



THE MONTGOMERY FUND

INVESTMENT REPORT & FACT SHEET

FUND FACTS

INVESTMENT MANAGER

Montgomery Investment Management Pty Ltd

SUB-INVESTMENT MANAGER

Australian Eagle Asset Management Pty Ltd and their 18 year track record has been appointed as the sub-investment manager from 12 September 2022.

OBJECTIVE

The Montgomery Fund aims to outperform the index over a rolling 5-year period.

STYLE

Active, bottom-up, fundamental, quality

BENCHMARK

The S&P/ASX 300 Accumulation Index

FUND CONSTRUCTION

The Fund's All Cap portfolio will typically comprise 25-35 high-conviction stocks listed on the ASX.

APIR

FHT0030AU

RECOMMENDED

INVESTMENT TIMEFRAME

5 years

MINIMUM INITIAL

INVESTMENT

\$25,000

PORTFOLIO MANAGERS

Sean Sequeira
Alan Kwan

INCEPTION DATE

17 AUGUST 2012

FUND SIZE

\$316.0M

MANAGEMENT FEES AND COSTS

1.36% per annum¹

PERFORMANCE FEES

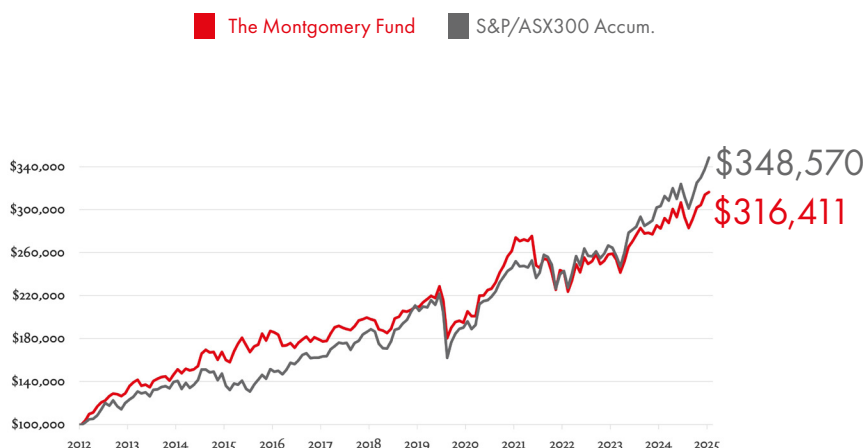
15.38% of the total return of The Fund that is in excess of the Index.¹

¹ See page 5 of the PDS for more information

APPLICATION & REDEMPTION PRICES

montinvest.com/tmf

PERFORMANCE GRAPH



DISTRIBUTIONS

HALF-YEAR TO	CENTS PER UNIT	DISTRIBUTION RETURN (%)
June 2025	8.1416	5.58
December 2024	1.3217	0.88
June 2024	11.4223	7.87
December 2023	2.1568	1.51
June 2023	4.4834	3.25
December 2022	1.5263	1.07
June 2022	14.4221	8.20
December 2021	1.0019	0.59
June 2021	5.0329	3.46
December 2020	0.4601	0.35
June 2020	0.0857	0.06

PORTFOLIO PERFORMANCE

(to 31 August 2025, after all fees)

	1 month	3 months	6 months	12 months	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)	Since inception ²	Compound annual return (since inception) ²
THE MONTGOMERY FUND	0.83%	4.80%	8.11%	11.92%	9.35%	9.03%	6.93%	7.06%	216.41%	9.24%
S&P/ASX 300 ACCUM. INDEX	3.16%	7.17%	11.83%	14.91%	12.81%	12.20%	9.16%	9.87%	248.57%	10.05%
OUT/UNDER PERFORMANCE	-2.33%	-2.37%	-3.72%	-2.99%	-3.46%	-3.17%	-2.23%	-2.81%	-32.16%	-0.81%

Fund performance prior to 12 September 2022 is not attributable to the current sub-investment manager, but the previous investment manager. Presented below is the longer-term record of the current sub-investment manager's strategy since its inception.

AUSTRALIAN EAGLE COMPOSITE ³	0.83%	4.80%	8.11%	11.92%	10.07%	11.13%	10.16%	12.84%	623.88%	10.11%
S&P/ASX 300 ACCUM. INDEX	3.16%	7.17%	11.83%	14.91%	12.81%	12.20%	9.16%	9.87%	401.36%	8.16%
OUT/UNDER PERFORMANCE	-2.33%	-2.37%	-3.72%	-2.99%	-2.74%	-1.07%	1.00%	2.97%	222.51%	1.95%

² 17 August 2012

³ The inception date of the Australian Eagle Composite is 07 February 2005. The performance represents the Australian Eagle SMA performance adjusted to include The Montgomery Fund's fees. 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. The returns in the composite include the Australian Eagle returns from 7 February 2005 to 30 September 2022, and from this point onwards include the returns in The Montgomery Fund (the first full month Australian Eagle commenced as the investment manager for this product).

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. Past performance is not indicative of future performance.



TOP COMPLETED HOLDINGS* (TCH)

(as at 31 August 2025)

COMPANY NAME	ASX CODE	SECTOR	WEIGHT (%)
Commonwealth Bank of Australia	CBA	Financials	6.52
Rio Tinto	RIO	Materials	6.00
Cochlear	COH	Health Care	5.99
QBE Insurance Group	QBE	Financials	5.55
Macquarie Group	MQG	Financials	4.48
Woodside Energy Group	WDS	Energy	4.26
ASX	ASX	Financials	4.23
Life360	360	Information Technology	4.00
Evolution Mining	EVN	Materials	3.79
Technology One	TNE	Information Technology	3.75
Total equity weighting			98.45
Total cash weighting			1.55

*Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.

TOP 3 CONTRIBUTORS AND DETRACTORS

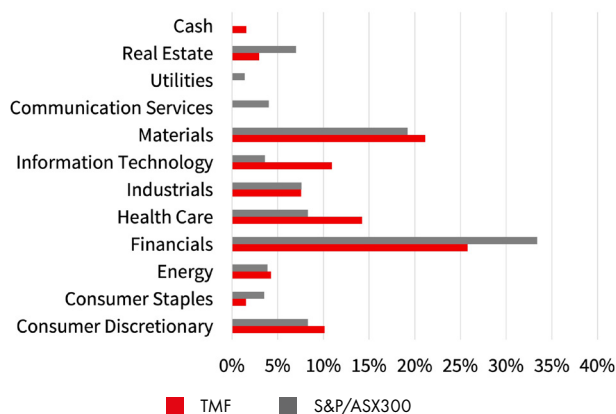
CONTRIBUTORS

Evolution Mining	The share price outperformed after reporting a strong FY25 result.
Pilbara Minerals	The share price rose with the spodumene price.
Life360	The share price rose after reporting increased traction with its advertising business.

DETRACTORS

CSL	The share price fell after announcing the spin off of its vaccines business.
Telix Pharmaceuticals	The company announced the delay of its new kidney cancer imaging agent.
ASX	The share price fell after giving guidance for higher-than-expected costs in FY26.

INDUSTRY EXPOSURE



MARKET CAPITALISATION

	TMF (%)	S&P/ ASX300 (%)	ACTIVE (%)	# STOCKS
ASX 1 -20	51.1	59.7	-8.6	14
ASX 21-50	20.1	17.3	2.8	5
ASX 51 - 100	14.6	12.0	2.6	5
ASX 101 -200	10.5	8.4	2.1	5
ASX 201 -300	2.1	2.6	-0.4	1
Ex S&P/ ASX 300	0.0		0.0	0
Cash	1.6			
Total	100.0			30

CONTACT DETAILS

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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. Both the PDS and the Target Market Determination are 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 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.

PLATFORMS WE ARE ON: Asgard ⇄ BT Panorama ⇄ Colonial First Wrap ⇄ Clearview Wealthsolutions ⇄ Investment Exchange (IX) ⇄ Clearstream ⇄ DASH ⇄ HUB24 ⇄ Xplore Wealth ⇄ Macquarie Wrap ⇄ Mason Stevens ⇄ MLC/Navigator ⇄ Netwealth ⇄ North ⇄ OneVue ⇄ Praemium ⇄ Powerwrap



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In one of the more challenging months we have experienced in over twenty years, The Montgomery Fund (the Fund) still managed to deliver a positive 0.83 per cent return after fees in August, trailing the S&P/ASX 300 Accumulation Index's 3.16 per cent gain by 2.33 per cent. Our peers variously described the month as the "most volatile reporting season ever." The portfolio faced headwinds as several key company reports fell short of expectations.

We swiftly recalibrated, adjusting exposures and initiating a new position in Brambles Ltd (ASX:BXB). Despite near-term challenges, we remain confident in the portfolio's component companies and in its structural ability to deliver superior risk-adjusted returns.

Global equities rallied in August, driven by expectations of interest rate cuts and resilient corporate earnings, particularly in technology. Federal Reserve Chair Jerome Powell's cautiously dovish remarks at Jackson Hole acknowledged tariff-related risks but prioritised a slowing employment backdrop. Proposed U.S. tariffs – 15 per cent on artificial intelligence (AI) chip exports to China, up to 50 per cent on Indian exports, and 150–200 per cent on pharmaceuticals – stirred volatility in global supply chain expectations.

In Australia, the Reserve Bank of Australia (RBA) cut rates by 25 basis points to 3.60 per cent, reflecting cooling inflation and stable unemployment at 4.2 per cent. Resource stocks led local market gains, buoyed by commodity price surges: copper rose 2.3 per cent to \$4.51/lb, spodumene jumped 17 per cent to \$894/t, and iron ore climbed to \$104/t, supported by Chinese stimulus and supply disruptions. The Australian government's push for a critical minerals stockpile further highlights the sector's strategic importance – something we have noted in previous monthly reports.

Portfolio dynamics

Heavyweight holdings like the Commonwealth Bank of Australia (ASX:CBA) and CSL Ltd (ASX:CSL) weighed on performance after disappointing earnings updates, with the Commonwealth Bank of Australia's second-half profit decline sparking a relative re-rating in favour of peers like National Australia Bank (ASX:NAB) and Westpac (ASX:WBC). Our underweight stance on the Commonwealth Bank of Australia and CSL, bolstered by a pre-emptive shift toward National Australia Bank in July, reflects our disciplined approach to capital allocation. The portfolio remains significantly underweight the banks, as we see stronger opportunities in sectors poised for structural growth.

Strategic adjustments

We increased exposure to high-conviction names including Life360 Inc (ASX:360), BHP Group Ltd (ASX:BHP), Evolution Mining Ltd (ASX:EVN), Iluka Resources Ltd (ASX:ILU), National Australia Bank Ltd (ASX:NAB), Pilbara Minerals Ltd (ASX:PLS), Transurban Group Ltd (ASX:TCL), and Woodside Energy Ltd (ASX:WDS). Conversely, we trimmed positions in ASX Ltd (ASX:ASX), CSL Ltd (ASX:CSL), Dexs Ltd (ASX:DXS), Fortescue Ltd (ASX:FMG), Infratil Ltd (ASX:IFT), QBE Insurance Group Ltd (ASX:QBE), Santos Ltd (ASX:STO), Telix Pharmaceuticals Ltd (ASX:TLX), Woolworths Ltd (ASX:WOW), and Xero Ltd (ASX:XRO).

The Fund's position in Santos Ltd (ASX:STO) was exited during the month. Santos was subject to a June takeover bid at US\$5.76 per share by a consortium led by XRG, a subsidiary of Abu Dhabi National Oil Company and private equity group, Carlyle. The Santos board determined the indicative proposal is in the best interests of shareholders and allowed XRG Consortium to conduct due diligence which continues at the time of writing. Meanwhile, the share price has approached the takeover bid price, allowing us to redeploy capital into opportunities with greater upside potential.

New position: Brambles Ltd (ASX:BXB)

In August 2025, The Montgomery Fund initiated a position in Brambles Ltd (ASX:BXB), a global leader in supply chain logistics.

For over a decade, Brambles' capital-intensive model – driven by the costs of acquiring, repairing, and replacing pallets – constrained free cash flow and muted shareholder returns, despite its dominant market position. Recognising this challenge, management launched a transformative program to reduce capital intensity, enhance asset control, and boost operational efficiency.

The program has delivered significant structural improvements. Automated pallet repair systems have reduced labour costs and increased throughput, while pallet serialisation provides end-to-end visibility, minimising losses and uncompensated capital expenditure. Brambles' 2025 financial year results reflect these gains, showcasing steady revenue growth, enhanced operating leverage, and improved returns driven by greater asset efficiency and network productivity.

The core of Brambles' investment appeal lies in its shift toward sustained free cash flow generation. Declining pooling capital expenditure, fueled by improved asset recovery, enables higher shareholder distributions. Management has signalled this pivot through a higher payout ratio and robust share buybacks, returning over \$400 million in financial year 2025 and authorising an additional \$400 million for financial year 2026.

Brambles is evolving from a capital-intensive logistics operator into a tech-enabled infrastructure platform, poised to compound cash flows and deliver consistent shareholder value. With a strengthened operational foundation and a clear focus on returns, Brambles represents a compelling opportunity for investors seeking exposure to a transforming global leader in supply chain solutions.

Key contributors

- Evolution Mining Ltd (ASX:EVN): A rising gold price (from \$3,300/oz to over \$3,400/oz) and consistent operational performance across all five mines drove strong share price gains, reinforcing Evolution Mining's reliability.
- Pilbara Minerals Ltd (ASX:PLS): A 17 per cent surge in spodumene prices to \$894/t, fueled by supply disruptions, complemented Pilbara Mineral's robust financial year results. Lower unit costs and the completion of the P1000 expansion position it for enhanced cash generation.
- Life360 Inc (ASX:360): Upgraded guidance and early success in its advertising division, coupled with strong international subscriber growth, underscored Life360's multi-faceted growth potential.

Detractors

- CSL Ltd (ASX:CSL): Delays in plasma collection margin improvements and the planned spin-off of Seqirus dampened sentiment, leading to share price weakness.
- Telix Pharmaceuticals Ltd (ASX:TLX): A regulatory delay for its Zircaix diagnostic and slowing Illuccix revenue due to competitive pressures weighed on performance.
- ASX Ltd (ASX:ASX): Higher financial year 2026 cost guidance tied to an ASIC inquiry and the looming CHES upgrade, alongside potential competition from Cboe, pressured the share price.

Outlook

Despite August's volatility, The Montgomery Fund is well-positioned to capitalise on emerging opportunities. Our agile portfolio adjustments, disciplined risk management, and focus on high-quality, growth-oriented companies ensure resilience in uncertain markets. Brambles' transformation exemplifies our strategy of identifying undervalued businesses with structural tailwinds, while our increased exposure to resources and technology reflects confidence in their long-term value creation. We remain committed to delivering consistent, risk-adjusted returns for our investors.

