

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 we can put in place strategies aimed at protecting investor capital against currency fluctuations if we predict material upside to the Australian dollar.

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

\$193.6M

MANAGEMENT FEE

1.32% 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

PERFORMANCE GRAPH

■ Montgomery Global Fund ■ MSCI World Net Total Return Index



CONTACT DETAILS

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PORTFOLIO PERFORMANCE

(to 31 July 2018, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY GLOBAL FUND	MSCI WORLD NET TOTAL RETURN INDEX ¹	OUT/UNDER PERFORMANCE
1 month	0.00%	0.73%	0.73%	2.49%	-1.76%
3 months	6.06%	0.32%	6.38%	5.32%	1.06%
6 months	6.31%	4.44%	10.75%	7.15%	3.60%
12 months	6.98%	15.55%	22.53%	20.15%	2.38%
2 years (p.a)	9.06%	9.90%	18.96%	15.25%	3.71%
3 years (p.a)	5.90%	6.04%	11.94%	8.50%	3.44%
Since inception ²	19.62%	26.95%	46.57%	34.84%	11.73%
Compound annual return (since inception) ²	5.98%	7.22%	13.20%	10.18%	3.02%

1) In Australian dollars 2) Inception: 1 July 2015



FUND COMMENTARY

In the month of July, the Montgomery Global Fund (the Fund) increased by 0.73 per cent, net of fees. This was less than the MSCI World Total Return Index in Australian dollar terms (the Benchmark) which increased by 2.49 per cent over the month. Since inception, the Fund has increased by 46.57 per cent, net of fees, despite holding approximately 20 percent of the Fund in cash. Over the same period, the Benchmark – which does not hold cash – increased by 34.84 per cent.

July marked the commencement of earnings season for the June quarter. Thus far, the earnings reported by the Fund's holdings relative to expectations have been mixed. On the positive side, Insperty (NYSE: NSP) and Apple (NASDAQ: AAPL) both delivered stellar results which materially exceeded the market's expectations. Their stock prices increased by 10.7 per cent and 5.9 per cent, respectively, on the day following.

On the negative side was Facebook (NASDAQ: FB) which guided to lower profit margins over the coming years – a clear surprise to the market. Facebook's management team have taken the decision to rapidly accelerate future investment. This was a choice made by Facebook management on the basis that it would position the business more strongly for the future. On this basis, the 19 per cent decline in the stock price the following day appears to us like an overreaction.

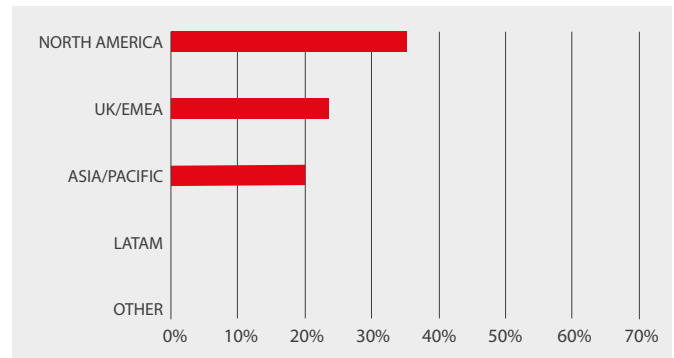
It is worth highlighting how we handled the sizing of our Facebook position within the Fund's portfolio. In the days prior to the result and following significant stock price appreciation, we reduced the size of the Fund's position in Facebook by about 25 per cent. In the days following the result, we bought back approximately the same amount – at a heavily discounted price.

TOP COMPLETED HOLDINGS* (TCH) (at 31 July 2018, out of 19 holdings)

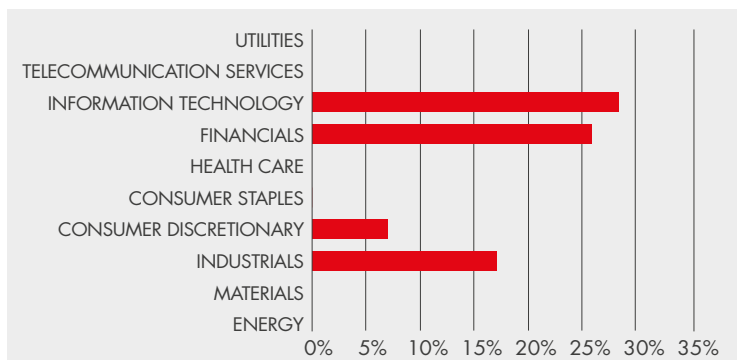
COMPANY NAME	COUNTRY OF DOMICILE	MARKET CAP (\$USDM)	WEIGHT (%)
51job	CN	5,718	5.6
St James's Place	GB	8,375	5.5
Travelers Companies	US	34,836	5.2
Insperty	US	3,995	5.1
Alibaba	CN	485,335	5.1
Wells Fargo	US	277,805	5.1
Facebook	US	498,276	4.4
Vivendi	FR	33,893	4.4
Apple	US	921,559	4.3
Swedbank	SE	26,807	4.2
PORTFOLIO MEDIAN		34,836	4.2
Total equity weighting			78.3
Total cash weighting			21.7

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

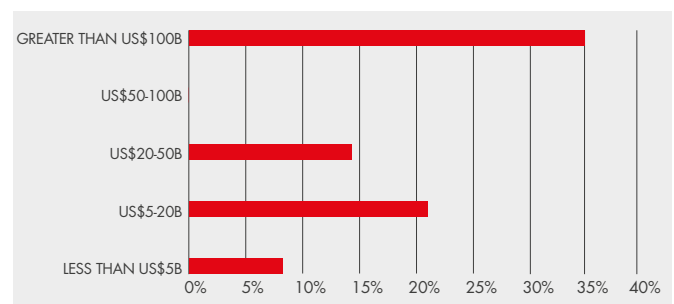
GEOGRAPHIC - COUNTRY OF DOMICILE



GICS SECTOR INDUSTRY EXPOSURE



MARKET CAPITALISATION EXPOSURE



PLATFORMS WE ARE ON: Netwealth IDPS ⇌ Netwealth Super ⇌ BT Panorama ⇌ BT Wrap ⇌ Powerwrap ⇌ Macquarie Wrap ⇌ HUB24 ⇌ Asgard

#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.