



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.

APIR

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RECOMMENDED INVESTMENT TIMEFRAME

5 years

MINIMUM INITIAL INVESTMENT

\$25,000

INCEPTION DATE

1 JULY 2015

FUND SIZE

\$194.6M

MANAGEMENT FEE

1.32% 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.

APPLICATION & REDEMPTION PRICES

montinvest.com/mgf

PERFORMANCE GRAPH



CONTACT DETAILS

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PORTFOLIO PERFORMANCE

(to 31 October 2018, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY GLOBAL FUND	MSCI WORLD NET TOTAL RETURN INDEX ¹	OUT/UNDER PERFORMANCE
1 month	0.00%	-5.76%	-5.76%	-5.41%	-0.35%
3 months	0.00%	-4.66%	-4.66%	-1.06%	-3.60%
6 months	6.06%	-4.64%	1.42%	4.20%	-2.78%
12 months	6.41%	0.77%	7.18%	9.44%	-2.26%
2 years (p.a)	9.00%	6.74%	15.74%	15.47%	0.27%
3 years (p.a)	5.75%	3.43%	9.18%	8.15%	1.03%
Since inception ²	19.62%	20.11%	39.73%	33.41%	6.32%
Compound annual return (since inception) ²	5.52%	5.03%	10.55%	9.03%	1.52%

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



FUND COMMENTARY

In the month of October, the Montgomery Global Fund (the Fund) declined by 5.76 per cent, net of fees. Over the same period, the MSCI World Net Total Return Index in Australian dollar terms (the Benchmark) also declined, by 5.41 per cent. Since inception, the Fund has increased by 39.73 per cent, net of fees. Over the same period, the Benchmark increased by 33.41 per cent.

October marked a challenging month for global equity investors. The period was characterised by significant declines in equity markets all around the world. Interestingly, however, not all sectors declined to the same extent. In the S&P 500, for example, Utilities and Telecommunications were the highest performing sectors averaging a flat return for the month. Compare this to, say, Technology and Industrials which both declined by more than nine per cent in USD terms.

On a relative basis, this inter-sector dispersion hurt the Fund in October. We do not own any Utilities or Telecommunications, for example. In large part, stocks in these sectors, acting as bond-substitutes in a low-interest-rate world, have been bid up to levels of substantial overvaluation. While they may have acted as the designated “defensive safe-haven” in the month of October, we believe they will ultimately underperform in future periods.

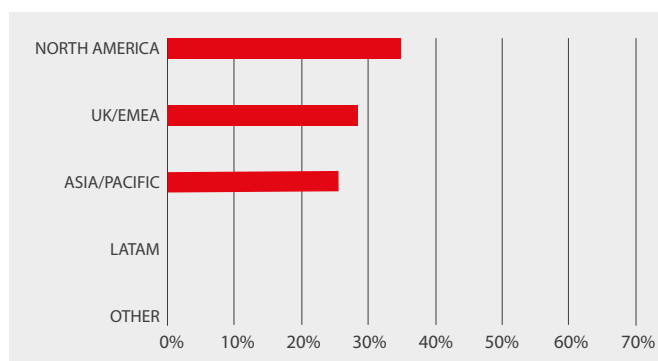
Many of the high-quality businesses owned by the Fund became materially cheaper in the month of October. As such, we took the opportunity to deploy a substantial portion of the Fund’s cash holdings into these opportunities. We expect them to materially outperform in future periods.

TOP COMPLETED HOLDINGS* (TCH) (at 31 October 2018, out of 20 holdings)

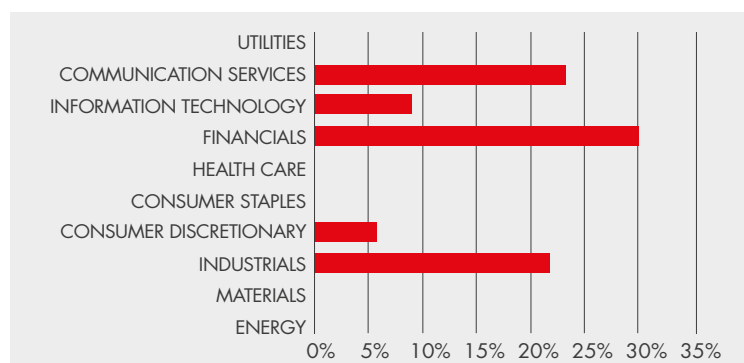
COMPANY NAME	COUNTRY OF DOMICILE	MARKET CAP (\$USDM)	WEIGHT (%)
51job	CN	3,791	6.1
Insperty	US	4,605	5.9
Vivendi	FR	31,540	5.9
St James's Place	GB	6,848	5.7
Swedbank	SE	25,455	5.6
Facebook	US	436,852	5.5
Prudential	GB	51,960	5.5
REA Group	AU	6,672	5.0
Wells Fargo	US	250,798	5.0
Microsoft	US	825,525	4.6
PORTFOLIO MEDIAN		68,859	4.6
Total equity weighting			89.3
Total cash weighting			10.7

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

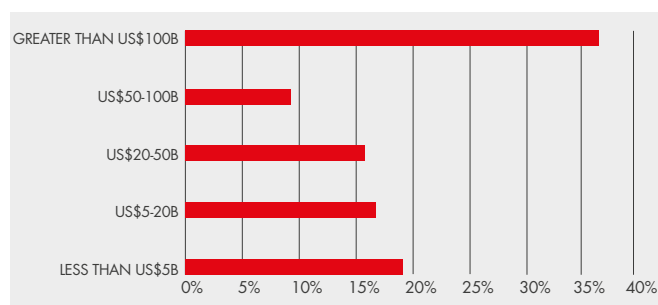
GEOGRAPHIC - COUNTRY OF DOMICILE



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 MGIM 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.



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