



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

\$548.7M

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

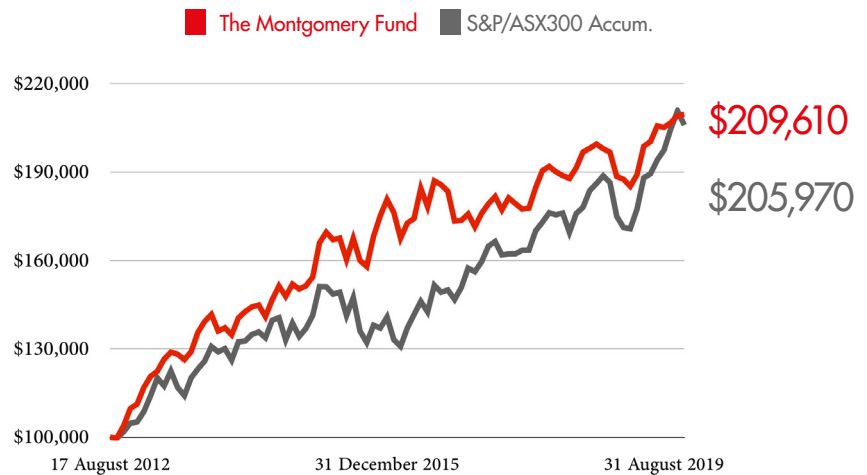
FINANCIAL YEAR RETURNS

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%
Since Inception**	11.1%	10.8%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 August 2019, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	0.20%	0.20%	-2.27%	2.47%
3 months	4.36%	-2.20%	2.16%	4.30%	-2.14%
6 months	4.50%	0.97%	5.47%	9.53%	-4.06%
12 months	6.09%	-0.18%	5.91%	9.14%	-3.23%
3 years (p.a.)	5.10%	-0.98%	4.12%	11.34%	-7.22%
5 years (p.a.)	5.72%	1.01%	6.73%	7.94%	-1.21%
Since inception#	55.66%	53.95%	109.61%	105.97%	3.64%
Compound annual return (since inception)#	6.49%	4.60%	11.09%	10.81%	0.28%

17 August 2012



FUND COMMENTARY

As most readers are probably aware, August marked the full year reporting season for Australian companies. As mentioned in last month's letter, The Montgomery Fund (The Fund) entered the month defensively positioned with a significant cash holding and a general tilt towards companies that we consider to be lower risk. This positioning turned out to be beneficial during the period as the S&P/ASX300 Accumulation Index declined by 2.27 per cent during the month with the number of companies experiencing downwards revisions significantly outnumbering the companies experiencing upwards revisions. In fact, approximately 46 per cent of the companies reporting experienced downwards future estimate revisions compared to approximately 19 per cent which experienced upwards revisions. The results for the companies held by The Fund were generally positive and The Fund gained 0.20 per cent for a relative outperformance of 2.47 per cent during the month. The top three contributors to The Fund in August were Healius, Spark New Zealand and Link Administration which all reported positive results compared to expectations and as

a result saw good share price appreciation. Ramsay Healthcare and Telstra were the two major negative contributors to performance as they gave up some of the strong performance seen in recent months.

The Fund took advantage of the weak market to strategically deploy some cash and ended the month with a cash weighting of approximately 20.3 per cent compared to a cash weighting of around 24 per cent at the end of July.

Whilst we do not claim to have any particular insight into the future direction of equity markets, we note that the decline in prices has resulted in valuations that are slightly more attractive than before which, in theory, should mean that long term future return prospects should be more favorable. The Fund's positioning does though remain conservative as the improvement in valuation is relatively minor and macro uncertainties are showing signs of increasing rather than decreasing.

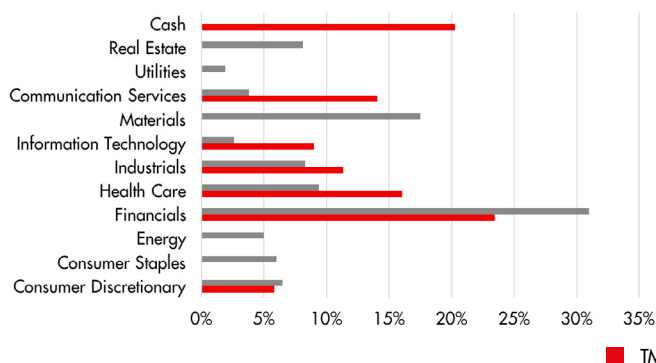
TOP COMPLETED HOLDINGS* (TCH)

(at 31 August 2019, out of 23 holdings)

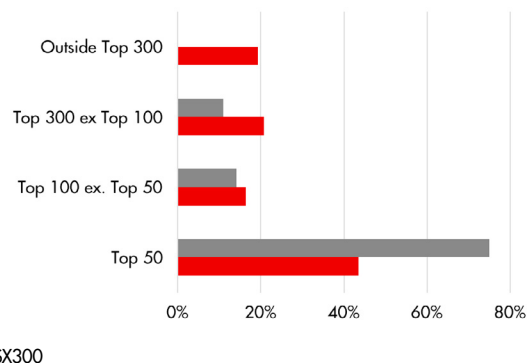
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Healius	10.1	33.0	18.9	7.09
Telstra	19.1	114.6	17.3	6.67
Spark New Zealand	27.6	114.3	20.1	6.08
Aristocrat Leisure	38.6	141.5	21.3	5.83
Medibank Private	23.3	-33.9	21.5	5.63
Macquarie Group	9.9	N/A	14.0	5.26
Ramsay Health Care	26.7	160.4	22.2	4.96
Westpac	11.4	N/A	12.7	4.52
Link Administration Holdings	7.6	29.3	17.8	4.17
Avita Medical	N/A	-77.3	N/A	3.97
TCH AVERAGE	19.4	60.2	18.4	
MARKET AVERAGE	15.9	77.1	25.4	
Total equity weighting				79.72
Total cash weighting				20.28

*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.

