



# 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

\$713.2M

#### 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

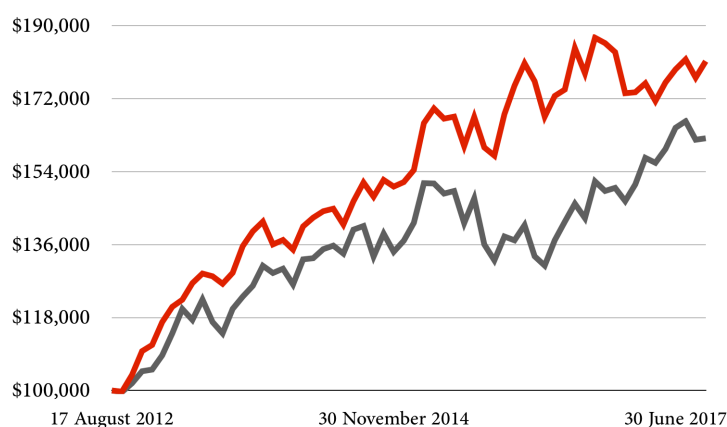
15.38% of the total return of The Fund that is in excess of the Index. No performance fee is payable until any previous periods of underperformance has been made up.

#### APPLICATION & REDEMPTION PRICES

[montinvest.com/tmf](http://montinvest.com/tmf)

### PERFORMANCE GRAPH

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



\$181,237

\$162,225

### CONTACT DETAILS

#### INVESTORS

Dean Curnow  
 † 02 8046 5019  
 e [dcurnow@montinvest.com](mailto:dcurnow@montinvest.com)

#### ADVISERS, RESEARCHERS AND PLATFORMS

Scott Phillips  
 (NSW, ACT & QLD)  
 † 02 8046 5005  
 e [sphillips@montinvest.com](mailto:sphillips@montinvest.com)

David Denby  
 (VIC, TAS, SA & WA)

† 0455 086 484  
 e [ddenby@montinvest.com](mailto:ddenby@montinvest.com)

### PORTFOLIO PERFORMANCE

(to 30 June 2017, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.70%	1.59%	2.29%	0.22%	2.07%
3 months	0.69%	0.43%	1.12%	-1.57%	2.69%
6 months	0.70%	2.40%	3.10%	3.07%	0.03%
12 months	1.43%	0.25%	1.67%	13.82%	-12.15%
2 years (p.a.)	3.34%	2.99%	6.33%	7.15%	-0.82%
3 years (p.a.)	5.49%	3.26%	8.74%	6.64%	2.11%
4 years (p.a.)	4.95%	4.49%	9.44%	9.20%	0.25%
Since inception#	34.24%	47.00%	81.24%	62.23%	19.01%
Compound annual return (since inception)# # 17 August 2012	6.23%	6.75%	12.98%	10.44%	2.54%



## FUND COMMENTARY

The Montgomery Fund (The Fund) delivered a pleasing result for the month of June, returning 2.29 per cent. This compared favourably with a return of 0.22 per cent for the Fund's benchmark, The S&P/ASX300 Accumulation Index, resulting in outperformance of 2.07 per cent for the month.

Given the Fund's high weighting to cash, the result implies a strong month for the equity component of the portfolio, including good returns from a number of holdings that had previously lost some favour with the market, including Navitas, Healthscope, Isentia and Carsales. This was offset by weak performances in some portfolio names, but these were relatively minor, and significantly outweighed by the stronger performers.

After a disappointing first half of FY17 in terms of relative performance, we are encouraged by a return to somewhat friendlier market conditions in

the second half of the financial year, and note that while The Fund's year to June result is well below our aspirations, it has very much been a year of two halves, with the more recent period indicating a change in fortune.

The Fund's performance figure since inception is superior compared with the market, and we remain confident in the ability of The Fund to achieve its long term return objectives.

With the conclusion of the financial year The Fund pays a distribution of 0.9648 cents per share, and so after ending FY17 with a unit price of \$1.4164, we commence FY18 with a unit price of \$1.4067. A more comprehensive Annual Letter will be sent to you shortly.

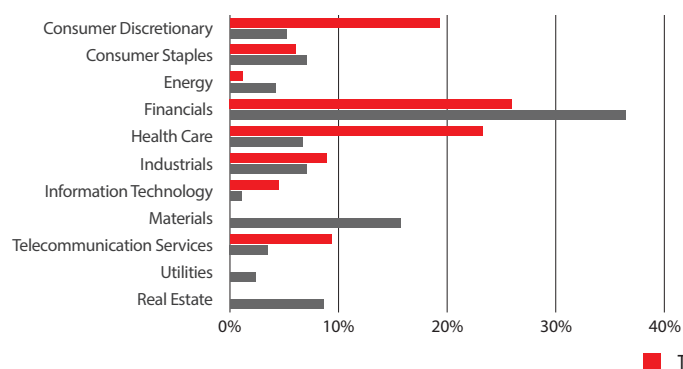
## TOP COMPLETED HOLDINGS\* (TCH)

(at 30 June 2017, out of 28 holdings)

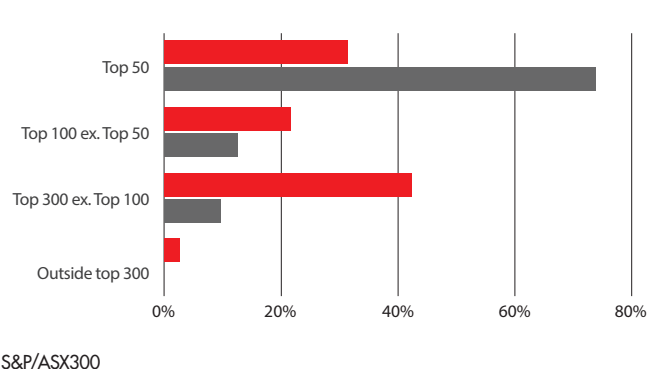
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Resmed	20.3	26.2	27.8	5.03
Westpac Banking Corp	13.3	N/A	12.8	5.02
Commonwealth Bank of Australia	15.8	N/A	14.9	4.52
Trade Me Group Ltd	11.9	14.5	23.3	4.41
Seek Ltd	13.0	12.5	28.7	4.29
Chorus Ltd	14.6	180.7	14.9	3.83
Ramsay Health Care Ltd	26.4	152.3	27.9	3.63
Medibank Private Ltd	26.6	-27.8	19.3	3.59
REA Group	29.2	51.6	31.0	3.52
Navitas Ltd	44.8	26.8	20.7	3.27
<b>TCH AVERAGE</b>	<b>21.6</b>	<b>54.6</b>	<b>22.1</b>	
<b>MARKET AVERAGE</b>	<b>15.0</b>	<b>72.7</b>	<b>19.4</b>	
<b>Total equity weighting</b>				<b>72.5</b>
<b>Total cash weighting</b>				<b>27.5</b>

\*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.

