



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

\$316.7M

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

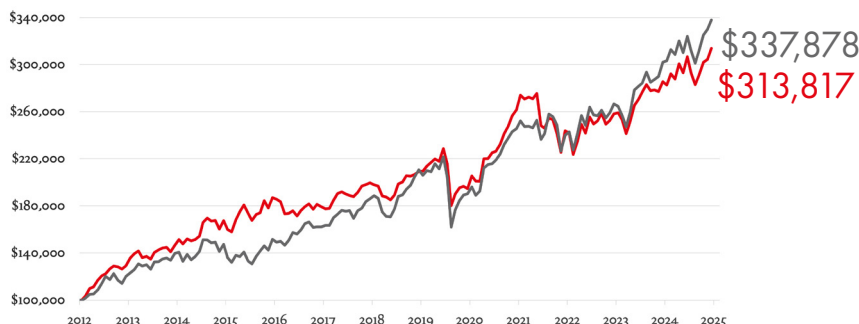
¹ See page 5 of the PDS for more information

APPLICATION & REDEMPTION PRICES

montinvest.com/tmf

PERFORMANCE GRAPH

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



DISTRIBUTIONS

HALF-YEAR TO	CENTS PER UNIT	DISTRIBUTION RETURN (%)
June 2025	8.1416	5.58
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 July 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	3.10%	7.72%	2.28%	9.93%	8.80%	10.01%	6.68%	6.48%	213.82%	9.23%
S&P/ASX 300 ACCUM. INDEX	2.43%	8.25%	4.29%	11.88%	12.08%	12.17%	8.89%	8.65%	237.88%	9.86%
OUT/UNDER PERFORMANCE	0.67%	-0.53%	-2.01%	-1.95%	-3.28%	-2.16%	-2.21%	-2.17%	-24.06%	-0.63%
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.										
AUSTRALIAN EAGLE COMPOSITE ³	3.10%	7.72%	2.28%	9.93%	10.70%	11.80%	10.34%	11.93%	617.94%	10.11%
S&P/ASX 300 ACCUM. INDEX	2.43%	8.25%	4.29%	11.88%	12.08%	12.17%	8.89%	8.65%	385.98%	8.03%
OUT/UNDER PERFORMANCE	0.67%	-0.53%	-2.01%	-1.95%	-1.38%	-0.37%	1.45%	3.28%	231.96%	2.08%

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.



COMPANY NAME	ASX CODE	SECTOR	WEIGHT (%)
Commonwealth Bank of Australia	CBA	Financials	6.79
Cochlear	COH	Health Care	6.04
QBE Insurance Group	QBE	Financials	6.03
Rio Tinto	RIO	Materials	5.79
ASX	ASX	Financials	4.98
CSL	CSL	Health Care	4.75
Macquarie Group	MQG	Financials	4.50
Technology One	TNE	Information Technology	3.84
Life360	360	Information Technology	3.64
Xero	XRO	Information Technology	3.52
Total equity weighting			97.92
Total cash weighting			2.08

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

TOP 3 CONTRIBUTORS AND DETRACTORS

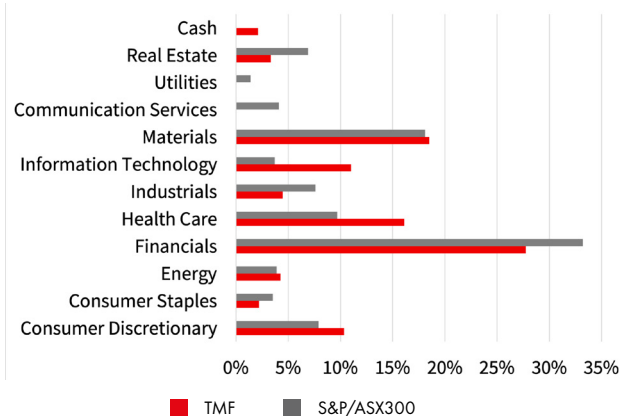
CONTRIBUTORS

Life360	The share price continued to rise in anticipation of a strong result in August.
CSL	The share price rose after a period of underperformance.
Woodside Energy Group	The share price rose after releasing a strong production report.

DETRACTORS

Telix Pharmaceuticals	The share price fell after being subject to a Securities and Exchanges Commission (SEC) investigation concerning disclosures.
Evolution Mining	The share price fell with the gold price.
Macquarie Group	The share price fell after receiving a first strike at the Annual General meeting (AGM)

INDUSTRY EXPOSURE



MARKET CAPITALISATION

	TMF (%)	S&P/ASX300 (%)	ACTIVE (%)	# STOCKS
ASX 1 -20	50.4	60.1	-9.7	14
ASX 21-50	21.0	17.6	3.4	5
ASX 51 -100	14.5	11.8	2.7	5
ASX 101 -200	10.1	7.9	2.1	5
ASX 201 -300	2.1	2.5	-0.5	1
Ex S&P/ ASX 300	0.0	0.0	0.0	0
Cash	2.1			
Total	100.0			30

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



The Montgomery Fund (The Fund) returned 3.10 per cent after fees in July 2025, outperforming the 2.43 per cent return of the S&P/ASX 300 Accumulation Index by 0.67 per cent.

After an extended period of outperformance, domestic banks suffered the effects of a rotation of funds into the resource sector. Quarterly production reports and trading updates revealed better conditions than anticipated.

Global markets whipsawed throughout the month, driven by a mix of geopolitical tensions, ongoing trade policy uncertainty and central bank policy speculation, but ended higher.

U.S. trade policy remained most influential on market sentiment as a flurry of trade deals were announced ahead of the 1 August deadline. The U.S. secured agreements with the European Union, Japan, Indonesia and the Philippines. Baseline tariffs of 15-20 per cent were agreed on for most trade deals, while 10 per cent rates were in place for countries with trade surpluses, including Australia.

Australia's stock market followed global markets higher, supported by gains in energy, technology and resources stocks. The Reserve Bank of Australia (RBA) held rates steady at 3.85 per cent, citing the need for further evidence of easing inflation and waiting to assess the impact of new U.S. tariffs on the economy.

Economic data turned down slightly with unemployment unexpectedly rising from 4.1 per cent to 4.3 per cent, while June 2025 quarter inflation hit a four-year low of 2.1 per cent.

Tensions between the U.S. and China remained elevated amid conflicting news. On one hand, the U.S. granted Nvidia permission to sell its advanced H2O artificial intelligence (AI) accelerator chips to Chinese customers – an apparent softening in technology export restrictions. On the other hand, the U.S. Department of Defence (DoD) signed a supply deal with MP Materials that effectively sets a price floor for rare earths at US\$110/kg, more than double current market prices – directly challenging China's dominance in the rare earths supply chain.

The U.S. Federal Reserve held rates steady at 4.25 to 4.50 per cent for a fifth straight month. Two board members signalled a growing divide within the US central bank, with both favouring cuts. Additionally, mixed economic data, including soft payrolls and persistent core inflation, have complicated the Federal Reserve's task of balancing inflation control with economic growth.

Global liquidity appears supportive

Warren Buffett once famously observed, "It's only when the tide goes out that you see who was swimming naked." He may not have been referencing the tide of global liquidity, but the reference is appropriate. According to liquidity watchers, several factors are simultaneously injecting substantial liquidity into the global financial system, suggesting the tide is still coming in:

- The U.S. Treasury General Account drawdown (post-debt ceiling) injected roughly US\$500 billion into money markets earlier this year.
- A weakening U.S. dollar has indirectly led to monetary easing by foreign central banks.
- China's liquidity injection, amounting to 10 trillion yuan (~US\$1.5 trillion) over six months, stands out as a particularly aggressive move.
- Declining bond market volatility, especially in U.S. Treasuries, has increased the effectiveness of collateral used in the repo markets, enabling more liquidity creation.

Together, these influences have pushed global liquidity to new highs in 2025. And the liquidity trend is accelerating at an estimated pace of US\$10 trillion annually – a tide that lifts asset prices, notably equities.

This tide of liquidity is reflected in the 'everything rally' some observers suggest may now be morphing into a bubble. With Meta up 28 per cent, year-to-date, Nvidia up 30 per cent, Microsoft up 25 per cent, Anduril up nearly 100 per cent, and military stocks are up 20-40 per cent, there's ample evidence to suggest liquidity has found a theme to latch onto.

Meanwhile, about 70 per cent of S&P 500 companies have reported second quarter 2025 earnings at the time of writing, and they can, in aggregate, be safely described as robust.

With liquidity still strong and the cycle in its late upswing phase, equities – particularly technology, financials, and small caps – should continue to benefit for now.

But we are interested in the emerging signs of the rotation towards commodities, especially as China continues its monetary stimulus. The correlation between Chinese liquidity injections and global commodity prices is strong. As China stimulates its economy, investors might reasonably expect to see commodity markets – energy, metals, and possibly food – respond positively.

Portfolio changes

The Fund increased positions in Life360 Inc (ASX:360), Evolution Mining Ltd (ASX:EVN), National Australia Bank Ltd (ASX:NAB), Pilbara Minerals Ltd (ASX:PLS) and Woodside Energy Ltd (ASX:WDS).

The Fund decreased exposure to ARB Corporation Ltd (ASX:ARB), Commonwealth Bank of Australia (ASX:CBA), Macquarie Group Ltd (ASX:MQG), Telix Pharmaceuticals Ltd (ASX:TLX), TechnologyOne Ltd (ASX:TNE), and Wesfarmers Ltd (ASX:WES).

In July 2025, we established a position in Iluka Resources Ltd (ASX:ILU). Reflecting broader challenges in the resources sector, Iluka's market valuation has declined significantly from its 2023 peak of over A\$5 billion to approximately A\$2 billion today. While Iluka is primarily recognised for its mineral sands production, we believe the market underestimates the substantial value inherent in its diversified portfolio.

Central to Iluka's strategic vision is the Eneabba rare earths refinery, currently under construction and poised to become Australia's first fully integrated facility for producing separated light and heavy rare earth oxides. Scheduled for commissioning in 2027, this project is supported by a A\$1.65 billion non-recourse loan from the Australian Government. Highlighting its commitment to this transformative initiative, Iluka's contribution includes A\$1.3 billion in rare earth concentrate as feedstock and a A\$414 million cash investment.

Beyond the refinery, Iluka holds nearly A\$1 billion in mineral sands inventory, a strategic asset that can be monetised as market conditions improve. In aggregate, the value of the refinery contributions and inventory exceeds Iluka's current market capitalisation, suggesting the market assigns little to no value to its premier mineral sands operations or its A\$450 million stake in Deterra Royalties (ASX:DRR).

Recent developments further affirm Iluka's strategic importance. A landmark agreement between the U.S. Department of Defence and MP Materials has established a premium pricing benchmark for Western-sourced rare earths. As a key Western-aligned supplier, Iluka is well-positioned to capitalise on this pricing framework when securing offtake agreements.

We view Iluka as an undervalued asset with significant potential. The market's focus on near-term resource sector challenges has overshadowed the company's robust fundamentals and growth prospects. With its rare earths refinery, strategic royalty interests, and substantial inventory, we believe Iluka is ready for both earnings recovery and a potential revaluation as market dynamics evolve.

Continued on next page ...



Major contributors

Life360 Inc (ASX:360) – The share price performed strongly during the month as the company introduced innovations for its bespoke advertising platform, utilising its high-quality user base. These new features utilise its high-quality user base, providing advertisers with the opportunity to specifically target users on predicted needs at likely next destinations with real-time targeting while also providing measurement of advertisement exposure and performance without relying on third party data.

CSL Ltd (ASX:CSL) – The share price rallied after a period of underperformance. The company's blood products business remains the core driver of continued double-digit earnings growth. A strategic reset by management has slated early-stage research capital expenditure to fall in the coming years, potentially increasing returns to shareholders.

Woodside Energy Ltd (ASX:WDS) – The share price followed energy prices higher. The company is delivering on its growth assets with all three projects (Scarborough, Sangomar and Louisiana LNG) showing strong operational progress. Management's capital discipline has also been a highlight with the exit of the H2OK hydrogen project, triggering a US\$ 140 million pre-tax impairment.

Detractors

Telix Pharmaceuticals Ltd (ASX:TLX) – The share price came under pressure after the quarterly report revealed pricing pressure from increased competition while also receiving a subpoena from the U.S. Securities and Exchange Commission (SEC) regarding disclosures for the development of a therapeutic drug. Management has reaffirmed financial year 2025 revenue guidance of US\$770-800 million.

Evolution Mining Ltd (ASX:EVN) – After following the gold price higher in June, investors took profits and rotated into other commodity stocks. The company's operations remain solid with record cashflow from Mungari and Red Lake mines, sites that have proved problematic in the past. Management have responsibly paid back debt during recent periods of strong cashflow.

Macquarie Group Ltd (ASX:MQG) – The share price fell after the company received a first strike for their remuneration report at the recent Annual General Meeting (AGM). Investors voiced concerns over the level of executive pay, considering a few compliance issues which came to light during the year. The company's retail banking division has been gaining market share off competitors despite operating in a tough external environment.

