



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

\$599.2M

MANAGEMENT FEE

The 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.

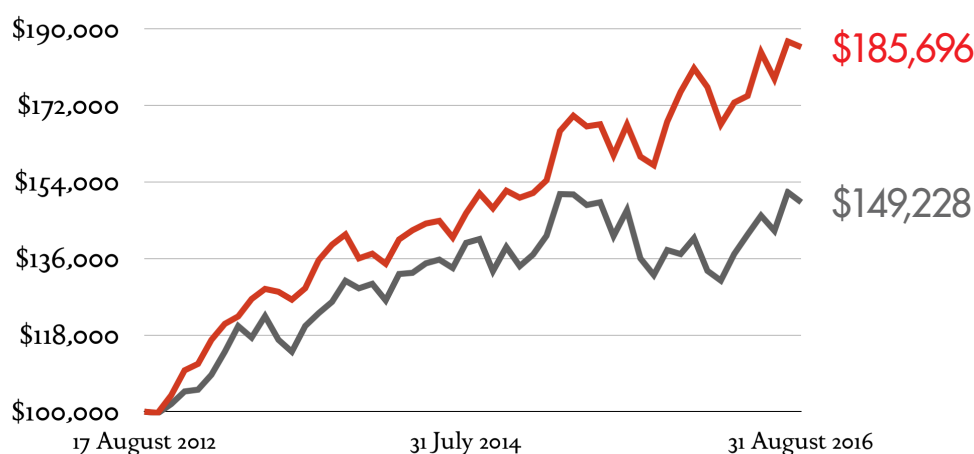
APPLICATION & REDEMPTION PRICES

montinvest.com/tmf

PERFORMANCE GRAPH

■ The Montgomery Fund

■ S&P/ASX300 Accum.



CONTACT DETAILS

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PORTFOLIO PERFORMANCE

(to 31 August 2016, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-0.71%	-0.71%	-1.56%	0.84%
3 months	5.03%	-4.38%	0.66%	2.15%	-1.49%
6 months	5.54%	5.29%	10.83%	14.07%	-3.24%
12 months	5.80%	10.28%	16.09%	9.69%	6.39%
2 years (p.a.)	7.26%	3.52%	10.78%	3.03%	7.75%
3 years (p.a.)	6.10%	4.95%	11.05%	6.61%	4.44%
4 years (p.a.)	7.23%	9.59%	16.82%	10.63%	6.19%
Since inception#	32.21%	53.48%	85.70%	49.23%	36.47%
Compound annual return (since inception)# # 17 August 2012	6.91%	9.45%	16.37%	10.30%	6.07%



FUND COMMENTARY

The very strong run that the Australian equity market enjoyed in July did not continue through the August reporting season. While there was the usual mix of positive and negative surprises, the overall market ended down slightly, with the S&P/ASX300 Accumulation Index losing 1.56 per cent for the month.

The Montgomery Fund (The Fund) fared somewhat better, returning negative 0.71 per cent, equating to outperformance of 0.84 per cent for the month. As is usual in the more difficult periods, cash made a positive contribution to relative performance, but the majority of the differential reflected a generally solid showing from portfolio companies.

The main contributors to relative outperformance included Altium Limited, which reported very pleasing growth and a positive outlook, and Isentia Group, which had been marked down by the market in previous months and recovered significantly in August with the release of full year results.

While value in the equity market generally remains elusive, reporting season has opened some potential opportunities for The Fund. In many cases, share prices have been significantly discounted in response to results and outlook statements that fell short of market expectations. In some of these cases it appears the market may have been unjustly harsh.

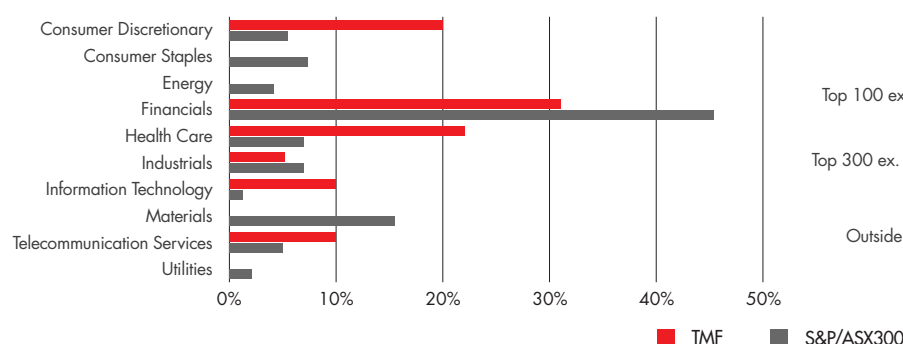
TOP COMPLETED HOLDINGS* (TCH)

(at 31 August 2016, out of 25 holdings)

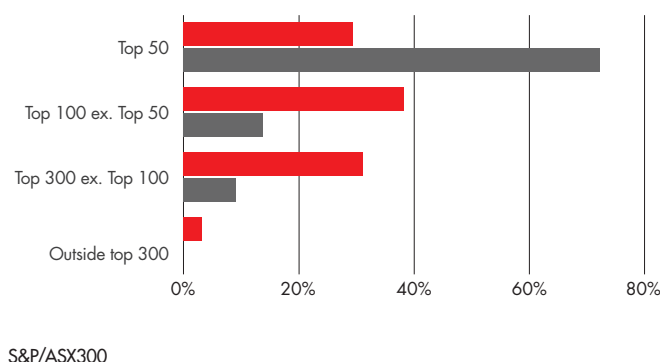
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Challenger Ltd	11.7	N/A	13.2	5.32
Healthscope Ltd	8.3	57.4	25.4	5.31
Resmed	22.0	26.2	25.4	5.00
Westpac Banking Corp	14.4	N/A	12.6	4.82
Commonwealth Bank of Australia	16.3	N/A	12.8	4.80
REA Group Ltd	35.3	51.6	29.8	4.44
TPG Telecom Ltd	19.8	15.2	31.7	4.27
Trade Me Group Ltd	11.9	14.5	23.7	3.88
Henderson Group	12.8	-22.1	15.3	3.79
BT Investment Management	20.2	-19.5	18.3	3.58
TCH AVERAGE	17.3	17.6	20.8	
MARKET AVERAGE	14.3	81.4	20.8	
Total equity weighting				77.6
Total cash weighting				22.4

*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 ⇄ Colonial FirstWrap ⇄ Australian Executor Trustees ⇄ MLC Wrap

BT Panorama ⇄ Linear ⇄ Avanteos ⇄ OneVue ⇄ Hub24 ⇄ BT ⇄ Navigator Wrap ⇄ North 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.

