

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

\$714.3M

MANAGEMENT FEE

1.35% per annum, which includes a management fee of 1.18% per annum. Both figures are GST inclusive and net of RITC.

PERFORMANCE FEES

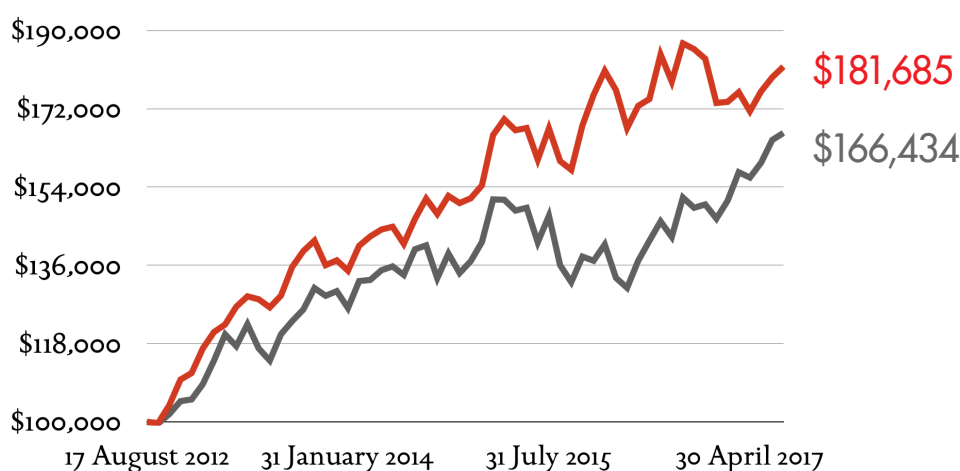
15.38% of the total return of The Fund that is in excess of the Index. No performance fee is payable until any previous periods of underperformance has been made up.

APPLICATION & REDEMPTION PRICES

montinvest.com/tmf

PERFORMANCE GRAPH

■ The Montgomery Fund ■ S&P/ASX300 Accum.



CONTACT DETAILS

INVESTORS

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

ADVISERS, RESEARCHERS AND PLATFORMS

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

David Denby
(VIC, TAS, SA & WA)

t 0455 086 484
e ddenby@montinvest.com

PORTFOLIO PERFORMANCE

(to 30 April 2017, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	1.37%	1.37%	0.98%	0.39%
3 months	0.00%	5.99%	5.99%	6.57%	-0.58%
6 months	0.84%	3.97%	4.81%	13.43%	-8.61%
12 months	6.12%	-1.85%	4.27%	17.50%	-13.22%
2 years (p.a.)	6.58%	-2.30%	4.28%	5.84%	-1.55%
3 years (p.a.)	5.84%	2.16%	8.00%	7.26%	0.74%
4 years (p.a.)	5.91%	3.06%	8.97%	7.97%	1.00%
Since inception#	33.37%	48.32%	81.68%	66.43%	15.25%
Compound annual return (since inception)#	6.30%	7.24%	13.53%	11.44%	2.10%
# 17 August 2012					



FUND COMMENTARY

The Montgomery Fund (The Fund) delivered a positive return of 1.37 per cent for the month of April, beating its benchmark, the S&P/ASX300 Accumulation Index, which returned 0.98 per cent, for outperformance of 0.39 per cent. Given that The Fund holds close to its maximum level of cash, outperforming in a rising market is a pleasing result.

The largest positive contributors to the result included some of The Fund's long-term holdings: Seek Limited, which has been held in The Fund since inception, and Challenger, which The Fund has owned for close to four years. The main detractor to the result was a small position in Vita Group, which operates a network of Telstra stores, and which was severely marked down on the announcement of plans by TPG

Telecom to become Australia's fourth mobile carrier. This compounded earlier concerns around Vita Group's contractual arrangements with Telstra, and it appears that for now the market may be consigning Vita to the "too hard" basket, with the company currently trading on less than ten times last year's adjusted earnings, and an even smaller multiple of forecast current year earnings.

Aside from some isolated examples, good value remains elusive in the Australian equity market, as it does elsewhere in the world, and we continue to await better opportunities before deploying The Fund's substantial cash holdings back into the market.

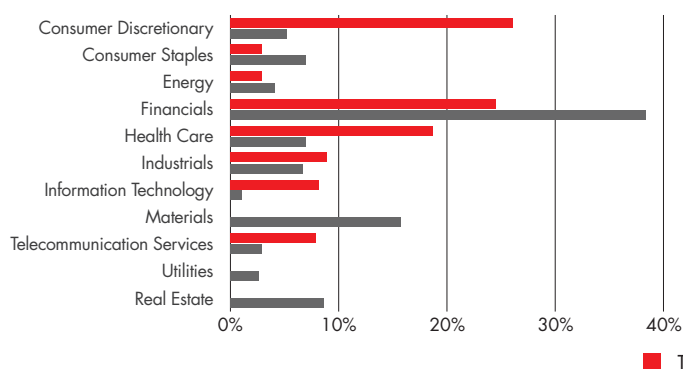
TOP COMPLETED HOLDINGS* (TCH)

(at 30 April 2017, out of 26 holdings)

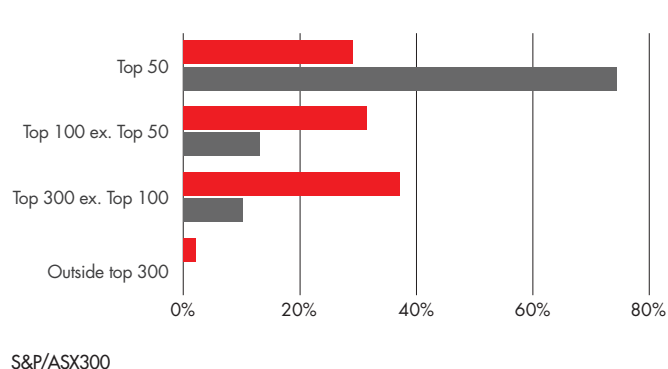
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Challenger	10.8	N/A	18.4	4.82
Westpac Banking Corp	13.5	N/A	14.5	4.81
Seek Ltd	13.0	12.5	29.2	4.70
REA Group	29.2	51.6	29.7	4.64
Commonwealth Bank of Australia	15.8	N/A	15.3	4.22
Resmed	20.3	26.2	24.9	4.12
Trade Me Group Ltd	11.9	14.5	23.5	4.07
Chorus Ltd	14.6	180.7	14.1	4.05
Healthscope Ltd	7.8	57.4	20.4	3.93
Navitas Ltd	44.8	26.8	19.6	3.75
TCH AVERAGE	18.2	52.8	20.9	
MARKET AVERAGE	14.6	75.8	19.7	
Total equity weighting				72.9
Total cash weighting				27.1

*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: Macquarie ⇄ Asgard ⇄ Netwealth ⇄ Powerwrap ⇄ North ⇄ Australian Executor Trustees ⇄ MLC Wrap

BT Panorama ⇄ Linear ⇄ Avanteos ⇄ OneVue ⇄ Hub24 ⇄ BT ⇄ Navigator Wrap ⇄ Colonial FirstWrap ⇄ Federation Accounts ⇄

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') 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.

