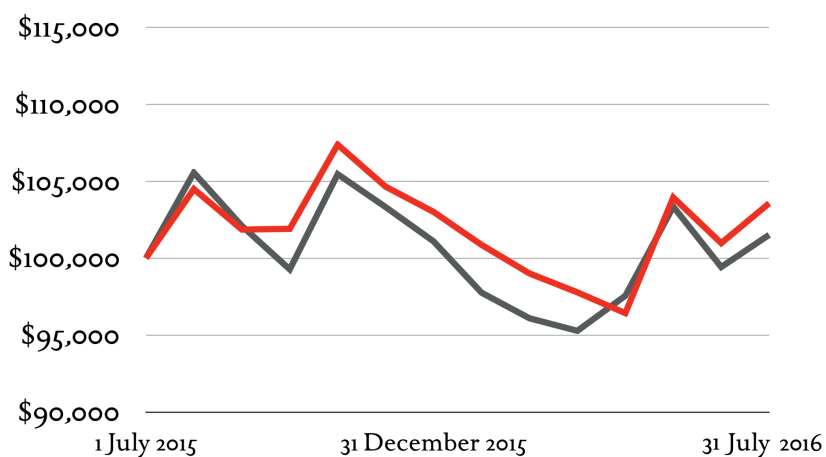
15.38% of the total return of The Fund that is in excess of its Benchmark. No performance fee is payable until any previous periods of underperformance has been made up.

#### APPLICATION & REDEMPTION PRICES

[montinvest.com/mgf](http://montinvest.com/mgf)

### PERFORMANCE GRAPH

■ Montgomery Global Fund ■ MSCI World Net Total Return Index



### CONTACT DETAILS

#### INVESTORS

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### PORTFOLIO PERFORMANCE

(to 31 July 2016, after all fees)

|                              | INCOME | CAPITAL GROWTH | MONTGOMERY GLOBAL FUND | MSCI WORLD NET TOTAL RETURN INDEX <sup>1</sup> | OUT/UNDER PERFORMANCE |
|------------------------------|--------|----------------|------------------------|------------------------------------------------|-----------------------|
| 1 month                      | 0.00%  | 2.57%          | 2.57%                  | 2.11%                                          | 0.46%                 |
| 3 months                     | 0.00%  | 7.41%          | 7.41%                  | 4.06%                                          | 3.35%                 |
| 6 months                     | 0.00%  | 2.67%          | 2.67%                  | 3.85%                                          | -1.17%                |
| 12 months                    | 0.00%  | -0.88%         | -0.88%                 | -3.82%                                         | 2.94%                 |
| Since inception <sup>2</sup> | 0.00%  | 3.57%          | 3.57%                  | 1.52%                                          | 2.05%                 |

1) In Australian dollars

2) Inception: 1 July 2015



## FUND COMMENTARY

In the month of July, the Montgomery Global Fund increased by 2.57%, net of fees. This compared to the MSCI World Total Return Index (the Benchmark) which returned 2.11%, in Australian dollar terms. Since inception, the Fund was up 3.57%, net of fees, versus the Benchmark which was up 1.52%, in Australian dollar terms.

Mid-year earnings season got underway in the month of July with a number of the Fund's portfolio companies delivering strong results. Perhaps the most notable result belonged to Apple (NASDAQ: AAPL). While revenues declined by 15% from one year ago, this was actually better than consensus expectations and the stock price rallied by 7%. Commentary around "switchers" to the iPhone and uptake of the latest SE model was very strong; and iPad revenue growth turned positive for the first time in 10 quarters.

This sets the company up well for the second half of the year, during which the iPhone 7 will be launched. And let's not forget about the US\$10 billion per annum that the company invests in research and development. We think there could be some positive surprises on the horizon with respect to new products and services that Apple will bring to market.

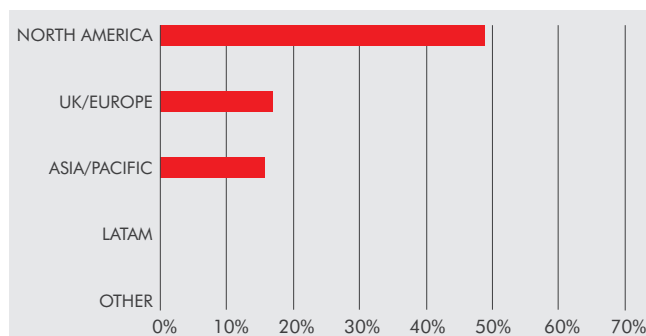
Other strong results were delivered by Airbus (Euronext: AIR), whose stock jumped by 4%; and St. James's Place (LSE: STJ), also up by 4% on the day, after delivering strong fund flows and a confident outlook. We added to our STJ position during the depths of the "Brexit" sell off in late June. Since then the stock has appreciated by nearly 30%.

## TOP COMPLETED HOLDINGS\* (TCH) (at 31 July 2016, out of 25 holdings)

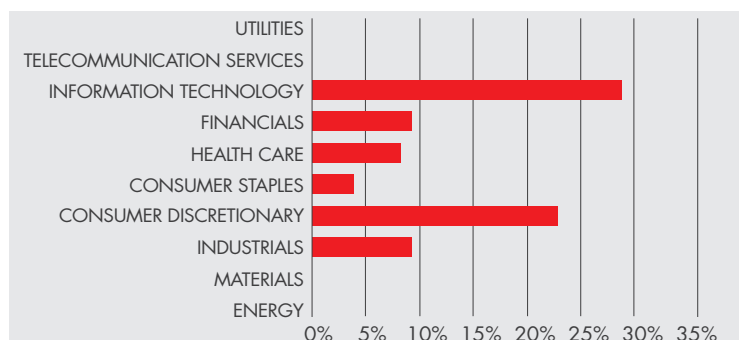
| COMPANY NAME                  | COUNTRY OF DOMICILE | MARKET CAP (\$USDM) | WEIGHT (%)  |
|-------------------------------|---------------------|---------------------|-------------|
| Playtech                      | IM                  | 3,711               | 6.2         |
| Ross Stores                   | US                  | 24,702              | 4.6         |
| Foot Locker                   | US                  | 8,067               | 4.6         |
| Apple                         | US                  | 561,530             | 4.5         |
| REA Group                     | AU                  | 6,532               | 4.3         |
| Insperty                      | US                  | 1,678               | 4.2         |
| Essilor                       | FR                  | 27,917              | 4.1         |
| CVS Health                    | US                  | 99,583              | 4.1         |
| Take-Two Interactive          | US                  | 3,456               | 3.8         |
| St James's Place              | GB                  | 6,457               | 3.5         |
| <b>PORTFOLIO MEDIAN</b>       |                     | <b>33,504</b>       | <b>3.0</b>  |
| <b>Total equity weighting</b> |                     |                     | <b>81.6</b> |
| <b>Total cash weighting</b>   |                     |                     | <b>18.4</b> |

\*Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.

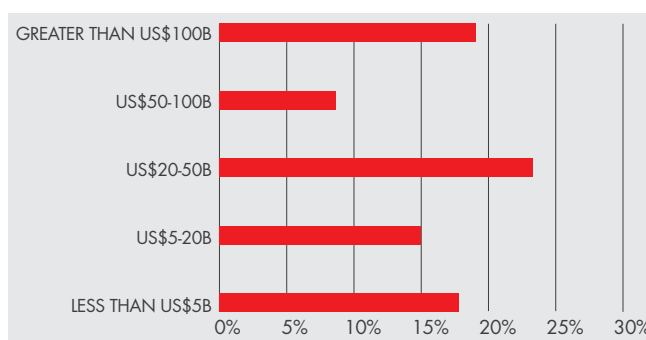
## GEOGRAPHIC - COUNTRY OF DOMICILE



## GICS SECTOR INDUSTRY EXPOSURE



## MARKET CAPITALISATION EXPOSURE



## PLATFORMS WE ARE ON: Netwealth IDPS

#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 Montgomery Global Investment Management Pty Ltd, (ACN 604 878 533) (CAR) #001 007 050 (Montgomery) the investment manager of the Montgomery Global Fund. The responsible entity of the Fund is Fundhost Limited (ABN 69 092 517 087) (AFSL No: 233 045) (Fundhost). This document has been prepared for the purpose of providing general information, without taking account your particular objectives, financial circumstances or needs. You should obtain and consider a copy of the Product Disclosure Statement (PDS) relating to the Fund before making a decision to invest. While the information in this document has been prepared with all reasonable care, neither Fundhost nor Montgomery makes any representation or warranty as to the accuracy or completeness of any statement in this document including any forecasts. Neither Fundhost nor Montgomery guarantees the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither Fundhost nor Montgomery, including their employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. Past performance is not indicative of future performance.

