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
$480.0M

MANAGEMENT FEE
1.36% 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

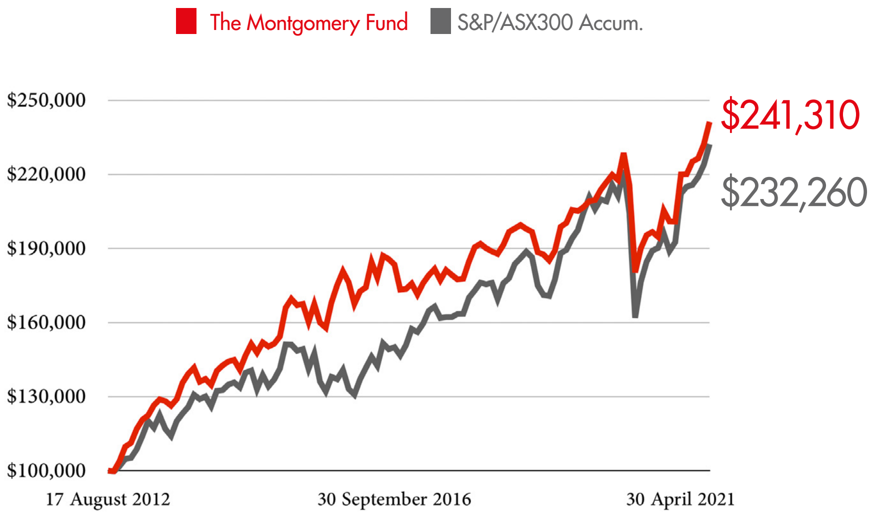
FINANCIAL YEAR RETURNS

FINANCIAL YEAR	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX
2013*	26.3%	14.1%
2014	11.6%	17.3%
2015	13.7%	5.6%
2016	11.2%	0.9%
2017	1.7%	13.8%
2018	9.3%	13.2%
2019	4.4%	11.4%
2020	-4.9%	-7.6%
Since Inception**	10.7%	10.2%

* 2013 is the period 17 August 2012 to 30 June 2013

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 30 April 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	3.92%	**3.92%**	3.70%	0.22%
3 months	0.00%	7.14%	**7.14%**	7.64%	-0.50%
6 months	0.35%	19.77%	**20.12%**	20.62%	-0.50%
12 months	0.43%	26.53%	**26.96%**	31.58%	-4.62%
3 years (p.a.)	4.75%	3.28%	**8.03%**	9.70%	-1.67%
5 years (p.a.)	4.24%	2.49%	**6.73%**	10.40%	-3.67%
7 years (p.a.)	4.57%	3.06%	**7.63%**	8.07%	-0.44%
Since inception#	57.80%	83.51%	**141.31%**	132.26%	9.05%
Compound annual return (since inception)# # *17 August 2012*	5.38%	5.27%	**10.65%**	10.17%	0.48%

FUND COMMENTARY

The S&P/ASX 300 Accumulation Index built on the gains recorded in the month of March, recording a total return of 3.70 per cent in April.

As per our previous monthly commentary, we continued to observe shifts in momentum as sectors that underperformed in March outperformed in April, led by the materials sector (+7.5 per cent). The Information Technology sector also recorded a bounce following its February-March sell-off, notching a 9.8 per cent return in April and led by Afterpay (+15.9 per cent).

The Montgomery Fund (The Fund) delivered a return of 3.92 per cent, outperforming the index by 0.22 per cent. The relative performance is pleasing given the strength in the large-cap mining sector and was driven by broad-based outperformance of The Fund's quality growth exposures.

In terms of portfolio holdings, the top contributor to performance was Codan, after announcing its second acquisition this year. While recent gains have been driven by the underlying performance of its Metals Detection business where it continues to gain share, its recent acquisitions within the Communications division provides significant opportunity for multi-year earnings growth from both a product adjacency and geographic penetration perspective.

The other notable performer was Uniti Group, which recorded a 20 per cent gain during the month. Following a flurry of Merger & Acquisition activity, the next 12 months are expected to be a period of consolidation and delivery of organic growth, as the company seeks to leverage its unique position in telecommunications infrastructure to generate above market earnings growth. Despite the valuation re-rate in the shares, we remain confident in the management team's ability to grow share.

Other positive contributors include quality growth names sold off during February-March such as REA Group and Megaport, while Reliance Worldwide benefited from a strong trading update which quantified the earnings benefit from the Texas freeze event while also showing no signs of slowdown in its core renovation, maintenance and improvement (RMI) market.

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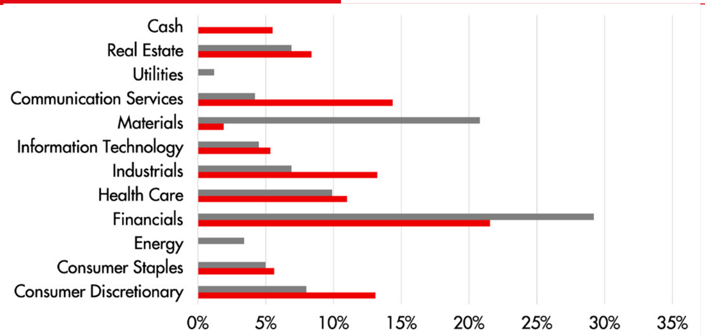
TOP COMPLETED HOLDINGS* (TCH)

(at 30 April 2021, out of 29 holdings)

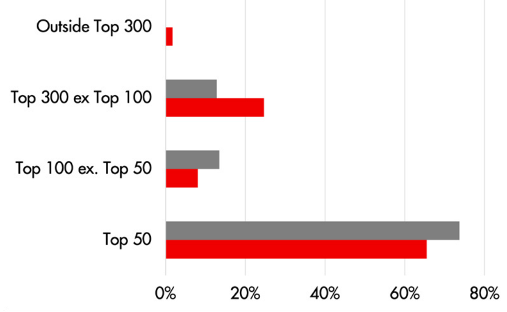
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac	6.0	N/A	15.0	7.73
Commonwealth Bank	9.4	N/A	19.2	6.56
Wesfarmers	26.3	74.8	25.8	5.81
Woolworths	19.2	183.7	25.4	5.25
Macquarie Group	3.8	N/A	17.1	4.95
Sydney Airport	N/A	N/A	N/A	4.41
CSL	37.4	73.5	46.7	4.35
Reliance Worldwide	11.6	21.3	26.8	4.25
Telstra	13.9	123.0	24.3	4.25
REA Group	27.6	12.1	55.8	4.14
TCH AVERAGE	17.2	81.4	28.5	
MARKET AVERAGE	12.0	66.9	19.6	
Total equity weighting				94.50
Total cash weighting				5.50

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

INDUSTRY EXPOSURE



MARKET CAPITALISATION EXPOSURE



TMF S&P/ASX300

PLATFORMS WE ARE ON: Ausmaq, AMP PortfolioCare, AMP Summit, AMP Wealthview, AMP North, Asgard, BT Wrap, BT Panorama, Colonial First Wrap, Clearview Wealthsolutions, Investment Exchange (IX), Federation Accounts, HUB24, Linear Managed Accounts, Macquarie Wrap, MLC Wrap, Navigator, Netwealth IPDS, Netwealth Super, OneVue, Powerwrap, UBS

The key detractor to performance was Woolworths. Woolworths had significantly outperformed its closest peer Coles in the past 3-6 months, as consumers shifted their shopping preference to one of convenience and location. As re-opening occurs on a wider scale, Coles confirmed they will be the primary beneficiary given its greater footprint in metro areas. Despite recent profit-taking, we believe Woolworths remains well placed in the medium-term given its superior rewards offering, re-opening potential in Hotels and the spin-off of Endeavour Drinks Group.

There was one notable exit during the month as The Fund sold out its remaining position in RedBubble. We identified Redbubble as a COVID winner in late June last year, and for most of 2020 the performance of both the company and share price did not disappoint. However, we noticed a shift in earnings momentum in early February 2021, which was not fully reflected in the share price prior to the March sales update. The sell-off following its sales update helped validate our concerns.

While the opportunity for Redbubble is vast given its global footprint - and the company is well placed to capitalise on the COVID-related growth achieved last year – we are cautious for now on the medium-term trajectory of earnings and this impact on valuation and share price.

As we noted in March, The Fund is cycling a performance drag of the June quarter without the positive February-March performance impact. We expect this to unwind over the following two months.

We remain committed to investing in quality companies with a balanced approached to risk, valuation and sustainability of earnings.