

# THE MONTGOMERY FUND

## INVESTMENT REPORT & FACT SHEET

### FUND FACTS

#### INVESTMENT MANAGER

Montgomery Investment Management Pty Ltd

#### SUB-INVESTMENT MANAGER

Australian Eagle Asset Management Pty Ltd and their 18 year track record has been appointed as the sub-investment manager from 12 September 2022.

#### OBJECTIVE

The Montgomery Fund aims to outperform the index over a rolling 5-year period.

#### STYLE

Active, bottom-up, fundamental, quality

#### BENCHMARK

The S&P/ASX 300 Accumulation Index

#### FUND CONSTRUCTION

The Fund's All Cap portfolio will typically comprise 25-35 high-conviction stocks listed on the ASX.

#### APIR

FHT0030AU

#### RECOMMENDED INVESTMENT TIMEFRAME

5 years

#### MINIMUM INITIAL INVESTMENT

\$25,000

#### PORTFOLIO MANAGERS

Sean Sequeira  
Alan Kwan

#### INCEPTION DATE

17 AUGUST 2012

#### FUND SIZE

\$353.7M

#### MANAGEMENT FEES AND COSTS

1.36% per annum<sup>1</sup>

#### PERFORMANCE FEES

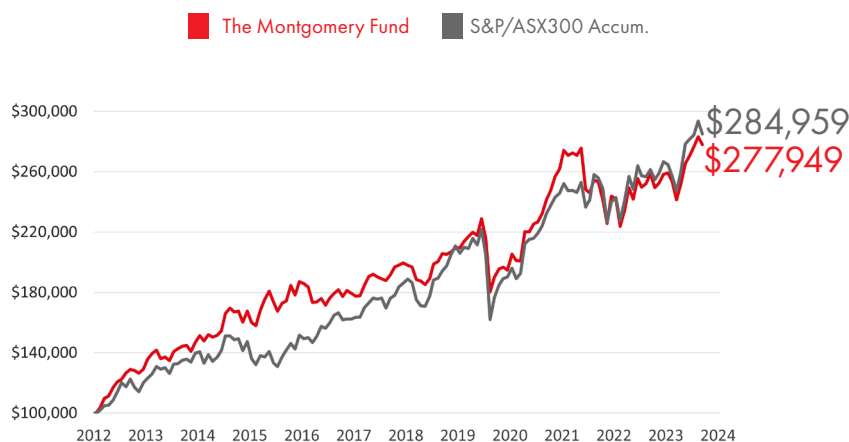
15.38% of the total return of The Fund that is in excess of the Index.<sup>1</sup>

<sup>1</sup> See page 5 of the PDS for more information

#### APPLICATION & REDEMPTION PRICES

[montinvest.com/tmf](http://montinvest.com/tmf)

### PERFORMANCE GRAPH



### DISTRIBUTIONS

HALF-YEAR TO	CENTS PER UNIT	DISTRIBUTION RETURN (%)
December 2023	2.1568	1.51
June 2023	4.4834	3.25
December 2022	1.5263	1.07
June 2022	14.4221	8.20
December 2021	1.0019	0.59
June 2021	5.0329	3.46
December 2020	0.4601	0.35
June 2020	0.0857	0.06
December 2019	1.5974	1.11
June 2019	6.2488	4.75

### PORTFOLIO PERFORMANCE

(to 30 April 2024, after all fees)

	1 month	3 months	6 months	12 months	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)	Since inception <sup>2</sup>	Compound annual return (since inception) <sup>2</sup>
THE MONTGOMERY FUND	-1.81%	2.76%	15.13%	7.47%	4.83%	6.21%	6.26%	6.78%	177.95%	9.13%
S&P/ASX 300 ACCUM. INDEX	-2.92%	1.23%	15.29%	9.04%	7.05%	7.98%	7.98%	7.77%	184.96%	9.36%
OUT/UNDER PERFORMANCE	1.11%	1.53%	-0.16%	-1.57%	-2.22%	-1.77%	-1.72%	-0.99%	-7.01%	-0.23%

Fund performance prior to 12 September 2022 is not attributable to the current sub-investment manager, but the previous investment manager. Presented below is the longer-term record of the current sub-investment manager's strategy since its inception.

	1 month	3 months	6 months	12 months	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)	Since inception <sup>2</sup>	Compound annual return (since inception) <sup>2</sup>
AUSTRALIAN EAGLE COMPOSITE <sup>3</sup>	-1.81%	2.76%	15.13%	7.47%	8.80%	10.85%	11.88%	11.38%	535.88%	10.10%
S&P/ASX 300 ACCUM. INDEX	-2.92%	1.23%	15.29%	9.04%	7.05%	7.98%	7.98%	7.77%	309.87%	7.61%
OUT/UNDER PERFORMANCE	1.11%	1.53%	-0.16%	-1.57%	1.75%	2.87%	3.90%	3.61%	226.02%	2.49%

<sup>2</sup> 17 August 2012

<sup>3</sup> The inception date of the Australian Eagle Composite is 07 February 2005. The performance represents the Australian Eagle SMA performance adjusted to include The Montgomery Fund's fees. 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. The returns in the composite include the Australian Eagle returns from 7 February 2005 to 30 September 2022, and from this point onwards include the returns in The Montgomery Fund (the first full month Australian Eagle commenced as the investment manager for this product).

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. Past performance is not indicative of future performance.



COMPANY NAME	ASX CODE	SECTOR	WEIGHT (%)
Commonwealth Bank of Australia	CBA	Financials	7.28
Cochlear Ltd	COH	Health Care	6.01
Rio Tinto Ltd	RIO	Materials	5.97
Macquarie Group	MQG	Financials	5.76
QBE Insurance Group	QBE	Financials	5.44
Transurban Group	TCL	Industrials	4.96
CSL Ltd	CSL	Health Care	4.52
BHP Group Ltd	BHP	Materials	4.43
Wesfarmers Ltd	WES	Consumer Discretionary	4.07
Treasury Wine Estates Ltd	TWE	Consumer Staples	4.04
<b>Total equity weighting</b>			<b>97.15</b>
<b>Total cash weighting</b>			<b>2.85</b>

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

## TOP 3 CONTRIBUTORS AND DETRACTORS

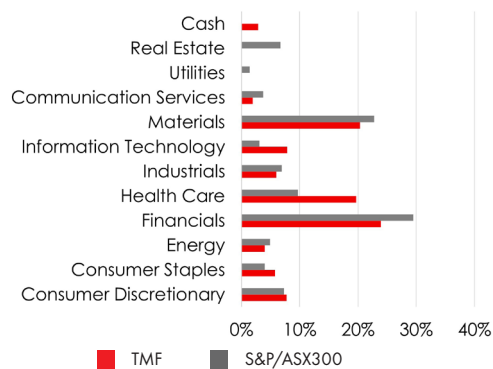
### CONTRIBUTORS

Telix Pharmaceuticals Ltd	The share price rose after revenue accelerated in the last quarter.
Rio Tinto Ltd	The share price rose with the iron ore price.
ResMed Inc	The share price rose as margins recovered after a challenging period.

### DETRACTORS

Macquarie Group	The share price fell after a period of outperformance.
Xero Ltd	The share price fell as bond yields surged higher.
Woodside Energy Ltd	The share price fell as investors remained nervous despite ending takeover talks with Santos.

### INDUSTRY EXPOSURE



### MARKET CAPITALISATION

	TMF (%)	S&P/ASX300 (%)	ACTIVE (%)	# STOCKS
ASX 1 -20	53.6	59.6	-6.0	13
ASX 21 -50	26.3	17.2	9.1	7
ASX 51 -100	8.2	12.2	-4.0	5
ASX 101 -200	8.0	8.4	-0.4	5
ASX 201 -300	1.0	2.6	-1.6	1
Ex S&P/ ASX 300	0.0		0.0	0
Cash	2.9			
<b>Total</b>	<b>100.0</b>			<b>31</b>

## CONTACT DETAILS

### INVESTORS

**Toby Roberts**  
 t 02 8046 5017  
 e troberts@montinvest.com

**David Buckland**  
 t 02 8046 5004  
 e dbuckland@montinvest.com

### ADVISERS, RESEARCHERS AND PLATFORMS

**Scott Phillips**  
 States – National  
 m 0417 529 890  
 e sphillips@montinvest.com

**David Denby**  
 States – VIC, SA & TAS  
 m 0455 086 484  
 e ddenby@montinvest.com

**Michael Gollagher**  
 States – QLD  
 m 0409 771 306  
 e mgollagher@montinvest.com

**Dean Curnow**  
 States – NSW, ACT & WA  
 m 0405 033 849  
 e dcurnow@montinvest.com

**PLATFORMS WE ARE ON:** Asgard ⇄ BT Panorama ⇄ Colonial First Wrap ⇄ Clearview Wealthsolutions ⇄ Investment Exchange (IX) ⇄ Clearstream ⇄ DASH ⇄ HUB24 ⇄ Xplore Wealth ⇄ Macquarie Wrap ⇄ Mason Stevens ⇄ MLC/Navigator ⇄ Netwealth ⇄ North ⇄ OneVue ⇄ Praemium ⇄ Powerwrap



April produced a pause in the global market rally of 2024. The broader Australian market, as represented by the S&P/ASX 300 Accumulation Index, declined 2.92 per cent. Encouragingly, while The Montgomery Fund (The Fund) also declined, its pullback was limited to a negative 1.81 per cent, therefore outperforming the S&P/ASX 300 Accumulation Index by 1.11 per cent for April. Over the last three months, The Fund also remains ahead of the market, up 2.76 per cent versus the market's 1.23 per cent, and over six months, The Fund has returned 15.13 per cent, marginally less than the market's 15.29 per cent.

Heightened news flow that revealed macroeconomic headwinds, including resilient consumer spending, a tight labour market, higher wages, and sticky services inflation, but tepid gross domestic product (GDP) growth, resulted in a volatile month for equity markets. The U.S. bond market reacted violently to the news, resulting in rising bond yields, which also helped to drive equities lower. Indeed, equity markets fell globally as investors interpreted the news as ensuring further delays to the highly anticipated "Fed Pivot".

Commodity markets fared better, with iron ore recovering its fall in March, rising U.S.\$15 to U.S.\$117 per tonne on anticipated additional Chinese stimulus measures. Other commodities, including copper, rose to fresh highs on strong regional manufacturing data, while gold rose to record highs of U.S.\$2,400 per ounce, before settling lower at U.S.\$2,302 per ounce.

Australia's market weakness was driven by profit-taking in the major banks after a period of outperformance ahead of their reporting season. Meanwhile, a rising iron ore price temporarily lifted the key miners before being reversed by declines in BHP's share price after it lobbed a takeover bid for Anglo American.

Australian economic data showed slowing inflation remains stubbornly above expectations as housing and transportation costs persist at elevated levels. The Reserve Bank of Australia (RBA) meeting minutes revealed all actions, including rate hikes and rate cuts, remain under consideration.

### Portfolio changes

The Fund has increased positions in IGO (ASX:IGO), ResMed (ASX:RMD) and IDP Education (ASX:IEL) and decreased positions in CSL (ASX:CSL) and Macquarie Group (ASX:MQG).

### Major contributors

**Telix Pharmaceuticals Ltd (ASX:TLX)** – The company's share price rose almost 17 per cent in April after it released a strong quarterly report reaffirming FY24 guidance while revealing accelerating revenue growth from its flagship cancer imaging product, Illuccix. Management also reported pleasing progress with their product pipeline for the detection of brain cancer and kidney cancer.

**Rio Tinto Ltd (ASX:RIO)** – RIO's share price rose after a period of underperformance. The iron ore price recovered its previous month's declines amid hopes of additional stimulus measures from the Chinese government.

**ResMed Inc (ASX:RMD)** – Resmed's share price continued to outperform after reporting a recovery in gross margins. Competitive pressures have eased further as one of the company's main rivals, whose products have been recalled, remains in difficulty.

### Detractors

**Macquarie Group (ASX:MQG)** – After outperforming from the beginning of the calendar year, Macquarie's share price succumbed to profit-taking. Meanwhile, the company has focused on the Australian residential mortgage market and aggressively captured market share from the Big Four.

**Xero Ltd (ASX:XRO)** – After a period of outperformance, the share price fell as bond yields surged throughout April. Uncertainty may have also contributed as the company chose not to provide a trading update to the market leading up to its FY24 results, which will be announced in May.

**Woodside Energy Ltd (ASX:WDS)** – Woodside's share price fell in sympathy with declining oil prices and after concluding unsuccessful takeover talks with Santos. The recent annual general meeting (AGM) also revealed a relatively large protest vote against its climate plan to reduce future carbon emissions.

The Fund remains underweight the major banks and their upcoming announcements will determine whether their recent outperformance is warranted. We remain mindful of the heightened state of uncertainty for the Australian consumer and economy.

