



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

\$546.6M

MANAGEMENT FEE

1.36% 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

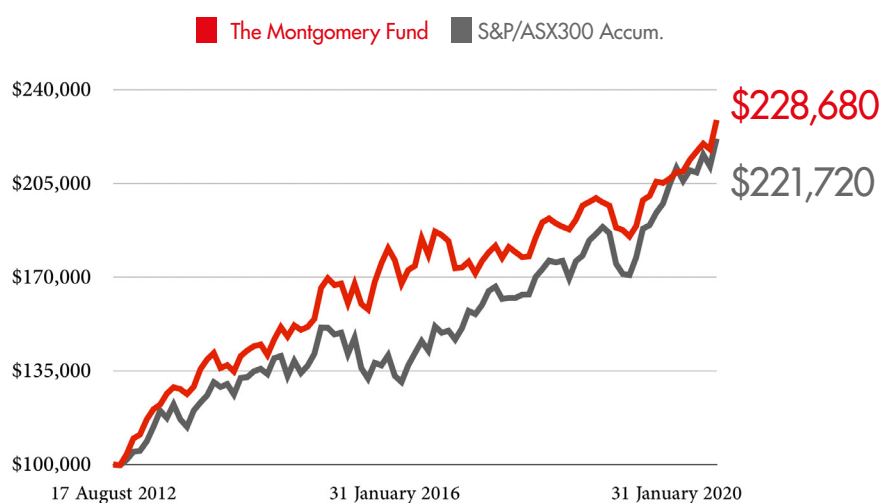
FINANCIAL YEAR RETURNS

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%
Since Inception**	11.7%	11.3%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 January 2020, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	5.02%	5.02%	4.89%	0.13%
3 months	1.10%	4.35%	5.45%	6.03%	-0.58%
6 months	1.14%	8.18%	9.32%	5.20%	4.12%
12 months	5.94%	14.98%	20.92%	24.99%	-4.07%
3 years (p.a.)	5.64%	4.44%	10.08%	12.39%	-2.31%
5 years (p.a.)	5.69%	2.48%	8.17%	9.42%	-1.25%
7 years (p.a.)	5.70%	3.87%	9.57%	9.96%	-0.39%
Since inception#	57.26%	71.42%	128.68%	121.72%	6.96%
Compound annual return (since inception)#	6.26%	5.47%	11.73%	11.27%	0.46%



FUND COMMENTARY

Many of the equity markets worldwide experienced very strong performance in January 2020 and Australia was one of the strongest performing markets with the S&P/ASX300 Accumulation Index increasing by 4.89 per cent. The markets rose very quickly at the beginning of the year as trade tensions between US and China showed signs of easing before they started to reverse towards the end of the month as news about the evolving Coronavirus outbreak started impacting investor sentiment.

Pleasingly, The Montgomery Fund (The Fund) delivered a return of 5.02 per cent for a relative outperformance of 0.13 per cent. This is particularly satisfactory given the cash drag on performance of roughly 0.80 per cent resulting from the average cash weighting of approximately 17 per cent during the month.

The top contributors to performance were Telstra, CSL, Spark NZ, Aristocrat Leisure and Reliance Worldwide which all contributed over 0.4 per cent to performance, and it was encouraging to see that all but one of The Fund's

holdings contributed positive performance during the month. The only company contributing negative performance was Medibank Private which declined slightly in sympathy with competitor NIB which issued a profit warning due to increased claims costs.

We continue to retain our relatively cautious stance on valuations going into the upcoming February reporting season when the majority of Australian listed companies will report their half year results and outlook for the remainder of the financial year. During last reporting season in August 2019, 46 per cent of companies experienced downwards earnings revisions in connection with their reports while only 19 per cent experienced upwards revisions and we have since continued to see continuous downgrades to earnings expectations. Given the likely slowdown in the Chinese economy caused by the Coronavirus outbreak and the negative ramifications for pockets of the Australian economy, we doubt that earnings have been revised down enough and see the potential for some further downwards revisions this reporting season.

TOP COMPLETED HOLDINGS* (TCH)

(at 31 January 2020, out of 21 holdings)

COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Aristocrat Leisure	38.6	103.8	22.3	6.64
Telstra Corp	19.1	114.6	0.5	6.33
Macquarie Group	9.0	N/A	16.2	6.18
Healius	10.1	33.0	18.8	5.56
Atlas Arteria	5.3	85.6	24.5	5.27
Avita Medical	N/A	N/A	N/A	5.24
Spark New Zealand	27.6	114.3	20.1	5.24
Westpac Banking Corp	10.5	N/A	14.2	5.06
Medibank Private	23.3	-33.9	21.3	4.51
Ramsay Health Care	26.7	160.4	28.0	4.26
TCH AVERAGE	18.9	82.5	18.4	
MARKET AVERAGE	11.2	74.8	18.4	

Total equity weighting

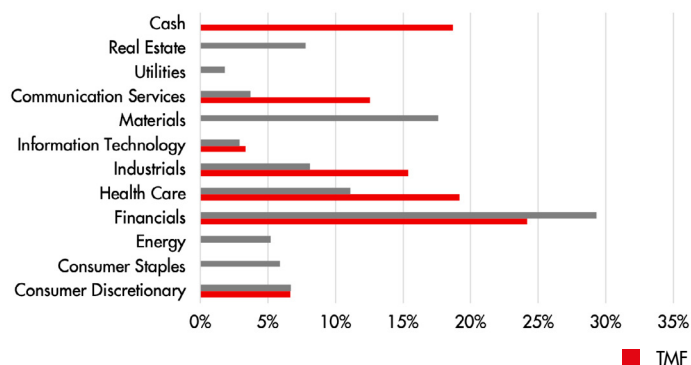
81.31

Total cash weighting

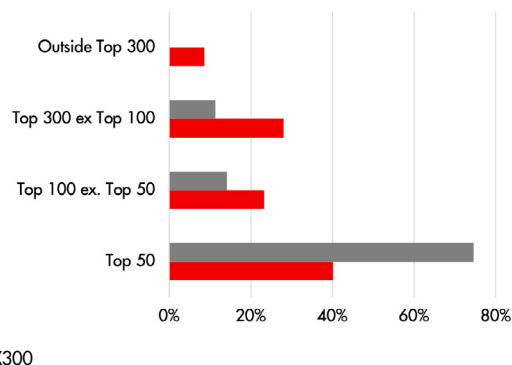
18.69

*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.

