

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

\$501.2M

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

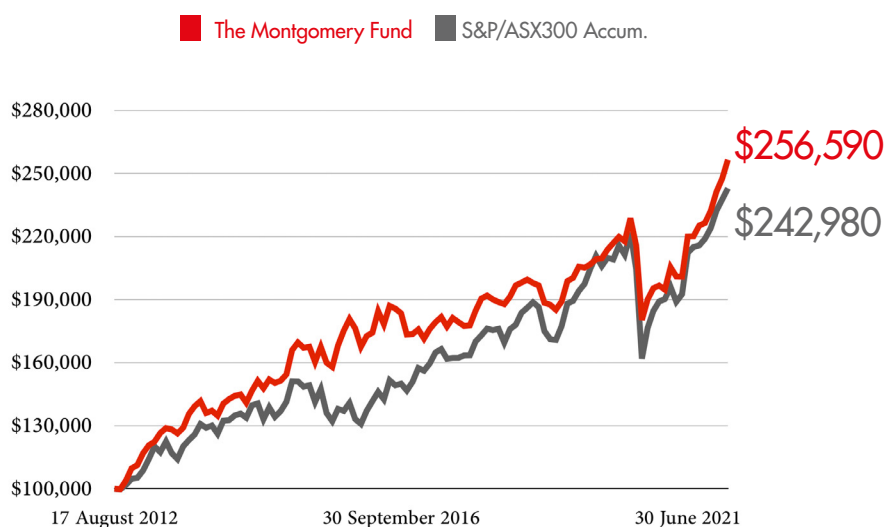
FINANCIAL YEAR RETURNS

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**	11.2%	10.5%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 30 June 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	3.09%	0.55%	3.64%	2.25%	1.39%
3 months	3.29%	7.21%	10.50%	8.48%	2.02%
6 months	3.46%	13.10%	16.56%	12.98%	3.58%
12 months	4.23%	26.22%	30.45%	28.49%	1.96%
3 years (p.a.)	3.34%	5.67%	9.01%	9.77%	-0.76%
5 years (p.a.)	3.84%	3.72%	7.56%	11.26%	-3.70%
7 years (p.a.)	4.82%	4.12%	8.94%	8.90%	0.04%
Since inception#	62.83%	93.76%	156.59%	142.98%	13.61%
Compound annual return (since inception)# # 17 August 2012	5.65%	5.56%	11.21%	10.53%	0.68%



Australia's lapse into lockdown towards the end of June did little to dampen broader investor enthusiasm for equities as the market recorded another positive 2.25 per cent return, mirroring the increase recorded in May.

The Montgomery Fund (The Fund) delivered a 3.64 per cent return in June, outperforming the index by 1.39 per cent

For the year, the S&P/ ASX300 Accumulation Index recorded a total return of 28.49 per cent , largely driven by outperformance in the Banks sector (+51 per cent), which accounts for just under 20 per cent of the benchmark.

Pleasingly, The Montgomery Fund outperformed the broader index by 1.96 per cent this financial year, delivering a total return of 30.45 per cent despite relative strength in the Banks and Resources sector - two sectors The Montgomery Fund is generally underweight in.

June was best characterised by a return of "growth", with the inflation fears that dominated the previous month replaced with an "inflation

is transient" narrative. The Information Technology sector delivered the bulk of the benchmark's return, and this was largely driven by a significant bounce in Afterpay (+27.4 per cent). A few Australian heavyweights also delivered strong returns including Woolworths (+7.8 per cent), which was bid up strongly prior to the Endeavour Drinks spin-off, and this gives the company potential capital management options.

The Montgomery Fund benefited from its significant holding in Woolworths and used some of the share price strength following the spin-off of Endeavour Drinks Group to take profits and reduce its position. Another key driver of performance came from Avita Medical, which announced a positive update in relation to label expansion, guidance on sales and inclusion in the Russell 3000 Index in the US.

During June, The Fund also initiated two new positions in the portfolio.

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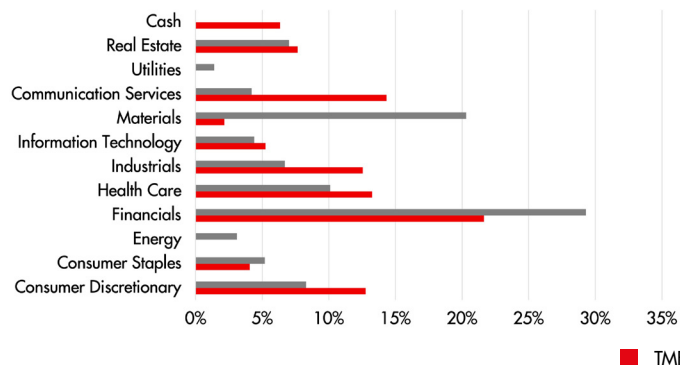
TOP COMPLETED HOLDINGS* (TCH)

(at 30 June 2021, out of 30 holdings)

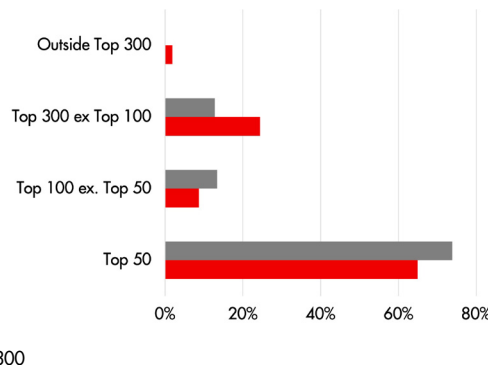
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac	6.0	N/A	14.7	7.89
Commonwealth Bank	9.4	N/A	19.2	7.05
Wesfarmers	26.3	74.8	28.1	5.66
Telstra	13.9	123.0	26.9	4.67
Macquarie Group	9.2	N/A	18.7	4.37
Goodman Group	14.8	10.4	32.5	4.22
CSL	37.4	73.5	47.2	4.19
Sydney Airport	N/A	N/A	N/A	4.00
Rea Group	27.6	12.1	60.0	3.98
Reliance Worldwide	11.6	21.3	28.0	3.72
TCH AVERAGE	17.3	52.5	30.6	
MARKET AVERAGE	13.1	52.5	17.9	
Total equity weighting				93.67
Total cash weighting				6.33

*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.

Following a two-year hiatus, we have reintroduced Resmed into the portfolio. Resmed is a global leader in the manufacture of medical devices for the treatment of sleep apnea and other respiratory diseases. The business continues to grow and expand its offering by strategically acquiring cloud-based platforms to complement its core device and masks business. In more recent weeks, a significant product recall from a major competitor has given Resmed the opportunity to capitalise by growing its market share in a concentrated sector, and this coincides with the launch of its next generation Airsense 11 device. We believe the tailwinds for Resmed over the medium-term are very favourable and have used a recent sell-off to accumulate a position.

The Fund also acquired a small position in Endeavour Drinks Group, given the demerger from Woolworths. Endeavour Drinks is the owner of the Dan Murphy's liquor chain – one of Australia's premiere retail businesses – as well as the ALH Group of licensed venues. We believe Endeavour is a quality business, and as a separate entity, it has the opportunity to pursue a more focused business strategy.

We note markets have become increasingly short-term in its focus as a range of narratives and varying sentiment continue to dominate short-term price fluctuations. The increased volatility has led to quick returns and losses in "popular" stocks. That said, we remain invested in the quality end of this spectrum while being wary of the more extreme end of speculative activity.

With the conclusion of the financial year The Fund paid a distribution of 5.0329 cents per unit (taking the distribution to 5.4930 cents per unit for the year and to 62.83 cents per unit since inception). Accordingly, after ending FY21 with a unit price of \$1.6891, we commence FY22 with a unit price of \$1.6388.

