



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

\$690.7M

MANAGEMENT FEE

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

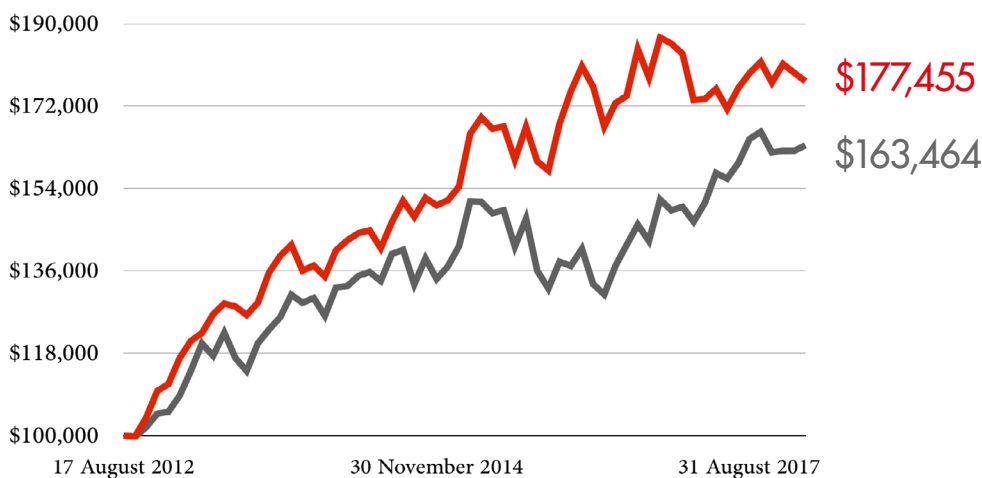
15.38% of the total return of The Fund that is in excess of the Index. No performance fee is payable until any previous periods of underperformance has been made up.

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 2017, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-1.03%	-1.03%	0.75%	-1.78%
3 months	0.70%	-0.54%	0.16%	0.99%	-0.83%
6 months	0.70%	0.13%	0.83%	2.43%	-1.60%
12 months	1.44%	-5.88%	-4.44%	9.54%	-13.98%
3 years (p.a.)	5.24%	0.21%	5.45%	5.16%	0.30%
5 years (p.a.)	6.08%	6.14%	12.22%	10.41%	1.81%
Since inception#	34.24%	43.22%	77.46%	63.46%	13.99%
Compound annual return (since inception)#	6.02%	6.04%	12.06%	10.25%	1.81%



FUND COMMENTARY

As is often the case, August reporting season brought significant volatility to the Australian equity market. With many companies trading at elevated valuations driven by high expectations, there were some high-profile disappointments where results or guidance fell short of those expectations, including Domino's Pizza, Bluescope Steel and Telstra.

While The Fund did not hold any of these names, it did not escape reporting season completely unscathed. Positions in Chorus and Healthscope contributed negatively to portfolio performance for the month when these companies issued guidance that was below expectations. However, position sizes in both names had been reduced ahead of reporting season, and the damage from each was limited.

Interestingly, the largest detractor to The Fund's performance for the month was a company whose results announcement was not particularly troubling: Trade Me Group suffered a significant share price decline prior to its results announcement when sell side brokers published reports highlighting the threat posed by Amazon to its business in New Zealand. While there will undoubtedly be some increase in competition for Trade Me Group, our analysis leads us to believe that the market has overreacted, and we remain happy to hold a significant position.

On the positive side, The Fund benefited in August from its positions in Smart Group and Medibank Private, which both delivered strong results.

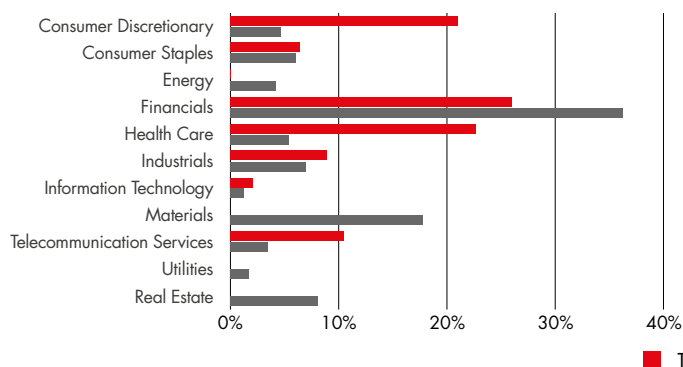
TOP COMPLETED HOLDINGS* (TCH)

(at 31 August 2017, out of 28 holdings)

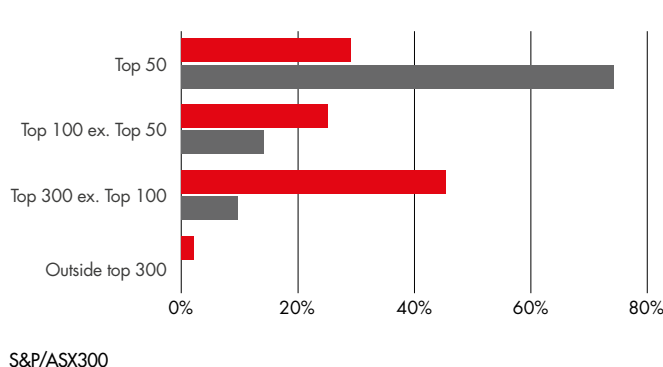
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Challenger Ltd	14.3	N/A	17.5	4.94
Resmed	20.0	13.1	26.1	4.71
REA Group	23.1	16.7	30.4	4.47
Navitas Ltd	38.7	119.4	21.1	4.24
Seek Ltd	16.8	11.8	26.5	4.07
Trade Me Group Ltd	13.1	11.5	18.7	4.03
Steadfast Group Ltd	7.5	-13.5	21.1	3.63
Commonwealth Bank of Australia	16.1	N/A	12.9	3.56
Medibank Private Ltd	27.1	-34.6	19.2	3.52
Westpac Banking Corp	13.3	N/A	12.9	3.43
TCH AVERAGE	19.0	17.8	20.6	
MARKET AVERAGE	15.5	68.6	18.5	
Total equity weighting				73.2
Total cash weighting				26.8

*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.

