

# 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

\$580.7M

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

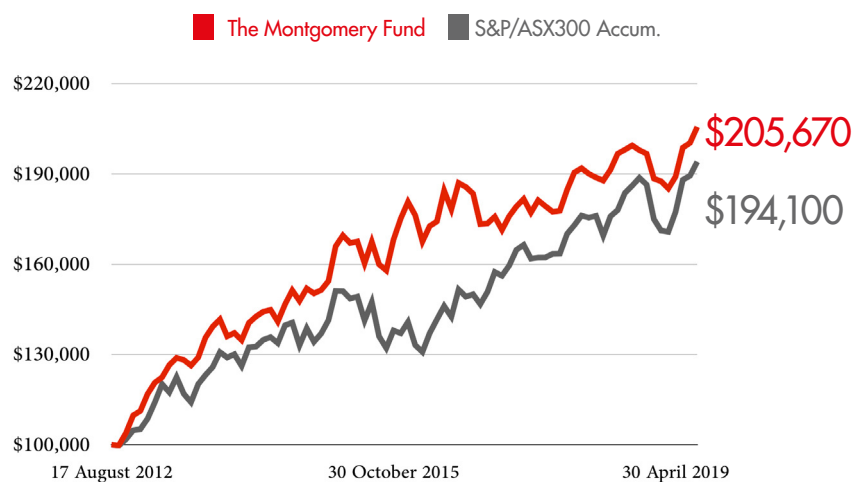
### FINANCIAL YEAR RETURNS

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%
Since Inception**	11.4%	10.4%

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

\*\*Compound annual returns

### PERFORMANCE GRAPH



### PORTFOLIO PERFORMANCE

(to 30 April 2019, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	2.65%	<b>2.65%</b>	2.46%	0.19%
3 months	0.00%	8.75%	<b>8.75%</b>	9.41%	-0.66%
6 months	1.73%	7.39%	<b>9.12%</b>	10.92%	-1.80%
12 months	9.23%	-1.79%	<b>7.44%</b>	10.32%	-2.88%
3 years (p.a.)	5.45%	0.23%	<b>5.68%</b>	11.07%	-5.39%
5 years (p.a.)	5.47%	1.88%	<b>7.35%</b>	7.55%	-0.20%
Since inception#	49.41%	56.26%	<b>105.67%</b>	94.10%	11.57%
Compound annual return (since inception)#	6.18%	5.18%	<b>11.36%</b>	10.41%	0.95%

# 17 August 2012



The strong equity market performance seen in the first quarter of 2019 continued in April with the S&P/ASX300 Accumulation Index rising by 2.46 per cent following the 10.92 per cent rise in the first quarter. The market has now reversed all the weakness seen during the second half of 2018 and on 24 April, it recorded its all-time high of 6336.20.

The Montgomery Fund (The Fund) showed good performance during April with a gain of 2.65 per cent outperforming the S&P/ASX300 index by 0.19 per cent, despite the drag on performance from the high cash weighting. This is a result that we are satisfied with as it shows the stock selection process is adding value.

The contribution to performance was broad with 19 out of 26 positions contributing positively to returns with only 7 positions showing negative contribution. The top 3 contributors to fund performance during the quarter were:

- Healius (formerly Primary Healthcare) which saw increased interest

on the back of continued speculation about corporate action. We continue to see corporate action as a possibility for Healius but do not base our investment thesis on this as we believe that the company has enough underlying turnaround potential to represent an attractive investment at current share price levels.

- Reliance Worldwide which recouped some earlier losses in March caused by short term disappointment when the US did not experience as severe weather as predicted. Very cold temperatures are good for Reliance as it can lead to burst plumbing which creates demand for their products which are mainly focused in the repair market.
- Avita Medical was the third biggest contributor to performance, despite being a small position, on back of increased interest from them presenting the interim clinical results for paediatric patients using their RECELL system. Avita Medical's share price is likely to continue to be volatile as more news on clinical outcomes and sales come out over the coming quarters.

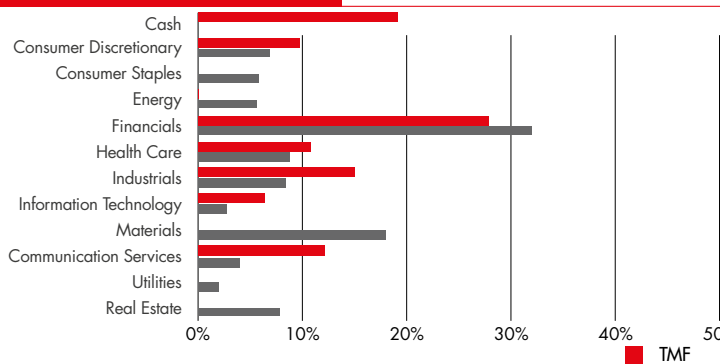
TOP COMPLETED HOLDINGS\* (TCH)

(at 30 April 2019, out of 26 holdings)

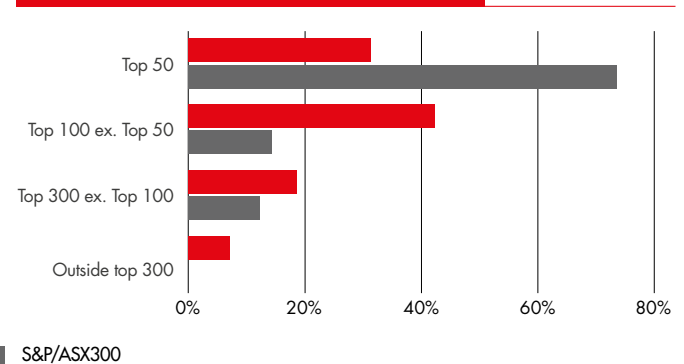
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Spark New Zealand	26.3	104.3	16.8	5.92
Telstra	20.4	112.1	15.4	5.36
Ramsay Health Care	22.4	130.0	22.2	4.82
Medibank Private	22.6	-25.7	19.5	4.74
Westpac	13.0	N/A	13.0	4.61
Seek	14.2	57.7	35.3	4.49
Aristocrat Leisure	37.6	141.5	19.6	4.25
Healius	3.7	42.7	18.3	4.19
Atlas Arteria	2.2	85.6	23.1	4.16
Challenger	3.9	N/A	13.0	3.94
<b>TCH AVERAGE</b>	<b>16.6</b>	<b>81.0</b>	<b>19.6</b>	
<b>MARKET AVERAGE</b>	<b>17.3</b>	<b>76.3</b>	<b>20.4</b>	
<b>Total equity weighting</b>				<b>81.23</b>
<b>Total cash weighting</b>				<b>18.77</b>

\*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:** 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

# 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.