

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

\$520.0M

MANAGEMENT FEES AND COSTS

1.37% per annum*, which includes a management fee of 1.18% per annum. Both figures are GST inclusive and net of RITC. *Includes the Responsible Entities fees, Montgomery's fees, custody fees, ordinary and abnormal expenses and any indirect costs.

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

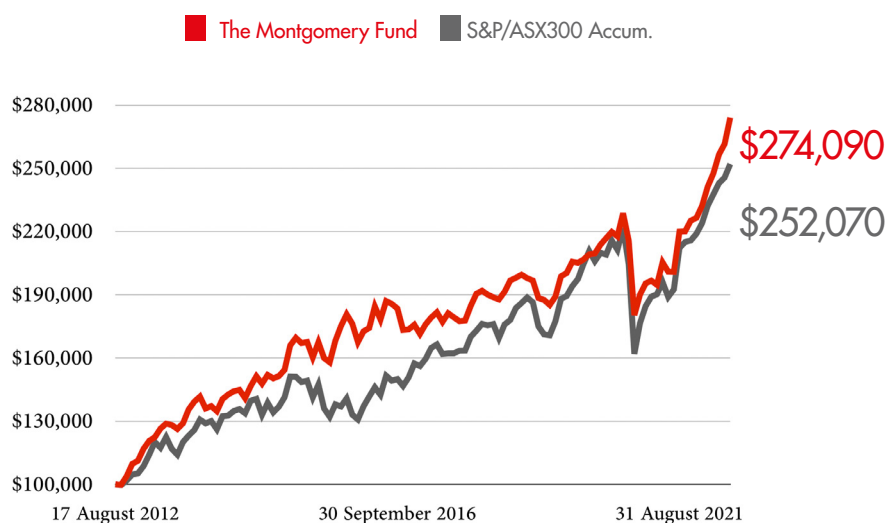
FINANCIAL YEAR RETURNS

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%
2021	30.5%	28.5%
Since Inception**	11.8%	10.8%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 August 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	4.78%	4.78%	2.61%	2.17%
3 months	3.09%	7.63%	10.72%	6.08%	4.64%
6 months	3.38%	17.64%	21.02%	15.13%	5.89%
12 months	4.05%	29.42%	33.47%	28.58%	4.89%
3 years (p.a.)	3.60%	7.86%	11.46%	10.13%	1.33%
5 years (p.a.)	3.88%	4.22%	8.10%	11.05%	-2.95%
7 years (p.a.)	4.63%	4.23%	8.86%	8.70%	0.16%
Since inception#	62.83%	111.26%	174.09%	152.07%	22.02%
Compound annual return (since inception)# # 17 August 2012	5.54%	6.26%	11.80%	10.77%	1.03%



August arrived with the usual flurry of reporting season news and narratives, with Australian financial markets seemingly oblivious to the extended lockdowns gripping well over 50 per cent of the population.

The S&P/ASX 300 Accumulation Index recorded a total return of 2.61 per cent for the month, mostly driven by moves in Financials, CSL and Afterpay. The strength in banks helped offset a decline in miners, as record dividends were unable to offset the negative sentiment around a collapsing iron ore price.

August was a most notable month in terms of significant developments for a few household names including BHP, Woodside Petroleum and relative newcomer Afterpay. BHP announced its intention to collapse the long-standing Dual Listing in the UK while also spinning off its oil and gas assets to Woodside in a mega-merger of worth around A\$40 billion. Meanwhile, Afterpay cemented its meteoric rise to the global sphere after it accepted a takeover/ merger with US payments giant Square.

These events do not directly impact The Fund's return, they are noteworthy in terms of relative performance and major events in the market. The former had a significant positive contribution to relative return given our nil position in BHP over medium-term iron ore price concerns, while the latter a negative as Afterpay's share price rose with the acquisition premium.

For the month, The Montgomery Fund delivered a pleasing result of 4.78 per cent, outperforming the benchmark by 2.17 per cent. While The Fund's nil weighting to the large miners helped contribute in a relative sense, the absolute return was also due to a number of The Fund's investments reacting favourably to positive developments during reporting season.

Notable contributors include Resmed (+11 per cent), Uniti Group (+24 per cent) and Capricorn Metals (+13 per cent).

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TOP COMPLETED HOLDINGS* (TCH)

(at 31 August 2021, out of 30 holdings)

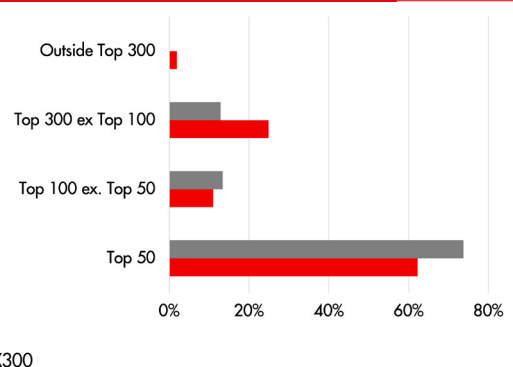
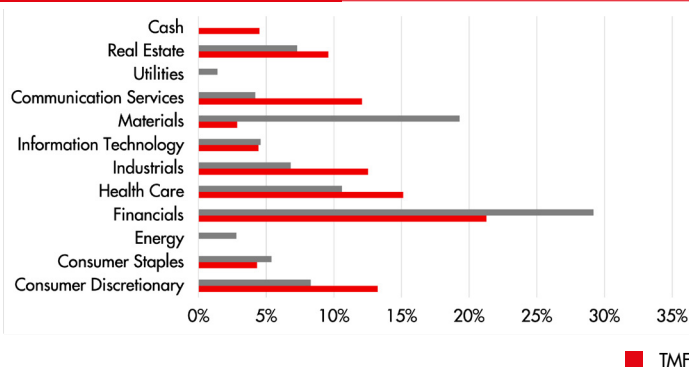
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac Banking	6.0	N/A	15.9	7.61
Commonwealth Bank	11.9	N/A	18.8	6.81
Wesfarmers	25.5	73.1	29.5	5.25
Goodman Group	18.2	9.4	30.8	4.74
Macquarie Group	9.2	N/A	19.8	4.49
Resmed	26.8	17.3	47.9	4.31
CSL	31.9	47.7	45.5	4.11
Sydney Airport	N/A	N/A	N/A	4.04
Reliance Worldwide	13.5	10.9	21.5	3.86
REA Group	34.3	28.7	54.4	3.72
TCH AVERAGE	19.7	31.2	31.5	
MARKET AVERAGE	13.6	72.5	18.0	

Total equity weighting 95.49
 Total cash weighting 4.51

*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.

Resmed delivered a sales and profit beat and guided to a significantly higher rate of ventilator sales than market forecasts in the June 2022 half-year as it seeks to take advantage of the product recall of its major competitor Philips Respironics. Unifi Group's results also delivered a positive surprise in terms of market share gains in new residential developments, which assists both upfront construction revenues and recurring revenues from Fiscal 2022.

While gains were recorded broadly across the portfolio, there were two detractors during the month – fund stalwarts Codan (-9 per cent) and REA Group (-4 per cent).

For Codan, the shares were sold off despite generally positive financial results as long-tenured CEO Donald McGurk announced his intention to retire over the next 12 months. For REA Group, commentary around listings volumes sparked some concern for FY22 earnings. We are currently of the view that both events are temporary set-backs and remain confident in our investments in these quality companies.

We also established a new position in August with the purchase of Corporate Travel Management. The investment is a result of our focus on companies that have added value during the COVID-19 period, which in the case of Corporate Travel Management has been through the acquisition of US-based Transport and Travel in September last year. Given the reasonable price tag (during a period of elevated COVID-19 cases in the US) and material synergies on offer, we believe the company is in a good position to be a relative winner as travel bounces back over the next 6 months.

During the month, we exited Webjet, a small position which we used to fund Corporate Travel Management. Both are investments reliant on a return to travel to drive earnings and share price appreciation, however we believe Corporate Travel Management has strengthened its relative position in its key markets whereas this has proven to be more challenging for Webjet given a weaker relative balance sheet position.

