

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

MGIM 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.

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RECOMMENDED INVESTMENT TIMEFRAME

5 years

MINIMUM INITIAL INVESTMENT

\$25,000

INCEPTION DATE

1 JULY 2015

FUND SIZE

\$225.5M

MANAGEMENT FEE

1.28% per annum, inclusive of GST/ITC.

PERFORMANCE FEES

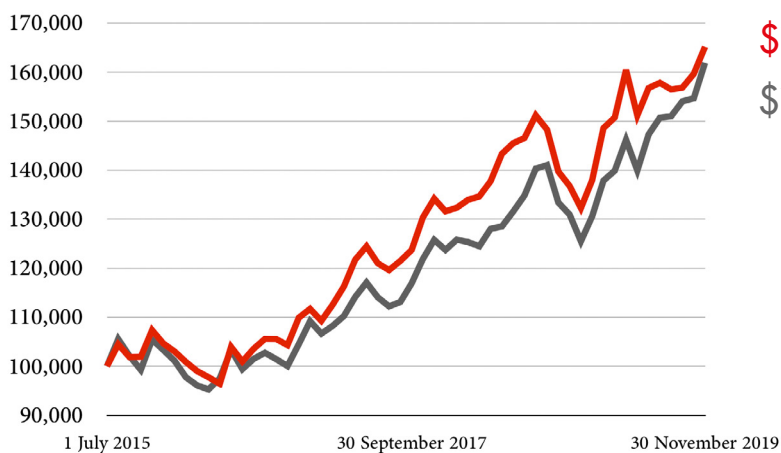
15.38% of the total return of The Fund that is in excess of its Benchmark. No performance fee is payable until any previous periods of underperformance has been made up. We currently estimate performance fees to be 0.57%.

APPLICATION & REDEMPTION PRICES

montinvest.com/mgf

PERFORMANCE GRAPH

■ Montgomery Global Fund ■ MSCI World Net Total Return Index



CONTACT DETAILS

INVESTORS

Dean Curnow
 † 02 8046 5019
 e dcurnow@montinvest.com

ADVISERS, RESEARCHERS AND PLATFORMS

Scott Phillips
 (NSW, ACT & QLD)
 † 02 8046 5005
 e sphillips@montinvest.com

David Denby
 (VIC, TAS, SA & WA)
 † 0455 086 484
 e ddenby@montinvest.com

PORTFOLIO PERFORMANCE

(to 30 November 2019, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY GLOBAL FUND	MSCI WORLD NET TOTAL RETURN INDEX ¹	OUT/UNDER PERFORMANCE
1 month	0.00%	3.45%	3.45%	4.69%	-1.24%
3 months	0.00%	5.55%	5.55%	7.22%	-1.67%
6 months	12.13%	-2.87%	9.26%	15.69%	-6.43%
12 months	13.41%	7.34%	20.75%	23.65%	-2.90%
3 years (p.a)	9.70%	4.84%	14.54%	15.71%	-1.17%
Since inception ²	35.18%	29.98%	65.16%	61.92%	3.24%
Compound annual return (since inception) ²	7.06%	4.97%	12.03%	11.53%	0.50%

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

FUND COMMENTARY

In the month of November, the Montgomery Global Fund (the Fund) increased by 3.45 per cent, net of fees. By comparison, the MSCI World Total Return Index in Australian dollar terms (the Benchmark) returned 4.69 per cent in the month. Since inception, the Fund has increased by 65.16 per cent, net of fees, despite holding an average of 17.7 per cent of the portfolio in cash. Over the same period, the Benchmark – which carries zero cash – has increased by 61.92 per cent.

In an otherwise strong month, one portfolio holding, Insperty (NYSE: NSP), accounted for substantially all of the monthly underperformance relative to the Benchmark. Following an unusual spike in insurance claims in Q2, the business reported an unprecedented second consecutive quarter of elevated claims in Q3. This was not expected by the market; nor was it expected by management who had previously assured investors that costs would normalise over the course of the year.

The stock sold off 34 per cent on the day on fears that these elevated claims might persist.

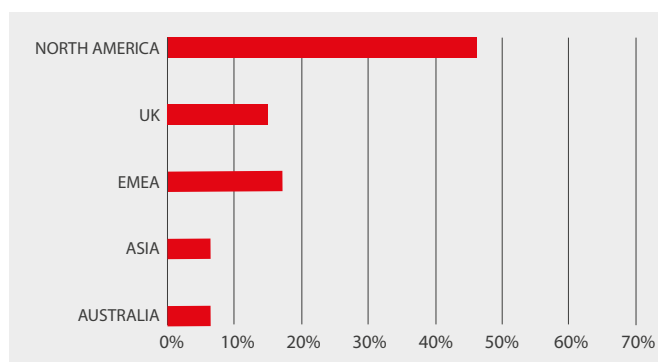
In the days prior to the company reporting this negative result, we significantly reduced our Insperty holding from our second largest portfolio position to our smallest. We had observed some elevated insurance claims in a competitor and believed the risk of a continuation of claims had increased. This increased risk was traded off against a core underlying business and economic environment that continues to remain strong and a valuation that remains highly favourable – absent the elevated insurance claims. This active portfolio management preserved significant capital, though was not enough to avoid all damage. We have since added to our position in Insperty.

TOP COMPLETED HOLDINGS* (TCH) (at 30 November 2019, out of 22 holdings)

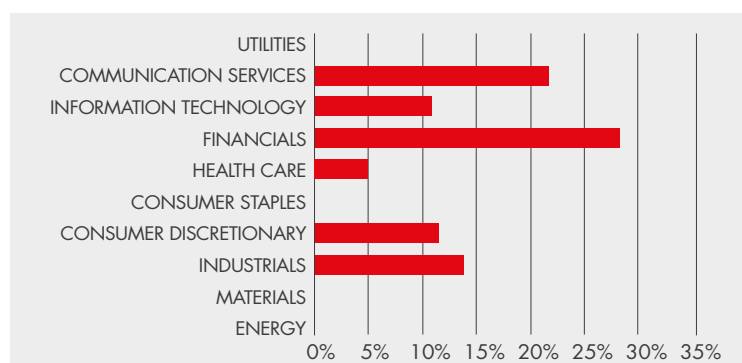
COMPANY NAME	COUNTRY OF DOMICILE	MARKET CAP (\$USDM)	WEIGHT (%)
Vivendi	FR	33,517	6.6
Alphabet	US	899,734	5.9
Microsoft	US	1,154,849	5.8
Facebook	US	575,026	5.6
Airbus	FR	114,374	5.6
St James's Place	GB	7,519	5.6
Prudential	GB	46,279	5.6
Unitedhealth	US	265,153	5.4
Floor & Decor	US	4,852	5.1
Apple	US	1,187,463	5.0
PORTFOLIO MEDIAN		39,898	4.6
Total equity weighting			92.4
Total cash weighting			7.6

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

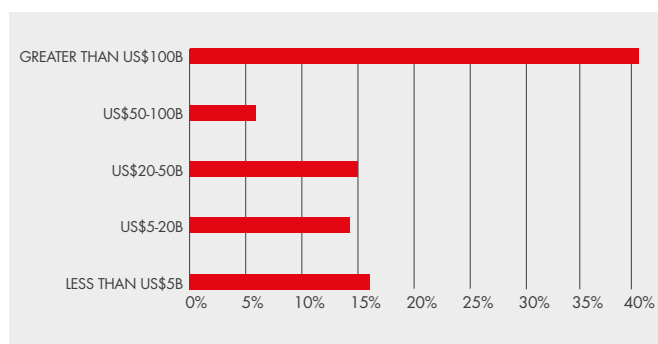
GEOGRAPHIC - COUNTRY OF DOMICILE



GICS SECTOR INDUSTRY EXPOSURE



MARKET CAPITALISATION EXPOSURE



PLATFORMS WE ARE ON: Netwealth IDPS ⇌ Netwealth Super ⇌ BT Panorama ⇌ BT Wrap ⇌ Powerwrap ⇌ Macquarie Wrap ⇌ HUB24 ⇌ Asgard
Colonial FirstWrap ⇌ Ausmaq ⇌ 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 MGIM Pty Ltd, (ACN 604 878 533) AFSL 516 942 the investment manager of the Montgomery Global Fund (ARSN: 604 883 418). 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. Available here: <https://fundhost.com.au/fund/montgomery-global-fund/>. 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.