



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

\$470.2M

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

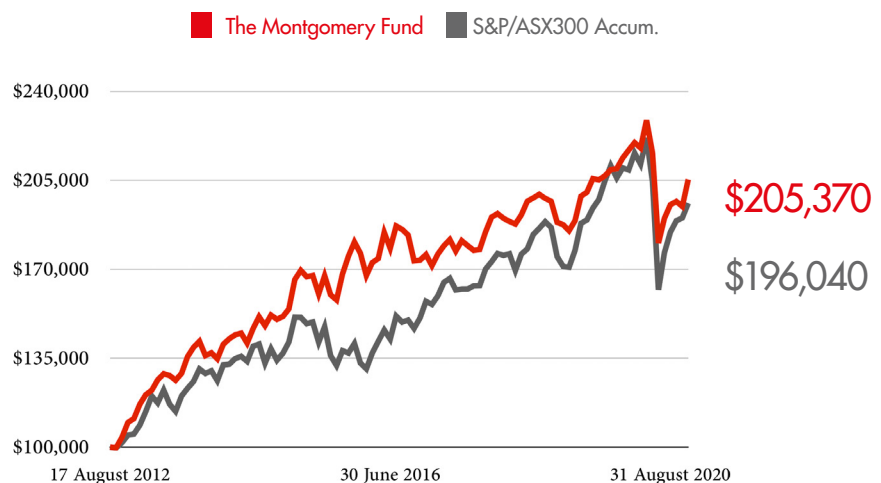
FINANCIAL YEAR RETURNS

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**	9.4%	8.7%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 August 2020, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	5.46%	5.46%	3.05%	2.41%
3 months	0.07%	5.03%	5.10%	6.19%	-1.09%
6 months	0.06%	-4.88%	-4.82%	-4.14%	-0.68%
12 months	1.20%	-3.23%	-2.03%	-4.82%	2.79%
3 years (p.a.)	5.30%	-0.31%	4.99%	6.24%	-1.25%
5 years (p.a.)	4.53%	0.59%	5.12%	7.58%	-2.46%
7 years (p.a.)	4.84%	1.27%	6.11%	6.87%	-0.76%
Since inception#	57.34%	48.03%	105.37%	96.04%	9.33%
Compound annual return (since inception)# # 17 August 2012	5.80%	3.57%	9.37%	8.73%	0.64%



Pleasingly, The Montgomery Fund (The Fund) posted a return of 5.46 per cent for August, outperforming by 2.41 per cent its benchmark, the S&P/ASX300 Accumulation Index, which returned 3.05 per cent.

August and reporting season produced another positive month for the Australian market as a more-optimistic- than-expected outlook emerged from management commentary. Deeper due diligence however revealed performance to be wildly divergent between larger and smaller companies with structural challenges dominating the former and opportunities for growth the latter.

The most notable winners for The Fund during reporting season were Reliance Worldwide, newly included Redbubble and long-term position Codan. These three stocks helped deliver most of the outperformance versus the broader market, while returns were also assisted by a reduction in weightings to Telstra and Spark New Zealand prior to the release of softer than expected results.

Our investment journey in Reliance Worldwide has been anything but smooth and we used a sell-off in March to accumulate additional shares. As US mega-retailers Home Depot and Lowes provided their trading updates during the worst of the pandemic it became clear to us Reliance would be a beneficiary of the stay-at-home renovation boom. The Fund was rewarded by faith in management’s ability to execute during difficult conditions in the US, UK and Australia.

Redbubble’s online marketplace for independent artists produced accelerating sales momentum in July and August as well as powerful operating leverage. Despite a 50 per cent share price rise in August, we remain encouraged by the business’s operating momentum as highlighted by increased website traffic and social media awareness. The company has a unique opportunity to build a truly global platform, while the valuation remains undemanding relative to its e-commerce peers.

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TOP COMPLETED HOLDINGS* (TCH)

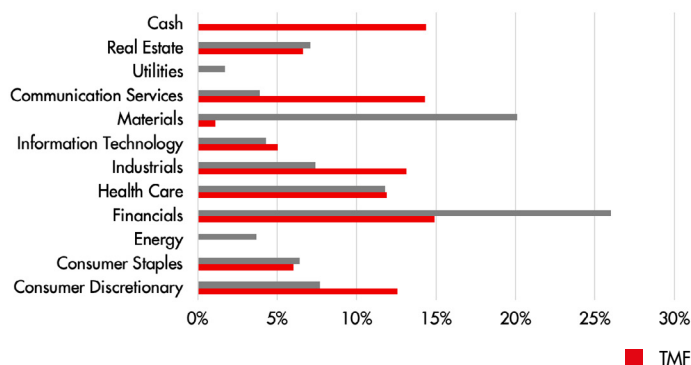
(at 31 August 2020, out of 30 holdings)

COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Woolworths Group	17.1	183.7	28.0	6.02
Commonwealth Bank	10.6	N/A	17.7	5.47
CSL	35.7	73.5	43.1	5.00
Wesfarmers	23.6	74.8	28.6	4.68
Avita Therapeutics	N/A	N/A	N/A	4.25
Sydney Airport	N/A	N/A	N/A	4.17
Atlas Arteria	4.1	21.9	28.0	3.98
Reliance Worldwide	8.7	21.3	32.3	3.68
Macquarie Group	6.2	N/A	20.3	3.57
REA Group	28.8	12.1	37.4	3.28
TCH AVERAGE	16.8	64.5	29.4	
MARKET AVERAGE	8.4	62.3	22.7	

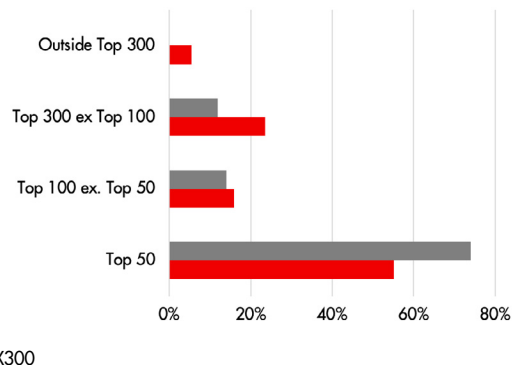
Total equity weighting 85.62
 Total cash weighting 14.38

*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.

Finally, Codan continues to impress, delivering another strong result as the business benefits from buoyant demand for its key metal and gold detector business. Codan's initial foray into the recreational metal-detection mass market along with about-to-be-released advancements in product design provides a new set of opportunities that we believe can deliver continued revenue growth. A buoyant gold price, thanks in no small part to a falling US dollar, should provide support in demand for gold detectors.

Our overall stance on the market remains unchanged – while cognisant of potential positive vaccine and health developments and investor hunger for returns in a low-rate world, we balance this with a level of caution on the potential for consumer and economic weakness as the world gradually leaves its stimulus bubble. That said, our current cash weighting is 14.4 per cent of The Fund.

We remain active in our pursuit in seeking opportunities where companies will add value during a period of unprecedented disruption and uncertainty as well as looking for value among companies that offer leverage to good news about a vaccine.

