



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

\$330.0 M

MANAGEMENT FEES AND COSTS

1.36% per annum¹

PERFORMANCE FEES

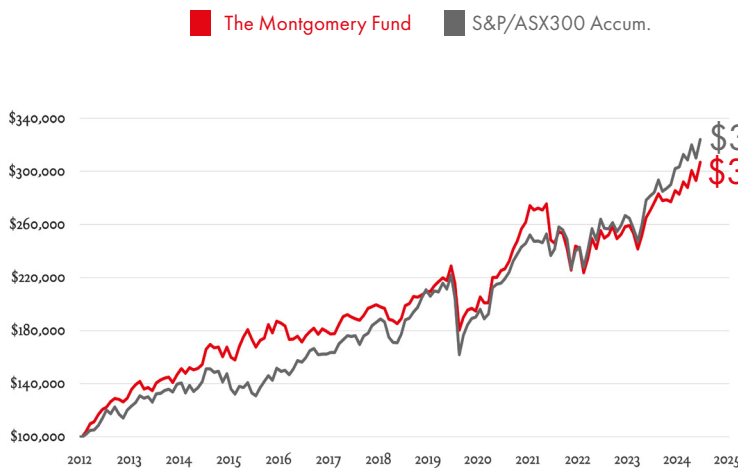
15.38% of the total return of The Fund that is in excess of the Index.¹

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 January 2025, 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	4.70%	6.61%	7.48%	13.44%	7.33%	6.05%	7.08%	7.11%	206.82%	9.42%
S&P/ASX 300 ACCUM. INDEX	4.46%	4.98%	7.28%	15.09%	11.07%	7.88%	9.15%	8.65%	223.98%	9.90%
OUT/UNDER PERFORMANCE	0.24%	1.63%	0.20%	-1.65%	-3.74%	-1.83%	-2.07%	-1.54%	-17.16%	-0.48%

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	4.70%	6.61%	7.48%	13.44%	11.18%	9.71%	11.11%	11.99%	601.93%	10.24%
S&P/ASX 300 ACCUM. INDEX	4.46%	4.98%	7.28%	15.09%	11.07%	7.88%	9.15%	8.65%	366.00%	8.01%
OUT/UNDER PERFORMANCE	0.24%	1.63%	0.20%	-1.65%	0.11%	1.83%	1.96%	3.34%	235.93%	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.



TOP COMPLETED HOLDINGS* (TCH)

(at 31 January 2025)

COMPANY NAME	ASX CODE	SECTOR	WEIGHT (%)
Commonwealth Bank of Australia	CBA	Financials	8.18
Cochlear Ltd	COH	Health Care	6.03
QBE Insurance Group	QBE	Financials	6.01
Rio Tinto Ltd	RIO	Materials	5.72
Macquarie Group	MQG	Financials	5.20
Xero Ltd	XRO	Information Technology	5.08
ASX Ltd	ASX	Financials	4.52
ResMed	RMD	Health Care	4.18
Wesfarmers Ltd	WES	Consumer Discretionary	3.95
CSL Ltd	CSL	Health Care	3.90
Total equity weighting			97.5
Total cash weighting			2.41

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

TOP 3 CONTRIBUTORS AND DETRACTORS

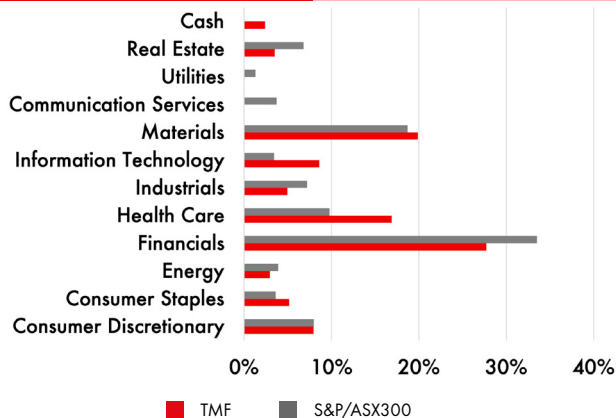
CONTRIBUTORS

Cochlear	The share price rose after a period of underperformance.
QBE Insurance	The share price continued to rise as short-term bond yields remained elevated.
Telix Pharmaceuticals	The share price rose after a series of positive announcements in January.

DETRACTORS

Infratil	The share price fell as increased gearing and interest costs will offset valuation increases.
Treasury Wine Estates	The share price fell on concerns of a slow recovery in the Chinese wine market.
ASX	The share price fell on concerns of ongoing operational failures.

INDUSTRY EXPOSURE



MARKET CAPITALISATION

	TMF (%)	S&P/ASX300 (%)	ACTIVE (%)	# STOCKS
ASX 1 -20	48.0	60.4	-12.4	12
ASX 21-50	25.7	17.0	8.8	6
ASX 51 - 100	12.1	12.0	0.1	4
ASX 101 -200	6.5	8.2	-1.6	3
ASX 201 -300	5.2	2.4	2.8	3
Ex S&P/ ASX 300	0.0		0.0	0
Cash	2.4			
Total	100.0			28

CONTACT DETAILS

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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. Both the PDS and the Target Market Determination are 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.

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



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The Montgomery Fund (the Fund) returned 4.70 per cent in January 2025, outperforming the S&P/ASX 300 Accumulation Index by 0.24 per cent after fees and expenses.

Overview

The broader Australian market rebounded from December's weakness, supported by optimism around President Trump's pro-business and America-first policies. Domestically, major banks and mining companies led the rally, with banks returning to recent highs on resurging sentiment.

Meanwhile, encouraging signs emerged with a slight dip in long-term U.S. interest rates and weaker-than-expected domestic inflation data, temporarily easing pressure on valuations and equities early in January. Although the market experienced a few early stumbles, January ultimately proved to be a very solid month.

For the moment, genuine bargains remain scarce, reflecting persistently subdued local growth. This was evident in largely unremarkable trading updates across consumer companies through January.

Globally, most equity markets ended January in positive territory but experienced heightened intra-month volatility, against a backdrop of broadly elevated valuations.

Key factors included the emergence of a disruptive Chinese Artificial Intelligence (AI) model and President Trump's ongoing trade war rhetoric.

Remembering last year's Nvidia-led technology rally was powered by accelerating AI trends, news of "DeepSeek" – a high-performance AI model developed by a new Chinese startup on a limited budget – triggered a significant sell-off in U.S. technology stocks, wiping out nearly US\$600 billion of Nvidia's market capitalisation in a single day.

The key question for investors in the sector, is whether massive capital outlays, which have become the norm for companies competing in the AI space, will ensure competitive leadership or whether it will result in white elephants and oversupply of storage, compute power and energy.

We also note that despite all the positive news in the AI sector over the last nine months, the U.S. Semiconductor Index (SOX) remains unchanged – albeit at lofty levels.

President Trump's recent election victory has already influenced the global economy, despite his term just beginning. The U.S. Federal Reserve signalled a slower pace of interest rate cuts in response to potentially inflation-inducing policies, even as inflation inches closer to the Fed's target.

Global and domestic conditions

Chinese gross domestic product (GDP) expanded by 5.0 per cent in 2024, while inflation dipped to a nine-month low of 0.1 per cent. Despite numerous stimulus measures, positive outcomes appear limited. Given China's status as Australia's largest export market, weaker Chinese demand has generally weighed on Australian commodity producers, consumer goods exporters and the Australian dollar.

Domestically, unemployment inched up from 3.9 per cent to 4.0 per cent, and underlying inflation eased from 3.5 per cent to 3.2 per cent. These dynamics have led the market to believe the Reserve Bank of Australia (RBA) will cut rates this month.

Most importantly, the U.S. Federal Reserve appears to have exhausted the reverse repurchase agreement account which it used last year to inject approximately US\$6 trillion into financial markets, spurring a rally in equities, Gold and even Bitcoin.

Meanwhile, the Australian equity market outperformed U.S. indices as large-cap ASX companies were largely insulated from the Chinese AI concerns and trade tensions. Quarterly updates generally met or exceeded expectations, bolstering investor confidence.

Looking ahead to the February reporting season, recent market moves have demonstrated there is little forgiveness for high-multiple stocks that fall short of expectations. We remain wedded to a consistent and discerning approach to company selection and portfolio construction.

Portfolio changes

The Fund increased positions in:

- Dexus (ASX:DXS)
- SILEX Systems (ASX:SLX)
- Cochlear (ASX:COH)

The Fund decreased positions in:

- Woodside Energy (ASX:WDS)
- Capstone Copper (ASX:CSC)

Major contributors

Cochlear (ASX:COH) – After a period of underperformance, the share price rebounded. Management's reaffirmation of high single-digit to low double-digit earnings growth at the company's Annual General Meeting reinforced market confidence in its outlook.

QBE Insurance Group (ASX:QBE) – The company's limited exposure to recent U.S. hurricanes and Los Angeles fires helped propel its share price. Elevated short-term bond yields also provide a favourable backdrop for QBE's US\$30 billion investment portfolio.

Telix Pharmaceuticals (ASX:TLX) – Shares outperformed on the back of positive announcements. Its flagship product, Illuccix, received approval for commercial launch in Europe, and FY24 revenue grew more than 55 per cent, exceeding initial guidance due to a strong fourth quarter.

The month's detractors

Infratil Ltd (ASX:IFT) – Despite robust customer demand at its 48 per cent-owned Canberra Data Centres (CDC), higher gearing and rising interest rates negatively impacted asset valuations, sending the share price lower.

Treasury Wine Estates Ltd (ASX:TWE) – Persistent uncertainty around the recovery of Australian wine sales in China following tariff removals, combined with a major corporate restructure emphasizing luxury brands, weighed on the stock.

ASX Ltd (ASX:ASX) – Shares declined amid ongoing fallout from December's settlement outage. Cost overruns to remedy the issue and increased regulatory scrutiny continue to dampen investor sentiment.

We sincerely appreciate your continued support, we enjoy working for you, and we look forward to providing our next update following the February reporting season.

