



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

\$702.4M

MANAGEMENT FEE

1.35% per annum, which includes a management fee of 1.18% per annum. Both figures are GST inclusive and net of RITC.

PERFORMANCE FEES

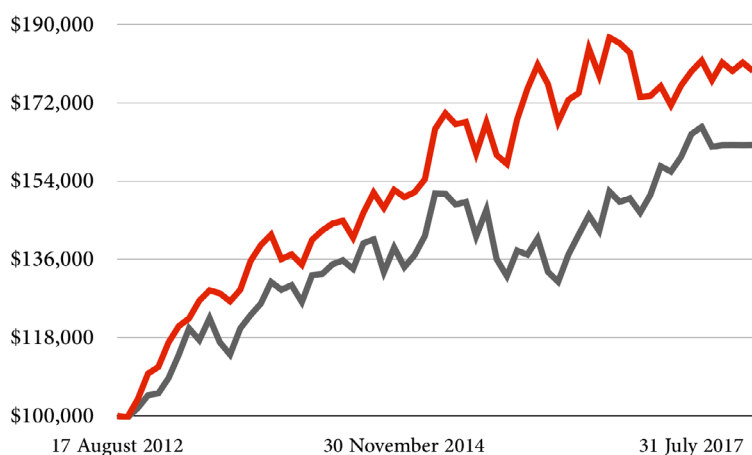
15.38% of the total return of The Fund that is in excess of the Index. No performance fee is payable until any previous periods of underperformance has been made up.

APPLICATION & REDEMPTION PRICES

montinvest.com/tmf

PERFORMANCE GRAPH

■ The Montgomery Fund ■ S&P/ASX300 Accum.



\$179,311

\$162,248

CONTACT DETAILS

INVESTORS

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PORTFOLIO PERFORMANCE

(to 31 July 2017, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-1.06%	-1.06%	0.01%	-1.08%
3 months	0.68%	-1.99%	-1.31%	-2.51%	1.21%
6 months	0.72%	3.88%	4.60%	3.89%	0.71%
12 months	1.43%	-5.56%	-4.13%	7.03%	-11.16%
2 years (p.a.)	3.47%	0.00%	3.47%	4.92%	-1.45%
3 years (p.a.)	5.40%	1.53%	6.93%	5.12%	1.81%
4 years (p.a.)	5.13%	3.44%	8.57%	7.80%	0.77%
Since inception#	34.24%	45.07%	79.31%	62.25%	17.06%
Compound annual return (since inception)# # 17 August 2012	6.12%	6.39%	12.51%	10.26%	2.25%



FUND COMMENTARY

The Montgomery Fund (The Fund) reported a small decline in July, returning negative 1.06 per cent for the month, compared with a flat result for its benchmark, the S&P/ASX300 Accumulation Index, which returned 0.01 per cent. The month was uneventful in terms of individual portfolio movements, and the gap in relative performance between The Fund and the index owed more to movements in large index constituents, including BHP Billiton and the major banks, than it did to changes in the value of individual portfolio holdings.

With valuations for high-quality businesses remaining somewhat stretched, we approach the August reporting season with a degree of caution, and with The Fund's cash holdings towards the high end of the normal range. Full year results announcements have the potential to trigger large swings in share prices, both up and down, and sometimes excessively so.

Many very high-quality ASX businesses currently trade at prices that place them beyond our reach. However, in the event that temporary stumbles see some of these businesses marked down unduly harshly, The Fund is well placed to put some of its cash holdings to work.

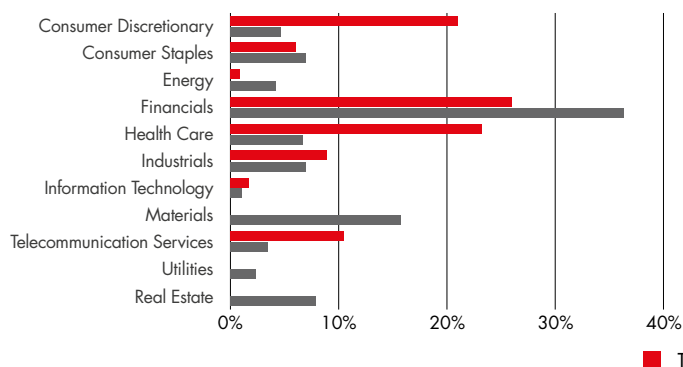
TOP COMPLETED HOLDINGS* (TCH)

(at 31 July 2017, out of 28 holdings)

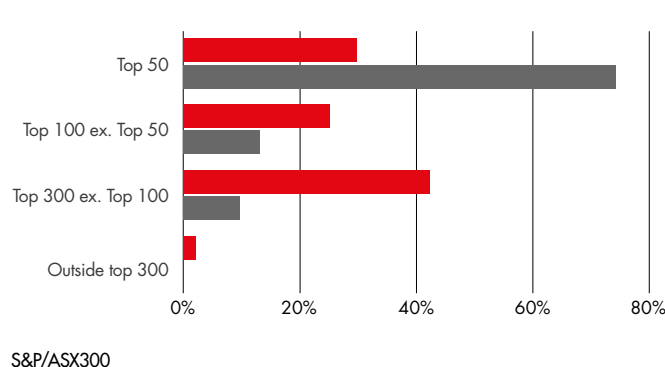
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Challenger Ltd	10.8	N/A	17.4	4.98
Resmed	20.0	13.1	26.5	4.92
Navitas Ltd	38.7	119.4	19.5	4.59
Trade Me Group Ltd	11.9	14.5	22.7	4.53
Seek Ltd	13.0	12.5	29.5	4.41
REA Group	29.2	51.6	32.8	4.04
Westpac Banking Corp	13.3	N/A	13.1	3.88
Commonwealth Bank of Australia	15.8	N/A	15.1	3.87
Medibank Private Ltd	26.6	-27.8	18.0	3.55
Chorus Ltd	14.6	180.7	14.3	3.09
TCH AVERAGE	19.4	52.0	20.9	
MARKET AVERAGE	14.9	70.9	18.8	
Total equity weighting				74.6
Total cash weighting				25.4

*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.

