

THE MONTGOMERY FUND

INVESTMENT REPORT & FACT SHEET

FUND OVERVIEW

The Montgomery Fund employs a bottom-up, value style to invest and manage the equity portfolio. The Fund has the ability to retain a cash weighting, with a 'soft' 30 per cent limit, while seeking to identify companies that satisfy three main points of criteria. For inclusion in The Montgomery Fund, a business must be of premium quality, display bright prospects for earnings and growth in intrinsic value, and be available to purchase at a reasonable price.

Pursuant to this objective, The Fund aims to deliver superior positive returns where suitable investment opportunities are abundant, and to preserve capital through cash allocations where suitable investment opportunities are scarce.

FUND FACTS

INVESTMENT MANAGER

Montgomery Investment Management Pty Ltd

OBJECTIVE

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

BENCHMARK

The S&P/ASX 300 Accumulation Index

FUND CONSTRUCTION

The Fund's All Cap portfolio will typically comprise 20-40 high-conviction stocks listed on the ASX and/or NZSX. Cash typically ranges from 0%-30%, but up to 50% in extreme situations.

APIR

FHT0030AU

RECOMMENDED INVESTMENT TIMEFRAME

5 years

MINIMUM INITIAL INVESTMENT

\$25,000

INCEPTION DATE

17 AUGUST 2012

FUND SIZE

\$457.2M

MANAGEMENT FEES AND COSTS

1.37% per annum*, which includes a management fee of 1.18% per annum. Both figures are GST inclusive and net of RITC. *Includes the Responsible Entities fees, Montgomery's fees, custody fees, ordinary and abnormal expenses and any indirect costs.

PERFORMANCE FEES

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

APPLICATION & REDEMPTION PRICES

montinvest.com/tmf

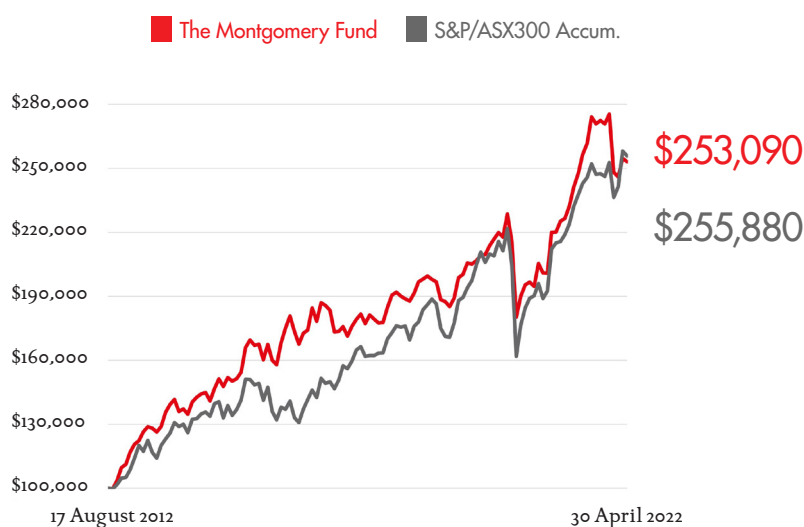
FINANCIAL YEAR RETURNS

FINANCIAL YEAR	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX
2013*	26.3%	14.1%
2014	11.6%	17.3%
2015	13.7%	5.6%
2016	11.2%	0.9%
2017	1.7%	13.8%
2018	9.3%	13.2%
2019	4.4%	11.4%
2020	-4.9%	-7.6%
2021	30.5%	28.5%
Since Inception**	10.1%	10.2%

*2013 is the period 17 August 2012 to 30 June 2013

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 30 April 2022, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-0.61%	-0.61%	-0.84%	0.23%
3 months	0.00%	1.99%	1.99%	8.22%	-6.23%
6 months	0.58%	-7.66%	-7.08%	3.36%	-10.44%
12 months	3.80%	1.09%	4.89%	10.17%	-5.28%
3 years (p.a.)	3.24%	3.92%	7.16%	9.65%	-2.49%
5 years (p.a.)	3.98%	2.87%	6.85%	8.98%	-2.13%
7 years (p.a.)	4.25%	1.86%	6.11%	8.07%	-1.96%
9 years (p.a.)	4.57%	3.22%	7.79%	8.53%	-0.74%
Since inception#	63.84%	89.25%	153.09%	155.88%	-2.79%
Compound annual return (since inception)*	5.22%	4.83%	10.05%	10.17%	-0.12%

*17 August 2012



Following an unexpected, furious intra-month rally in March, April saw a return of broad-based market concern over faster interest rate hikes to combat inflation, slowing growth expectations, China's zero-COVID policy and continued fallout from the Russia and Ukraine war. Corporate earnings also began showing the effects of elevated inflation, even where price increases helped offset some margin pressure in higher quality, or defensive businesses.

The ASX300 Accumulation Index delivered a negative 0.84 per cent return in April, and was somewhat shielded relative to its global peers given the final day sell off in the US (the S&P500 was down 8.8 per cent for April), and its significant exposure to materials. Expectations of China stimulus continued to support elevated commodity prices despite what is becoming an increasingly difficult situation for the Government to maintain both a COVID zero strategy and full-year economic growth targets.

The Montgomery Fund returned negative 0.61 per cent for April.

The key positive contributor to returns this month was Ramsay Healthcare, a long-term stalwart in the Fund. The share price was a beneficiary of a takeover approach from global private equity group KKR, with an indicative price of \$88 per share, 37 per cent above the last close. The Fund took some limited profits and we believe the risk-reward remains in favour of holding the position.

There were a couple of key negatives in the month, with Resmed (-10 per cent) and Megaport (-35 per cent).

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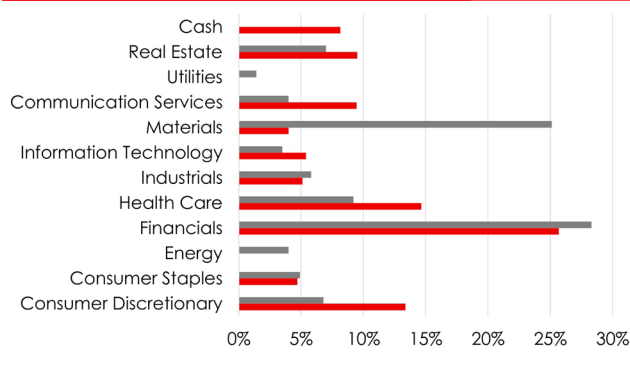
TOP COMPLETED HOLDINGS* (TCH)

(at 30 April 2022, out of 29 holdings)

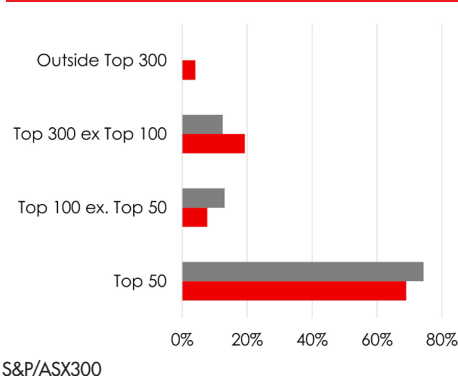
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Commonwealth Bank of Australia	13.3	N/A	19.6	8.69
National Australia Bank Ltd	10.6	N/A	15.7	8.21
Goodman Group	22.9	9.4	27.7	4.78
Woolworths Group Ltd	12.3	N/A	31.7	4.69
Macquarie Group Ltd	10.3	N/A	17.7	4.53
Wesfarmers Ltd	25.4	73.1	25.4	4.52
Telstra Corp Ltd	12.6	106.8	26.8	4.25
CSL Ltd	21.0	47.7	37.1	4.12
Resmed Inc-CDI	25.8	17.3	31.0	4.04
Ramsay Health Care Ltd	3.1	209.8	34.9	3.56
TCH AVERAGE	15.7	77.3	26.8	
MARKET AVERAGE	16.5	65.8	15.4	
Total equity weighting				91.8
Total cash weighting				8.2

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

INDUSTRY EXPOSURE



MARKET CAPITALISATION EXPOSURE



PLATFORMS WE ARE ON: Ausmaq ⇄ AMP PortfolioCare ⇄ AMP Summit ⇄ AMP Wealthview ⇄ AMP North ⇄ Asgard ⇄ BT Panorama ⇄ Colonial First Wrap ⇄ Clearview Wealthsolutions ⇄ HUB24 IDPS ⇄ HUB24 Super ⇄ Investment Exchange (IX) ⇄ Macquarie Wrap ⇄ MLC/Navigator S&P ⇄ MLC/Navigator IDPS ⇄ Netwealth ⇄ OneVue ⇄ Praemium ⇄ Powerwrap ⇄ Wealth02/uXchange ⇄

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 Investment Management Pty Ltd, AFSL No: 354564 ('Montgomery') the investment manager of The Montgomery Fund ('TMF'), ARSN 159 364 155. 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 into account your particular objectives, financial circumstances or needs. You should obtain and consider a copy of the Product Disclosure Document ('PDS') and Target Market Determination ('TMD') relating to the Fund before making a decision to invest. Available here: <http://fundhost.com.au/investor/tmf>. 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 report. Past performance is not indicative of future performance.

The Resmed share decline is largely attributable to the downgrade of its full-year additional sales target from \$300-\$350m to \$200-\$250m arising from key-competitor Phillips recall. The lowered target is solely a function of component shortages (3G/ 4G chips), which the CEO had previously flagged. With the company outlining a strategy in producing a new memory-chip device which bypasses this key bottleneck in an environment of “unlimited” demand, we believe the additional market share potential remains intact and have held our position.

Megaport also disappointed investors with their March 2022 quarter update, which showed revenue growth has yet to accelerate on its key new SD-WAN initiative with Cisco. Megaport’s quarterly update also showed an uptick in cash-burn rates due to rising capital investment, which we view as negative in terms of earnings quality. With sales growth continuing to disappoint relative to its valuation framework and the increasing cash-burn of concern, we exited our position following the update.

Overall, we expect markets to remain volatile and range-bound in the short-term, and our broader portfolio positioning continues to be defensive.

While we are aware of the challenging macro backdrop, we continue to seek positive risk-reward opportunities with quality companies where valuation is now more favourable on longer-term dynamics.

