



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

\$303.9M

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

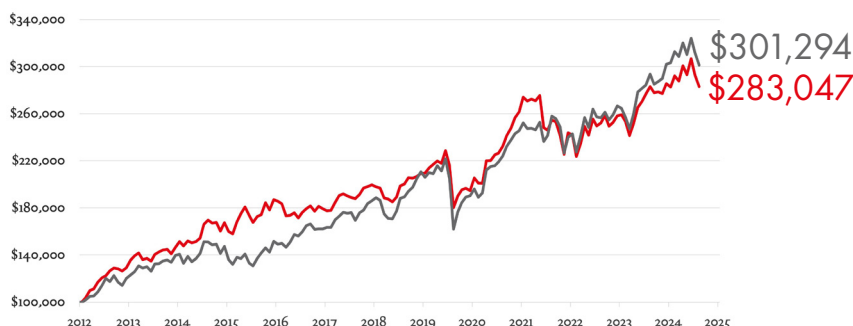
¹ See page 5 of the PDS for more information

APPLICATION & REDEMPTION PRICES

montinvest.com/tmf

PERFORMANCE GRAPH

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



DISTRIBUTIONS

HALF-YEAR TO	CENTS PER UNIT	DISTRIBUTION RETURN (%)
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 March 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	-3.29%	-3.41%	-3.08%	-0.01%	3.59%	9.44%	6.03%	5.26%	183.05%	8.59%
S&P/ASX 300 ACCUM. INDEX	-3.34%	-2.85%	-3.64%	2.64%	5.30%	13.23%	8.56%	7.15%	201.29%	9.13%
OUT/UNDER PERFORMANCE	0.05%	-0.56%	0.56%	-2.65%	-1.71%	-3.79%	-2.53%	-1.89%	-18.24%	-0.54%
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	-3.29%	-3.41%	-3.08%	-0.01%	4.87%	14.24%	10.12%	10.37%	547.55%	9.72%
S&P/ASX 300 ACCUM. INDEX	-3.34%	-2.85%	-3.64%	2.64%	5.30%	13.23%	8.56%	7.15%	333.36%	7.55%
OUT/UNDER PERFORMANCE	0.05%	-0.56%	0.56%	-2.65%	-0.43%	1.01%	1.56%	3.22%	214.18%	2.17%

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	8.35
Cochlear	COH	Health Care	5.98
QBE Insurance Group	QBE	Financials	5.90
Rio Tinto	RIO	Materials	5.56
Xero	XRO	Information Technology	5.04
Macquarie Group	MQG	Financials	4.91
ASX	ASX	Financials	4.83
ResMed	RMD	Health Care	4.18
Wesfarmers	WES	Consumer Discretionary	4.03
CSL	CSL	Health Care	3.76
Total equity weighting			96.26
Total cash weighting			3.74

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

TOP 3 CONTRIBUTORS AND DETRACTORS

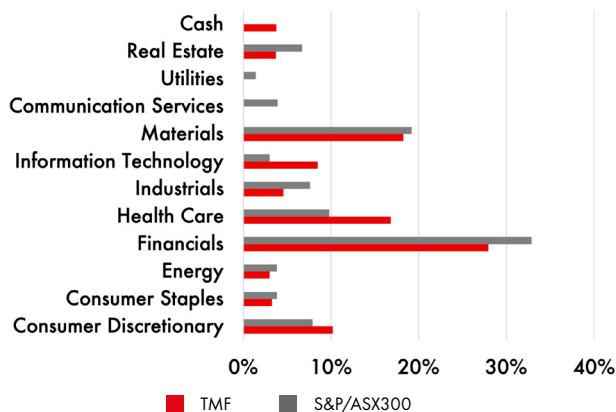
CONTRIBUTORS

QBE Insurance	The share price outperformed as bond yields remain relatively elevated.
Evolution Mining	The share price rose after the gold price reset new record highs.
Telix Pharmaceuticals	The share price rose after the FDA approved its 2nd prostate cancer imaging drug Gozellix.

DETRACTORS

Pilbara Minerals	The share price fell with the lithium price.
Xero	The share price fell along with large U.S. technology companies.
ARB Corporation	The share price fell after new car sales in Australia declined for the 9th consecutive month.

INDUSTRY EXPOSURE



MARKET CAPITALISATION

	TMF (%)	S&P/ASX300 (%)	ACTIVE (%)	# STOCKS
ASX 1 -20	49.1	60.5	-11.4	14
ASX 21-50	23.4	17.1	6.3	6
ASX 51 -100	12.6	11.8	0.7	4
ASX 101 -200	7.3	8.1	-0.7	4
ASX 201 -300	3.9	2.5	1.4	2
Ex S&P/ ASX 300	0.0		0.0	0
Cash	3.7			
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



In a break with tradition, and given the ructions in markets, briefly addressing current market conditions, sentiment and their drivers is helpful and warranted.

It was the depth and scale of U.S. President Donald Trump's much-anticipated tariffs that caught investors by surprise, as well as the tariffs' calibration to trade deficits and the ambiguity around U.S. willingness to negotiate swiftly.

The announcements saw investors refer to historical precedents, which revealed that high tariffs prompt reciprocity, preceding a global trade slowdown and, ultimately, a domestic recession. Understandably, investors recalibrated their prior expectations of reliable earnings and economic growth.

Some commentators are describing the current market volatility as unprecedented. Such descriptions are attention-grabbing, but they are incorrect. As recently as 2020, the S&P/ASX 200 Index fell slightly more than 35 per cent in one month. During one day in March that year, the Index fell almost 10 per cent. At the time of writing, the market stands 14 per cent below its February 2025 high. The market has recovered many times from worse bouts of anxiety.

And despite all the short-term chaos, including a possible recession that Trump's tariffs might cause, there is a bull case that can be mounted for longer-term investors. That bull case stems from a combination of the U.S. Republican party's admittedly ambitious end goals and the lower share prices that are currently being delivered.

The U.S. Secretary of the Treasury, Scott Bessent's 3-3-3 Plan aims to generate annual real GDP growth of three per cent, annual (sustainable) budget deficits of no more than three per cent of Gross Domestic Product (GDP), and domestic oil production increases of three million barrels per day. Individually, all represent ambitious goals and the achievement of none are certain.

The objective however has everything to do with making the U.S. national debt, which currently exceeds U.S.\$35 trillion, manageable.

Historically, the U.S. hasn't paid off its debt since 1836 under Andrew Jackson. Instead, it rolls over maturing Treasury securities by issuing new ones. The key to this process is maintaining market confidence in the debt's sustainability, measured by the debt-to-GDP ratio.

While it is expected the debt will keep going up, the key is to keep the debt-to-GDP ratio down.

Currently, this ratio stands at over 125 per cent – a post-World War II peak. After WWII, it fell from 120 per cent to 30 per cent by 1980, a sustainable level akin to a manageable credit card balance. Since then, it has ballooned to today's precarious heights.

The 3-3-3 Plan seeks to reverse this trend. With three per cent real growth plus two per cent inflation, nominal GDP growth will be five per cent. The argument is that if that number exceeds deficit growth (below 3 per cent), the debt-to-GDP will gradually decline, signalling stability, boosting confidence, and keeping interest rates low.

Finally, pushing the price of oil down by producing more oil Organisation of the Petroleum Exporting Countries (OPEC) has also agreed to drive oil prices down) has the effect of cutting Putin's revenue and the ability to fund the conflict with Ukraine.

Importantly, the Tariffs are intended to have three impacts. The first is to remedy what Trump believes are unfair trade practices and, in turn, revitalise manufacturing in the U.S. by encouraging 'onshoring'.

Trump would also like to reduce taxes on individuals and corporations (the latter from 21 per cent to 15 per cent). Such moves would put a more-than-US\$4.5 trillion hole in the budget over ten years that needs to be filled.

Finally, Tariffs are believed by Trump to be a foreign negotiating tool superior to sanctions, which drive the formation of blocks such as BRICS and push nations away from the U.S. dollar.

To date, the U.S. neoliberal (read billionaire) preference has been to offshore 'grubby' manufacturing in favour of investment in Intellectual Property (IP), Patents, and technology. Neoliberals agree such a policy hollows out jobs for the working class. Still, they have argued the benefits are displayed in higher returns on equity and higher stock markets, which in turn results in demand for U.S. dollars by foreign investors and rewards workers through their retirement investment plans. Trump appears determined to reverse the hollowing out of jobs.

The positives

At the moment it's difficult to see the positives, but after the disruptions to market values – which are certain, what may emerge is a U.S. domestic capital expenditure boom as companies spend billions building manufacturing plants to produce high-value goods for both the domestic market and for exports. To be clear, I am not suggesting the outcome is certain, I am merely presenting the bull case. Already, Honda, Hyundai and Apple have committed to spending billions of dollars to build out manufacturing in the United States.

One of the most reliable investing aphorisms is 'the higher the price you pay, the lower your return.' The reverse is also true, especially if you invest in high quality businesses with growth. Notwithstanding the uncertainty around where tariffs land and, therefore, what company growth profiles look like, bull markets have always followed bear markets.

Paying record-high prices results in lower returns. The market volatility has now delivered prices well below those records. Today, some very high-quality names in the Australian stock market have fallen between 12 per cent and 51 per cent from their one-year highs. With the right time horizon, investors who can resist emotion, stay invested, and even invest more after steep falls have historically set themselves up for very good results.

Monthly report – March 2025

The Montgomery Fund (the Fund) navigated a challenging March with composure, delivering a post-fee return of -3.29 per cent, a modest outperformance against the S&P/ASX 300 Accumulation Index's 3.34 per cent decline. Amid a backdrop of divergent global economic signals and persistent geopolitical uncertainty, investor sentiment remained subdued. While broader markets grappled with commodity price softness, cautious central bank commentary, and trade policy turbulence, select portfolio holdings demonstrated resilience buoyed by company-specific catalysts.

Our disciplined approach continues to anchor the Fund, balancing near-term volatility with a steadfast focus on long-term value.

Global markets faced heightened volatility as President Trump's new tariffs on Canada, Mexico, and China – announced mid-March – sparked swift retaliation, amplifying recessionary concerns. U.S. inflation eased slightly (February CPI at 0.2 per cent), yet Federal Reserve Chair, Jerome Powell maintained a measured stance, citing trade and fiscal risks over rate-cut urgency. The latter may now change.

Treasury yields held steady overall, though intra-month swings mirrored shifting risk appetites. Europe, however, offered a counterpoint: Germany's €500 billion fiscal stimulus lifted Eurozone equities, while the European Central Bank's (ECB) dovish tilt enhanced the region's appeal. In China, a consumer-focused stimulus package spurred a rally in local stocks, though deflationary pressures and a 5.4 per cent urban jobless rate underscored structural fragility. Australian markets, meanwhile, softened under resource-sector weakness and tariff-related uncertainty, with the Reserve Bank of Australia (RBA) holding rates steady amid a cooling 2.4 per cent CPI.



Portfolio changes

The Fund increased positions in Aristocrat Leisure Ltd (ASX:ALL), Judo Bank Ltd (ASX:JDO), ASX Ltd (ASX:ASX) and Evolution Mining Ltd (ASX:EVN).

The Fund decreased exposure to ARB Corporation Ltd (ASX:ARB), National Australia Bank (ASX:NAB), Pilbara Minerals Ltd (ASX:PLS), Treasury Wine Estates Ltd (ASX:TWE) and Macquarie Group Ltd (ASX:MQG).

Major contributors

QBE Insurance Group Ltd (ASX:QBE) – The share price outperformed after the market continued to reward QBE for its strong February 2024 financial year report, which featured improved underwriting margins and a higher dividend payout. Investor confidence was further supported by relatively stable bond yields, which reinforced the sustainability of QBE's investment income outlook.

Evolution Mining Ltd (ASX:EVN) – The share price rose after investors continued to reward its strong December half-year results, including record free cash flow, improved margins, and increased dividends, all underpinned by rising gold prices. The company's shares also benefited from Evolution's low hedging exposure and leverage to the 'spot' gold price, positioning it as a preferred pick among ASX gold producers amid renewed interest in the sector.

Telix Pharmaceuticals Ltd (ASX:TLX) – The share price outperformed after the U.S. Food and Drug Administration (FDA) approved the company's second prostate cancer imaging drug, Gozellix. This complementary drug puts Telix in a strong position to take further market share from its main rival, Lantheus. The share price also acknowledged the completion of the acquisition of RLS and its strategic importance as part of the supply chain ecosystem.

Major detractors

Pilbara Minerals Ltd (ASX:PLS) – The share price fell due to continued lithium price weakness amid President Trump's announced tariffs on all imported electric vehicles (EVs). The ramp-up of P1000 alongside management's efficiency initiatives is anticipated to reduce unit costs, leaving the company well-placed to capitalise from a recovery in lithium markets.

Xero Ltd (ASX:XRO) – The share price fell after the market was influenced by a broader global sell-off of technology stocks. Management's strategic execution in core markets through its focused 3x3 strategy positions the company well for long-term value creation.

ARB Corporation Ltd (ASX:ARB) – The share price fell due to ongoing margin pressure, weak domestic 4x4 vehicle sales and investor caution around the early-stage integration of its U.S. acquisition.

