

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

\$470.9M

MANAGEMENT FEE

1.36% 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

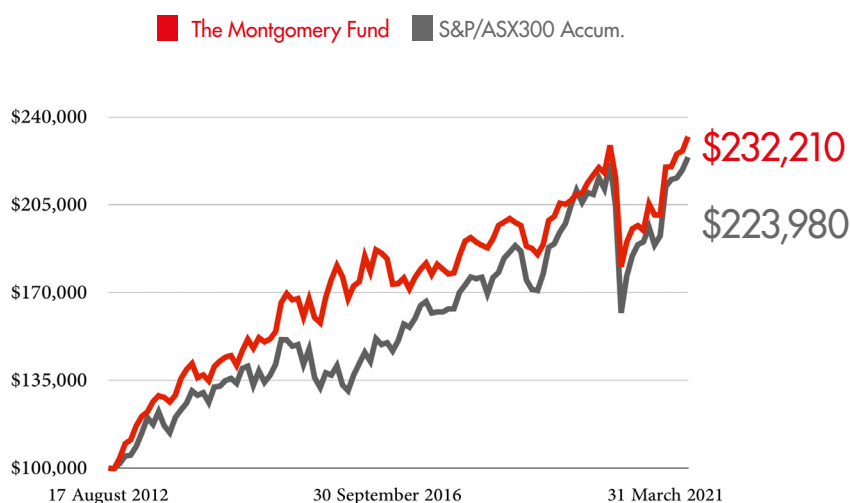
FINANCIAL YEAR RETURNS

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%
Since Inception**	10.3%	9.8%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 March 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	2.53%	2.53%	2.30%	0.23%
3 months	0.00%	5.49%	5.49%	4.15%	1.34%
6 months	0.35%	15.20%	15.55%	18.51%	-2.96%
12 months	0.46%	28.33%	28.79%	38.34%	-9.55%
3 years (p.a.)	4.84%	2.49%	7.33%	9.73%	-2.40%
5 years (p.a.)	4.27%	1.83%	6.10%	10.32%	-4.22%
7 years (p.a.)	4.62%	2.59%	7.21%	7.77%	-0.56%
Since inception#	57.80%	74.41%	132.21%	123.98%	8.23%
Compound annual return (since inception)#	5.44%	4.83%	10.27%	9.81%	0.46%

17 August 2012



FUND COMMENTARY

March saw the S&P/ASX 300 Accumulation Index follow the strong cues from offshore markets, posting a 2.30 per cent total return for the month.

The overall return however does not reveal the volatility that we continue to observe in the broader market, with momentum shifting within sectors on a 1-2 day basis. Much of March's positive return may be attributed to the first-day bounce from heavy selling witnessed at the end of February, with the benchmark delivering 1.8 per cent on the first day of the month.

The Montgomery Fund delivered a total return of 2.53 per cent in March. The Fund's relative performance benefited from some softness in the large-cap mining sector due to concerns around the Chinese government's pollution control measures on its steel industry and its impact on iron ore demand, which helped offset continued strength in the Banks sector.

In terms of portfolio holdings, the top contributor to performance was Telstra. Following a period of relative underperformance due to a soft FY20 result in August last year, The Fund recently increased its position as we became more positive on Telstra's future prospects due to: i) visibly

improving trends in Mobile for future Average Revenue Per User (ARPU) and market share, partially due to its leadership position in 5G; ii) Telstra's progress in restructuring the business to capitalise on strong demand for mobile tower infrastructure; and iii) bottoming out of earnings in its Enterprise division.

Other positive contributors were several quality large-cap holdings including Wesfarmers and Goodman Group. Both experienced a bounce in March following some profit taking and rotation-based selling in February.

The key detractors were some of The Fund's smaller company holdings including Avita Medical (no major news, albeit we note Avita's capital raising in late February and removal from a regional FTSE index as possible reasons) and IDP Education (IDP Education's university shareholders announced it will sell down 15 per cent of shares by the end of 2021).

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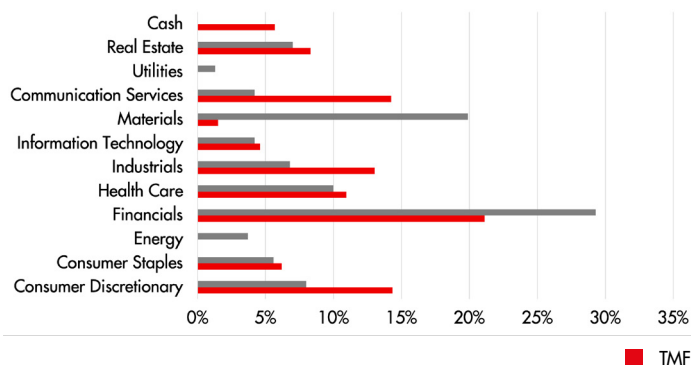
TOP COMPLETED HOLDINGS* (TCH)

(at 31 March 2021, out of 29 holdings)

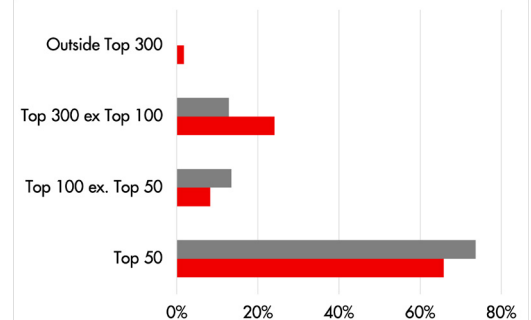
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac	2.8	N/A	14.4	7.70
Commonwealth Bank	9.4	N/A	18.9	6.46
Woolworths Group	19.2	183.7	26.7	6.19
Wesfarmers	26.3	74.8	25.7	5.76
Macquarie Group	3.8	N/A	16.5	4.80
Sydney Airport	N/A	N/A	N/A	4.49
Telstra	13.9	123.0	23.8	4.35
CSL	37.4	73.5	44.3	4.33
Goodman Group	14.8	8.2	28.3	4.03
REA Group	27.6	12.1	59.2	4.01
TCH AVERAGE	17.2	79.2	28.6	
MARKET AVERAGE	11.7	67.0	19.3	
Total equity weighting				94.32
Total cash weighting				5.68

*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.



March also marked the one-year anniversary of the recent trough in the market, with the S&P/ASX 300 Accumulation Index bottoming out at 4,500 on 23 March before recovering most of its losses over the ensuing 12 months.

While The Fund performed admirably during the downturn experienced in late February and March, the benefit of hindsight has revealed The Fund's cautious stance through much of April and May due to the disconnect between liquidity-driven financial markets and the severe disruption wrought by COVID detracted significantly to The Fund's June 2020 quarter performance. With the positive performance impact of February and March 2020 no longer offsetting the June quarter drag, there will be a short-term impact on 12-month performance metrics that will unwind over the following 3 months.

We remain committed to investing in quality companies with a balanced approach to risk and valuation.

