

# 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

\$509.5M

#### 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](http://montinvest.com/tmf)

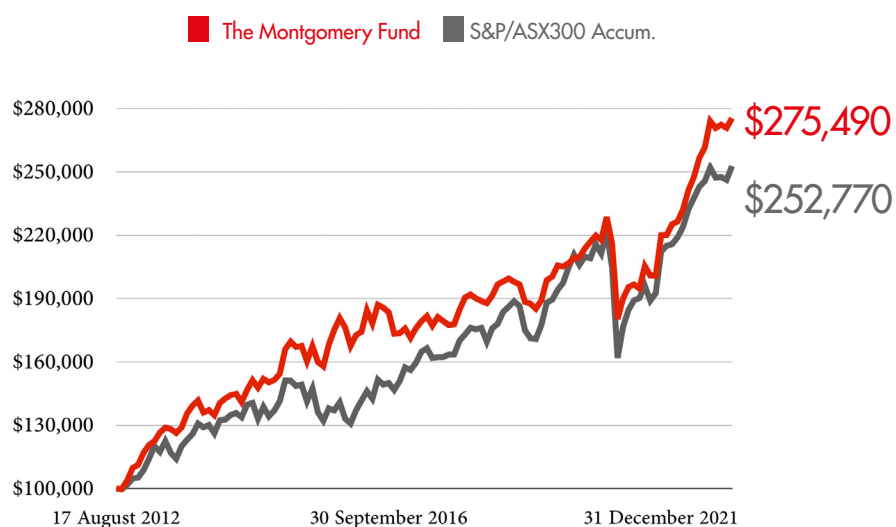
### FINANCIAL YEAR RETURNS

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**	11.4%	10.4%

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

\*\*Compound annual returns

### PERFORMANCE GRAPH



### PORTFOLIO PERFORMANCE

(to 31 December 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.58%	1.13%	1.71%	2.65%	-0.94%
3 months	0.58%	1.15%	1.73%	2.21%	-0.48%
6 months	0.59%	6.78%	7.37%	4.03%	3.34%
12 months	4.15%	21.00%	25.15%	17.54%	7.61%
3 years (p.a.)	3.53%	10.63%	14.16%	13.96%	0.20%
5 years (p.a.)	4.07%	5.33%	9.40%	9.94%	-0.54%
7 years (p.a.)	4.59%	4.34%	8.93%	9.15%	-0.22%
9 years (p.a.)	4.96%	5.04%	10.00%	9.83%	0.17%
Since inception#	63.84%	111.65%	175.49%	152.77%	22.72%
Compound annual return (since inception)#	5.41%	6.01%	11.42%	10.40%	1.02%

# 17 August 2012



December was a strong month for the local index, as a late rally saw the S&P/ASX 300 Accumulation Index post a total return of 2.65 per cent

This positive monthly return was largely driven by the more cyclical sectors of the market – namely banks and resources – with the two accounting for almost 90 per cent of the positive index moves. These sector moves reflect a greater acknowledgement of a shift in central bank policy narratives due to more persistent (and elevated) inflation.

The Montgomery Fund (The Fund) increased 1.71 per cent for the month, underperforming the benchmark by 0.94 per cent. This was largely a result of The Fund's significant underweight in the Materials sector, as well as a sell-off in Woolworths (disappointing trade update) and The Fund's higher-growth names.

The three top contributors to returns were the Commonwealth Bank of Australia, Goodman Group and Capricorn Metals. The Commonwealth Bank of Australia was a beneficiary of the rising rates narrative, while Goodman Group and Capricorn Metals saw continued buying after posting positive updates in November.

The largest detractors for the month were Avita Medical (impacted by low-volume selling in the US listing), Woolworths (disappointing trading update) and Megaport (rising rates narrative impacting high-growth stocks). We remain positive on both Avita Medical and Megaport and their ability to deliver positive revenue and earnings growth which should overcome rates concerns over the next 12 months. In the case of Woolworths, we see the business as a beneficiary of expected food inflation – albeit with a lag in the short-term – while COVID-19 impacts should fade over time.

Despite underperforming the benchmark in December, we are pleased with the total return of 25.15 per cent delivered in calendar year 2021 by The Montgomery Fund, as well as the 7.61 per cent relative outperformance vs the S&P/ASX 300 Accumulation Index which delivered 17.54 per cent. We note this return has been achieved with lower volatility vs the benchmark.

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TOP COMPLETED HOLDINGS\* (TCH)

(at 31 December 2021, out of 30 holdings)

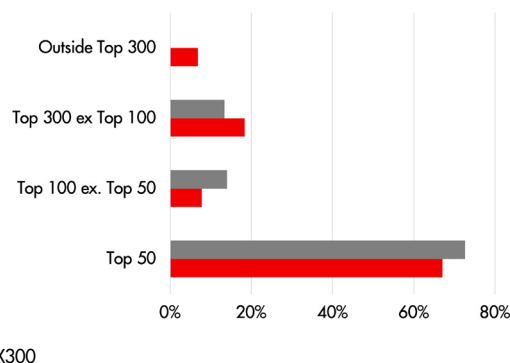
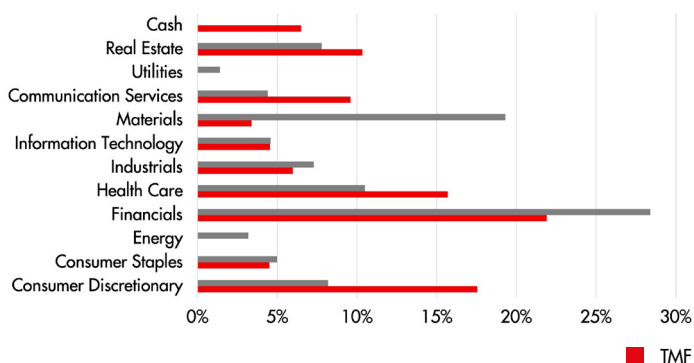
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Commonwealth Bank	11.9	N/A	18.7	6.53
Goodman Group	18.2	9.4	31.5	5.55
Macquarie Group	10.3	N/A	20.6	5.34
National Australia Bank	10.6	N/A	14.8	4.97
Aristocrat Leisure	24.8	28.2	24.9	4.94
Resmed	26.7	17.3	38.2	4.32
Wesfarmers	25.5	73.1	29.5	4.23
Reliance Worldwide	13.5	10.9	22.4	4.16
Telstra	15.9	106.8	26.9	3.94
CSL	31.9	47.7	41.4	3.93
<b>TCH AVERAGE</b>	<b>18.9</b>	<b>41.9</b>	<b>26.9</b>	
<b>MARKET AVERAGE</b>	<b>13.2</b>	<b>70.7</b>	<b>18.5</b>	

Total equity weighting	93.50
Total cash weighting	6.50

\*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') and Target Market Determination ('TMD') 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.

Looking to 2022, we expect further volatility as narratives on inflation sway from positive to negative in terms of their impact on share-market returns. (This is most evident in the NASDAQ index in the US, which has seen swings of over 5 per cent in both directions within very short-time frames).

We remain invested in quality businesses with attractive risk-reward characteristics, and believe our focus on quality, bright prospects and relative value should hold us in good stead going forward.

For the six months to 31 December 2021, The Montgomery Fund will pay a distribution of 1.0019 cents per unit. We ended 2021 with a unit price of \$1.7595 and we commence calendar year 2022 with a unit price of \$1.7495.

