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
$471.5M

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

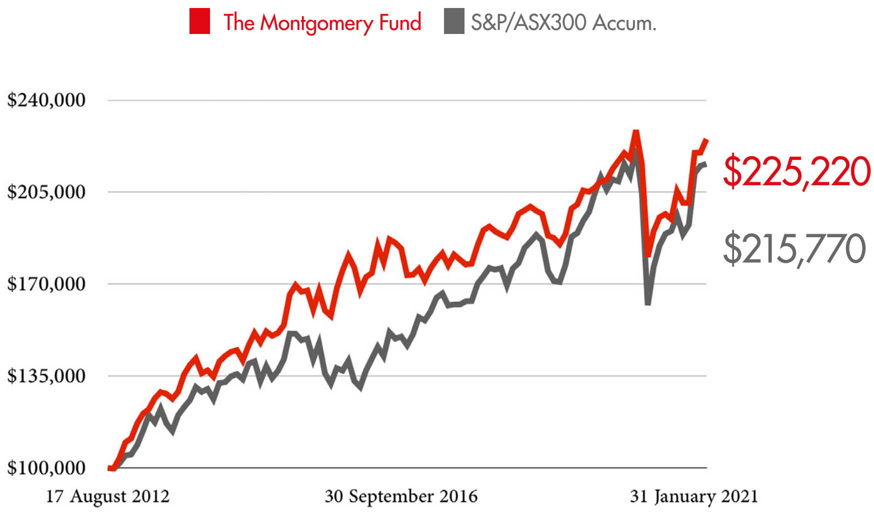
FINANCIAL YEAR RETURNS

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%
2020	-4.9%	-7.6%
Since Inception**	10.1%	9.5%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 January 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	2.31%	**2.31%**	0.33%	1.98%
3 months	0.35%	11.76%	**12.11%**	12.05%	0.06%
6 months	0.36%	15.29%	**15.65%**	13.42%	2.23%
12 months	0.36%	-1.87%	**-1.51%**	-2.69%	1.18%
3 years (p.a.)	4.78%	1.03%	**5.81%**	7.13%	-1.32%
5 years (p.a.)	4.25%	1.09%	**5.34%**	10.14%	-4.80%
7 years (p.a.)	4.85%	2.76%	**7.61%**	7.97%	-0.36%
Since inception#	57.80%	67.42%	**125.22%**	115.77%	9.45%
Compound annual return (since inception)# # *17 August 2012*	5.54%	4.54%	**10.08%**	9.52%	0.56%

FUND COMMENTARY

Following a strong start to 2021 largely driven by the resources sector, the market gave up most of its positive return towards the end of January as markets globally reacted to increased price volatility and reduced risk accordingly.

For January, the S&P/ASX 300 Accumulation Index recorded a gain of 0.33 per cent, whilst The Montgomery Fund (The Fund) return was 2.31 per cent.

The early days of January was largely a continuation of the trend in December, as miners continued to drive market gains. This abruptly reversed in the last week of January due to a combination of reducing risk positions from investors, as well as some concerns around steel-making margins in China during a period of seasonal demand softness and noise around potential renewed emission controls on the steel industry.

The top contributor to performance was Avita Medical after the release of December quarter sales which showed revenue growth of 62 per cent year-on-year. The result was better than market expectations given concerns around the re-emergence of COVID-19 on burns cases, while expenses also fell after some one-offs incurred in the September quarter.

Other winners include Westpac which caught up some recent underperformance versus the other major banks as well as Wesfarmers. We have highlighted Wesfarmers as a quality company that is a COVID-19 winner given increased home improvement spend, and while our thesis on this remains unchanged, the conglomerate appears to have added significant value to its core business through the acquisition of Catch and Kidman Resources, both in 2019.

The biggest detractor in January was Sydney Airport, which suffered from negative news on COVID-19 re-emergence and the prospect of further delays to international travel. We believe the asset remains undervalued given our view on the longer-term travel recovery theme, especially given the asset's status as the premier monopoly gateway out of Sydney.

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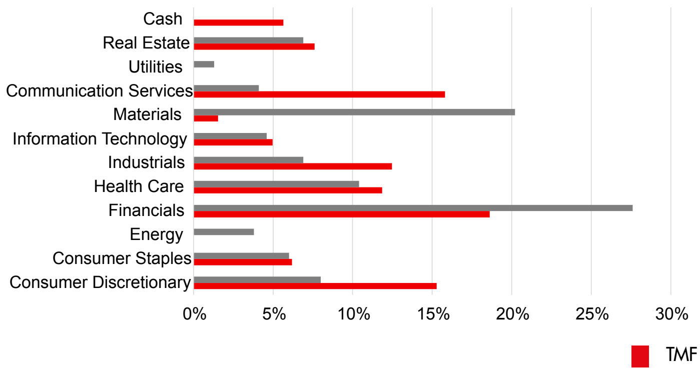
TOP COMPLETED HOLDINGS* (TCH)

(at 31 January 2021, out of 29 holdings)

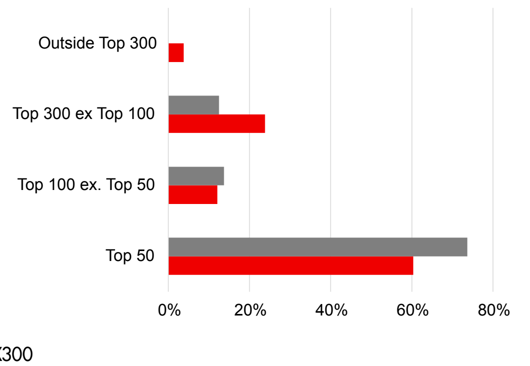
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac Banking Corp	2.8	N/A	15.2	6.33
Woolworths Group	17.1	183.7	27.9	6.18
Commonwealth Bank	10.6	N/A	21.4	5.92
Wesfarmers	23.2	74.8	29.6	5.75
CSL	35.7	73.5	41.1	5.04
Avita Medical	N/A	N/A	N/A	4.24
REA Group	28.7	12.1	62.9	4.20
Macquarie Group	3.8	N/A	18.8	4.12
Sydney Airport	N/A	N/A	N/A	3.94
Reliance Worldwide	8.7	21.3	23.4	3.55
TCH AVERAGE	16.3	73.1	30.0	
MARKET AVERAGE	8.3	59.1	20.6	
Total equity weighting				94.35
Total cash weighting				5.65

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

We exited our investment in Magellan Financial Group. While the business remains a quality fund manager, we note recent challenges to investment performance will impact the performance fee trajectory and hence shareholder dividends in the near-term, while its foray into investment banking and private equity represents a deviation from its core competencies.

We remain cautiously optimistic on the outlook as positive vaccine developments and low interest rates remain supportive of risk asset valuations. However, as previously noted, we remain in a volatile environment, clearly demonstrated in January with Robinhood trading and GameStop's meteoric share price rise impacting broader investor risk appetite. Sentiment swings, flows and thematic investing continue to dominate relative returns.

We maintain a balanced approach to risk while retaining our quality focus.