

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

\$501.0M

MANAGEMENT FEES AND COSTS

1.37% per annum*, which includes a management fee of 1.18% per annum. Both figures are GST inclusive and net of RITC. *Includes the Responsible Entities fees, Montgomery's fees, custody fees, ordinary and abnormal expenses and any indirect costs.

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

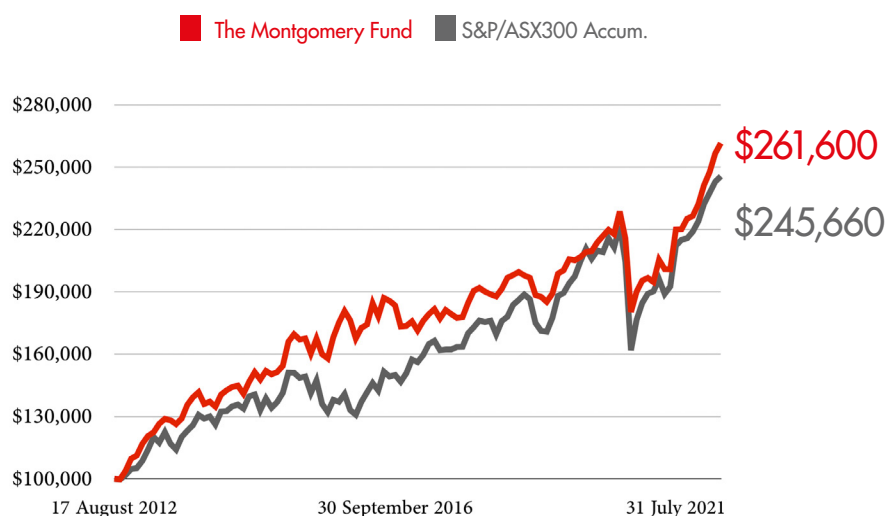
FINANCIAL YEAR RETURNS

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%
2021	30.5%	28.5%
Since Inception**	11.3%	10.6%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 July 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	1.95%	1.95%	1.11%	0.84%
3 months	3.17%	5.24%	8.41%	5.77%	2.64%
6 months	3.39%	12.76%	16.15%	13.86%	2.29%
12 months	4.27%	30.07%	34.34%	29.14%	5.20%
3 years (p.a.)	3.57%	5.88%	9.45%	9.70%	-0.25%
5 years (p.a.)	3.86%	3.08%	6.94%	10.14%	-3.20%
7 years (p.a.)	4.76%	3.86%	8.62%	8.40%	0.22%
Since inception#	62.83%	98.77%	161.60%	145.66%	15.94%
Compound annual return (since inception)# # 17 August 2012	5.60%	5.74%	11.34%	10.56%	0.78%



With the delta variant taking centre stage in July, there was a more cautious stance adopted by investors. However, any short-term weakness was bought with the consensus view that concern over rising case numbers was trumped by reassurance of the effectiveness of vaccines to mitigate the harmful health impacts of COVID-19.

The S&P/ASX 300 recorded a total return of 1.11 per cent in July. The positive return was almost entirely attributable to strength in the mining sector (+8 per cent), and the remaining sectors posted broadly flat to negative returns as the local market struggled for direction in the backdrop of Sydney's failure to contain the most recent Delta outbreak.

July was also characterised by elevated corporate activity including takeover offers for Sydney Airport (+34 per cent), Spark Infrastructure (+23 per cent) and Australian Pharmaceutical Industries (+25 per cent).

Despite the strength in the miners, The Montgomery Fund (The Fund) delivered a 1.95 per cent return in July, outperforming the index by 0.84 per cent.

By far the biggest contributor to performance was our significant holding in Sydney Airport. During the month, Sydney Airport received a takeover offer from a consortium of infrastructure investors led by IFM. The Fund accumulated its position in Sydney Airport throughout the early months of the COVID-19 outbreak given our favourable view of the quality of the asset, monopoly position, medium-term return expectations and balance sheet and cash-flow considerations. While we were partially rewarded with our patience, we have retained a large portion of our holding given expectations for a higher bid price.

Other positive contributors during the month were IDP Education (+15 per cent) and Capricorn Metals (also +15 per cent).

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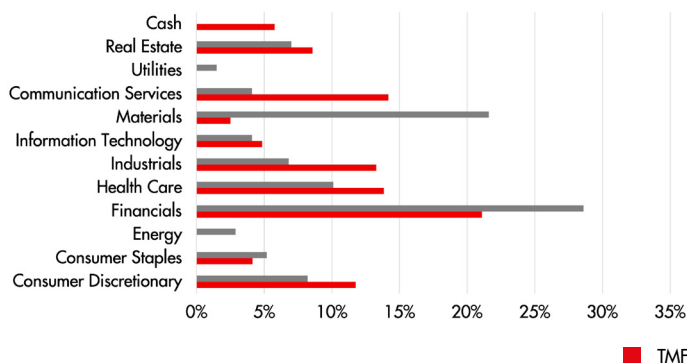
TOP COMPLETED HOLDINGS* (TCH)

(at 31 July 2021, out of 30 holdings)

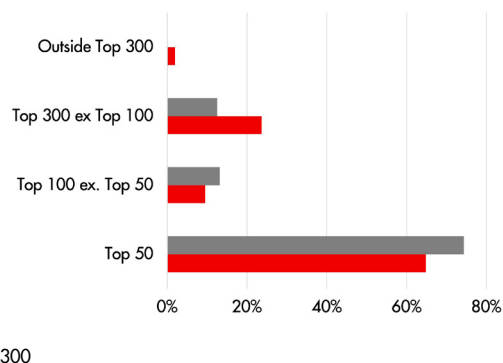
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac	6.0	N/A	14.7	7.51
Commonwealth Bank	9.4	N/A	19.7	7.04
Wesfarmers	26.3	74.8	29.7	5.56
Telstra	13.9	123.0	29.0	4.70
Sydney Airport	N/A	N/A	N/A	4.53
Goodman Group	14.8	10.4	34.8	4.52
Macquarie Group	9.2	N/A	18.7	4.39
CSL	37.4	73.5	48.2	4.25
Reliance Worldwide	11.6	21.3	30.5	3.92
REA Group	27.6	12.1	60.9	3.81
TCH AVERAGE	17.3	52.5	31.8	
MARKET AVERAGE	13.3	62.6	17.7	
Total equity weighting				94.23
Total cash weighting				5.77

*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.

IDP Education reported the acquisition of British Council's Indian IELTS operation for £130 million. We view the transaction as complimentary and strategic, giving IDP Education greater exposure to its fastest growing and largest market. We remain positive on the "post-COVID-19" outlook for the company given its market leadership position in a global and growing market.

Capricorn Metals also announced an acquisition during the month with the \$40 million purchase of the Mt Gibson project at a price which reflects a very cheap resource multiple for the scale and potential of the project. This opportunity highlights the value focus from a management team with significant skin in the game. The Company also reported an encouraging update on the ramp-up at Karlawinda, which we expect will drive a significant re-rate in the share price over the next 3-6 months.

While the local media continues to focus on COVID-19 lockdowns, there have been some significant offshore events with one worth highlighting in terms of its potential impact on financial markets.

During July, the Chinese Government announced a crackdown on its burgeoning, \$100 billion for-profit education sector. The fact the Government's heavy-handed approach to effectively shut-down the industry came so soon after other high-profile regulatory probes (Alibaba / Ant Financial and DiDi) has resulted in elevated risk in any area of the Chinese economy that may be deemed "sensitive".

These developments have highlighted the obligation for investors to heed the Chinese Government's goals and objectives in any future investment decisions.

