



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

\$325.0M

MANAGEMENT FEES AND COSTS

1.36% per annum¹

PERFORMANCE FEES

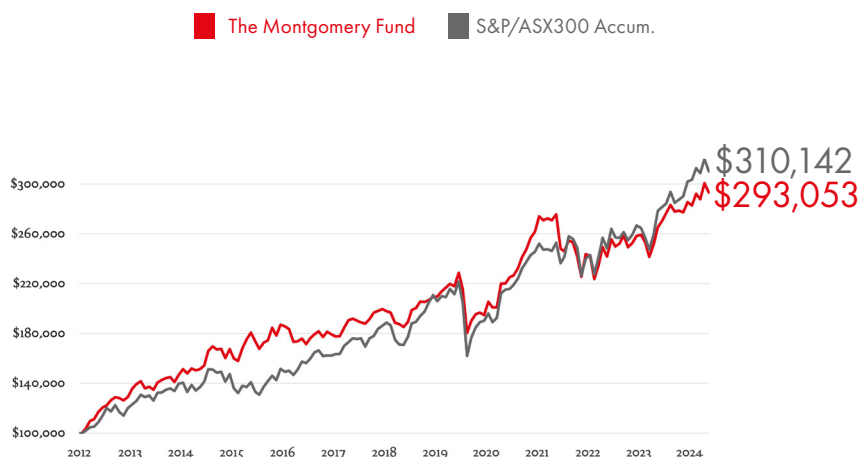
15.38% of the total return of The Fund that is in excess of the Index.¹

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 (%)
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 December 2024, 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	-2.52%	0.34%	5.74%	10.49%	2.08%	6.12%	6.23%	6.83%	193.05%	9.08%
S&P/ASX 300 ACCUM. INDEX	-3.07%	-0.81%	6.94%	11.39%	7.06%	7.97%	8.41%	8.52%	210.14%	9.58%
OUT/UNDER PERFORMANCE	0.55%	1.15%	-1.20%	-0.90%	-4.98%	-1.85%	-2.18%	-1.69%	-17.09%	-0.50%

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.

	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
AUSTRALIAN EAGLE COMPOSITE ³	-2.52%	0.34%	5.74%	10.49%	6.50%	9.60%	10.64%	11.67%	570.44%	10.04%
S&P/ASX 300 ACCUM. INDEX	-3.07%	-0.81%	6.94%	11.39%	7.06%	7.97%	8.41%	8.52%	346.09%	7.81%
OUT/UNDER PERFORMANCE	0.55%	1.15%	-1.20%	-0.90%	-0.56%	1.63%	2.23%	3.15%	224.35%	2.23%

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.



COMPANY NAME	ASX CODE	SECTOR	WEIGHT (%)
Commonwealth Bank Of Australia	CBA	Financials	8.23
QBE Insurance Group Ltd	QBE	Financials	5.97
Rio Tinto Ltd	RIO	Materials	5.83
Cochlear Ltd	COH	Health Care	5.69
Macquarie Group Ltd	MQG	Financials	5.16
Xero Ltd	XRO	Information Technology	5.07
ASX Ltd	ASX	Financials	4.56
ResMed	RMD	Health Care	4.18
CSL Ltd	CSL	Health Care	4.08
Wesfarmers Ltd	WES	Consumer Discretionary	3.98
Total equity weighting			97.82
Total cash weighting			2.18

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

TOP 3 CONTRIBUTORS AND DETRACTORS

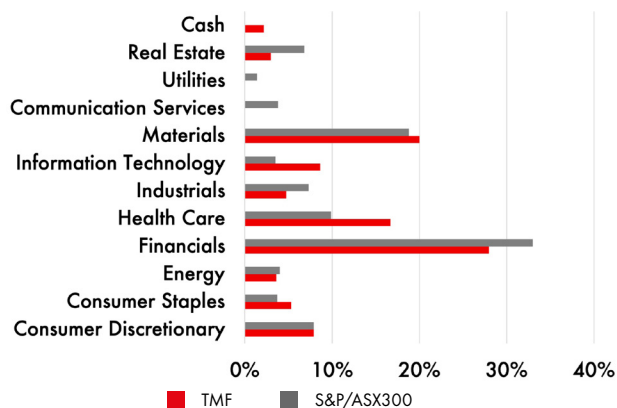
CONTRIBUTORS

Transurban Group	The NSW government reiterated its commitment to respecting the value of existing contracts.
TechnologyOne	The share price continued to outperform after a strong FY24 result.
Woolworths Group	The share price recovered after a period of underperformance.

DETRACTORS

Cochlear	The share price underperformed as bond yields rose.
QBE Insurance Group	The share price fell after a period of outperformance.
Pilbara Minerals	The share price fell as lithium prices remain subdued.

INDUSTRY EXPOSURE



MARKET CAPITALISATION

	TMF (%)	S&P/ASX300 (%)	ACTIVE (%)	# STOCKS
ASX 1 -20	49.2	61.3	-12.2	12
ASX 21 -50	25.6	17.1	8.5	6
ASX 51 -100	11.5	11.9	-0.4	4
ASX 101 -200	6.3	7.5	-1.1	3
ASX 201 -300	5.2	2.2	3.0	3
Ex S&P/ ASX 300	0.0		0.0	0
Cash	2.2			
Total	100.0			28

CONTACT DETAILS

INVESTORS

Rhodri Taylor t 02 8046 5022 e rtaylor@montinvest.com	David Buckland t 02 8046 5004 e dbuckland@montinvest.com
--	---

ADVISERS, RESEARCHERS AND PLATFORMS

Scott Phillips States – National m 0417 529 890 e sphillips@montinvest.com	David Denby States – VIC, SA & TAS m 0455 086 484 e ddenby@montinvest.com	Michael Gollagher States – QLD m 0409 771 306 e mgollagher@montinvest.com	Dean Curnow States – NSW, ACT & WA m 0405 033 849 e dcurnow@montinvest.com	Toby Roberts States – NSW & ACT m 0402 093 561 e troberts@montinvest.com
--	---	---	--	--

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



The Montgomery Fund (the Fund) delivered a return of -2.52 per cent in December 2024, outperforming the S&P/ASX 300 Accumulation Index by 0.55 per cent after fees. Amid a challenging month for the major banks and large mining stocks – which declined by 4.1 per cent and 4.5 per cent, respectively – the Fund benefited from its underweight positions in the banks and BHP. Additionally, holdings in Transurban and TechnologyOne contributed positively to relative performance.

Market overview

December's typically light trading volumes, combined with renewed speculation over interest rates, resulted in heightened volatility across global markets. Early Trump-related optimism receded as investors refocused on the U.S. Federal Reserve. The Fed cut its target rate range by 0.25 per cent but accompanied that good news with a measured and hawkish statement citing stronger-than-anticipated economic growth. Notably, the "dot plot" signalled only two rate cuts for 2025 – significantly fewer than the four previously anticipated by the market.

These developments increased U.S. Treasury yields, shifting the yield curve from flat to a more conventional upward slope. During December yields on 2-year, 5-year, and 10-year bonds increased by 9, 33, and 40 basis points, respectively. Solid economic indicators and robust employment data supported the Fed's position.

U.S.-China relations deteriorated further as each country introduced new trade sanctions. The United States restricted high-tech exports to China, which imposed bans on certain critical minerals. Meanwhile, China announced additional stimulus to bolster domestic consumption rather than the property market, creating lingering uncertainty for resource-dependent economies, including Australia. The Australian Treasury is forecasting a significantly weaker iron-ore price of US\$77/tonne in fiscal 2025/2026. The Australian dollar weakened further from US\$0.65 to US\$0.62, providing a benefit for Australian exporters but increasing the prospect of lingering inflation on imports for consumers.

Australian market

On the domestic front, the Reserve Bank of Australia (RBA) held rates steady, maintaining its promise to keep official rates unchanged until 2025. RBA Governor Michelle Bullock reiterated confidence in the current path of inflation. The Australian labour market remained strong, with unemployment declining to 3.9 per cent. Despite these supportive fundamentals, the local share market tracked U.S. indices lower during December. Major banks and resources companies faced profit-taking on thin volumes, setting a cautious tone ahead of January's quarterly reporting updates and the February reporting season.

Against this backdrop, the Fund's portfolio exposures remain balanced. We maintain our conviction that the market will recognise the positive developments unfolding in several of our portfolio companies over time.

Portfolio changes

Increased Positions: Pilbara Minerals (ASX:PLS) and Web Travel Group (ASX:WEB).

Reduced positions: Transurban Group (ASX:TCL) and Rio Tinto (ASX:RIO).

Major contributors

Transurban Group (ASX:TCL): The share price climbed following receipt of a draft In Principle Agreement for Stage 2 of the Direct Dealing process for NSW Toll Reform. Despite Transurban's significant market share in Sydney toll roads, the NSW government reiterated its respect for existing contracts, reinforcing the company's long-term outlook.

TechnologyOne (ASX:TNE): Shares continued to appreciate after the company reported a strong 2024 financial year result, driven by double-digit revenue and profit growth. Management reaffirmed its target of doubling Annualised Recurring Revenue (ARR) over the next five years, providing a clear roadmap for sustained expansion.

Woolworths (ASX:WOW): Despite facing legal action in New Zealand for allegedly misleading prices and promotions, Woolworths' share price remained relatively stable throughout December, reflecting the market's recognition of the company's solid underlying fundamentals.

Detractors

Cochlear (ASX:COH): Cochlear's share price declined as rising bond yields put pressure on high-growth, higher price to earnings multiple stocks. One-off factors announced in the 2024 financial year results also weighed on sentiment, even though the company posted double-digit revenue growth and high single-digit profit growth.

QBE Insurance Group (ASX:QBE): After a period of outperformance, QBE's share price pulled back in December. As short-term bond yields remained flat and longer-term yields rose, investors reevaluated their positioning in the insurance sector.

Pilbara Minerals (ASX:PLS): Shares retreated amid softer Electric Vehicle (EV) demand, prompting the company to focus on its higher-performing, lower-cost Pilgan Plant, temporarily pausing operations at its Ngungaju plant. This move is expected to enhance cash flow by approximately \$200 million during the current period of lower lithium prices.

Outlook

We believe our disciplined investment approach and balanced portfolio positioning will continue to serve our investors well. While markets may experience further volatility, we remain confident the underlying fundamentals and proactive management decisions across our holdings will help the Fund navigate these challenges. We appreciate your continued support and look forward to keeping you informed and updated.

Distribution

At the conclusion of the 6 months to December 2024, The Montgomery Fund will pay a distribution of 1.3217 cents per unit. Accordingly, after ending calendar year 2024 with a unit price of \$1.4586, we commence calendar year 2025 with a unit price of \$1.4453.

