

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

\$216.2M

MANAGEMENT FEE

1.32% per annum, inclusive of GST/ITC.

PERFORMANCE FEES

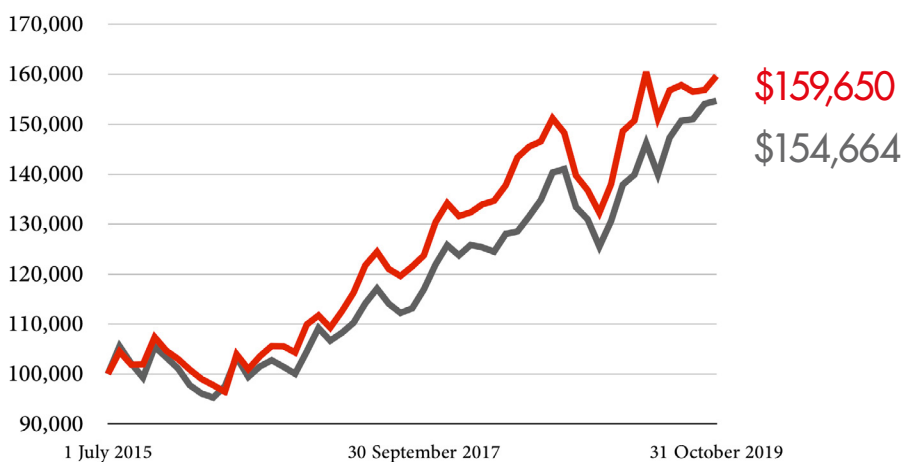
15.38% of the total return of The Fund that is in excess of its Benchmark. No performance fee is payable until any previous periods of underperformance has been made up.

APPLICATION & REDEMPTION PRICES

montinvest.com/mgf

PERFORMANCE GRAPH

■ Montgomery Global Fund ■ MSCI World Net Total Return Index



CONTACT DETAILS

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PORTFOLIO PERFORMANCE

(to 31 October 2019, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY GLOBAL FUND	MSCI WORLD NET TOTAL RETURN INDEX ¹	OUT/UNDER PERFORMANCE
1 month	0.00%	1.78%	1.78%	0.39%	1.39%
3 months	0.00%	1.16%	1.16%	2.63%	-1.47%
6 months	11.43%	-11.93%	-0.50%	5.79%	-6.29%
12 months	13.13%	1.12%	14.25%	15.93%	-1.68%
3 years (p.a)	10.17%	5.07%	15.24%	15.63%	-0.39%
Since inception ²	35.18%	24.47%	59.65%	54.66%	4.99%
Compound annual return (since inception) ²	7.20%	4.20%	11.40%	10.59%	0.81%

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

FUND COMMENTARY

In the month of October, the Montgomery Global Fund (the Fund) increased by 1.78 per cent, net of fees. This compared favourably to the MSCI World Total Return Index in Australian dollar terms (the Benchmark), which delivered 0.39 per cent over the month. Since inception, the Fund has increased by 59.65 per cent, net of fees, with an average cash holding of 17.8 per cent. By comparison, the Benchmark – which naturally carries zero cash – increased by 54.66 per cent over the same period.

Our focus in October was centred on the results filed by our portfolio holdings for the third calendar quarter of 2019. There were a number of strong performances by our portfolio businesses. Apple (NASDAQ: AAPL) delivered a particularly strong quarter with services revenue growth reaccelerating. This is Apple's highest profit margin segment. It now accounts for one-third of total gross profits and is growing at 18 per cent per annum.

UnitedHealth (NYSE: UNH), the largest health insurer in the US, also delivered a high-quality beat for the quarter. The most encouraging data point was its growth in OptumHealth revenues per customer. This increased by 30 per cent year-on-year as OptumHealth increased its service offering. As a reminder, OptumHealth is all about delivering healthcare services to patients in a more efficient, effective and enjoyable way. We believe this business has a multi-decade growth opportunity ahead.

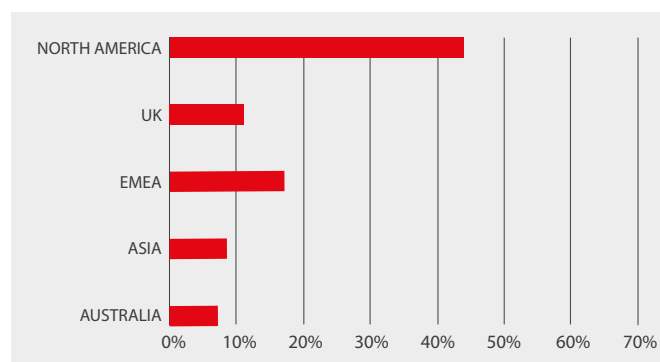
Other performers during October included Airbus (Euronext: AIR). Its profit margins continue to expand, amid its own multi-decade runway for future growth. Finally, Facebook (NASDAQ: FB) delivered an all-round solid result, led by significant growth in impressions and significant optionality around future e-commerce opportunities; as did Microsoft (NASDAQ: MSFT), with its cloud business, Azure, growing at nearly 60 per cent year-on-year and with nearly 60 per cent gross profit margins.

TOP COMPLETED HOLDINGS* (TCH) (at 31 October 2019, out of 20 holdings)

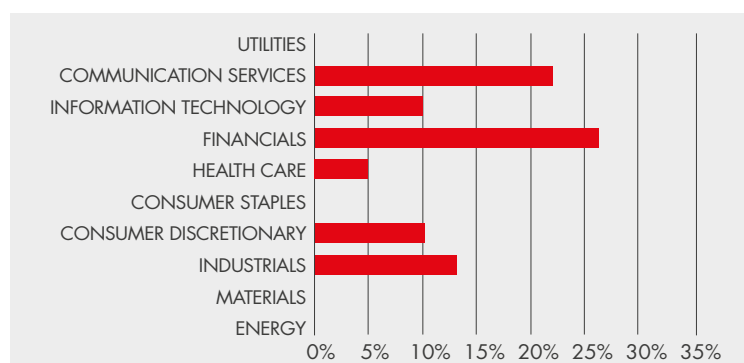
COMPANY NAME	COUNTRY OF DOMICILE	MARKET CAP (\$USDM)	WEIGHT (%)
Vivendi	FR	33,978	6.7
Alphabet	US	868,659	5.7
Microsoft	US	1,093,742	5.6
Prudential	GB	45,367	5.5
Airbus	FR	111,434	5.4
Facebook	US	546,537	5.4
Alibaba	CN	459,973	5.1
Floor & Decor	US	4,565	4.9
Unitedhealth	US	239,479	4.9
St James's Place	GB	7,191	4.8
PORTFOLIO MEDIAN		54,210	4.8
Total equity weighting			87.7
Total cash weighting			12.3

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

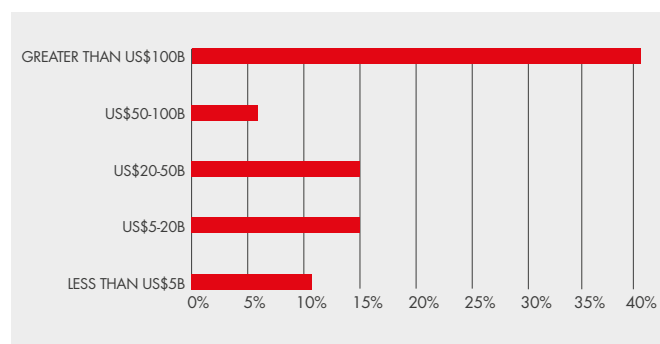
GEOGRAPHIC - COUNTRY OF DOMICILE



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) (CAR) #001 007 050 (Montgomery) 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.