



# 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

\$486.6M

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

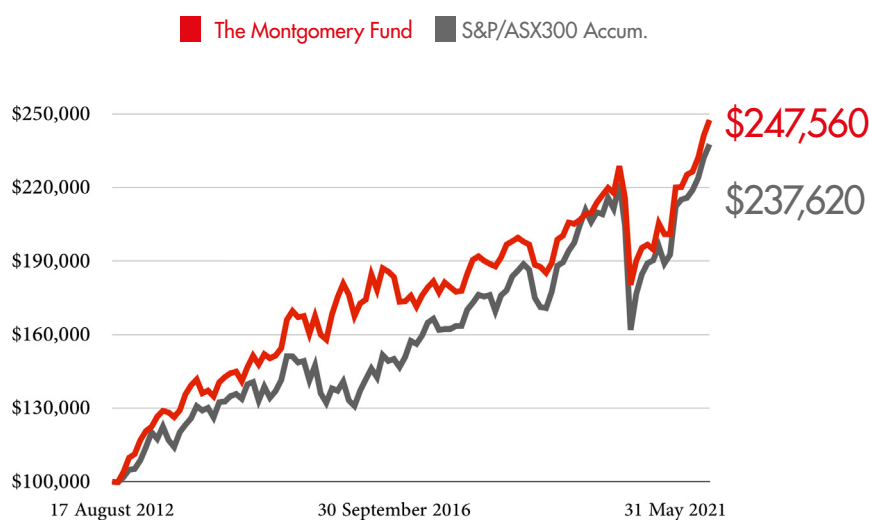
### FINANCIAL YEAR RETURNS

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**	10.9%	10.4%

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

\*\*Compound annual returns

### PERFORMANCE GRAPH



### PORTFOLIO PERFORMANCE

(to 31 May 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	2.59%	<b>2.59%</b>	2.31%	0.28%
3 months	0.00%	9.31%	<b>9.31%</b>	8.53%	0.78%
6 months	0.32%	12.20%	<b>12.52%</b>	11.95%	0.57%
12 months	0.42%	26.27%	<b>26.69%</b>	28.72%	-2.03%
3 years (p.a.)	4.63%	3.33%	<b>7.96%</b>	10.10%	-2.14%
5 years (p.a.)	4.02%	2.04%	<b>6.06%</b>	10.22%	-4.16%
7 years (p.a.)	4.55%	3.41%	<b>7.96%</b>	8.33%	-0.37%
Since inception#	57.80%	89.76%	<b>147.56%</b>	137.62%	9.94%
Compound annual return (since inception)#	5.33%	5.54%	<b>10.87%</b>	10.35%	0.52%

# 17 August 2012



The Australian market recorded another strong month in May with the S&P/ASX 300 Accumulation Index delivering a 2.31 per cent positive return, albeit at one stage was down over 1 per cent toward the end of May.

The Benchmark performance was largely driven by the Financials sector and major banks, as early strength in the Materials sector partially unwound due to the Chinese government's increasing focus on elevated commodity prices and its potential impact on the domestic economy.

The Montgomery Fund delivered a return of 2.59 per cent, outperforming the index by 0.28 per cent. The Fund's large holdings in the Commonwealth Bank of Australia and Westpac helped deliver the bulk of the returns, given their status as perceived beneficiaries of the deflation / inflation trade, arguably with less immediate Chinese policy risk.

The key detractor to performance was once again Avita Medical. During the month, the company delivered its March quarter sales update – showing increased penetration in terms of both surgeon and burns centre adoption – as well recovering sales prospects as the US exits the COVID pandemic from its vaccine rollout. The share price however was sold down in the US following the release of Incyte's Phase 3 data on Ruxolitinib as a potential vitiligo treatment and impact on RECELL. Our discussions with medical dermatologists in the US indicate JAK inhibitor treatments like Ruxolitinib target initial outbreaks to try and stabilise the condition – and RECELL's prospects as a treatment option once vitiligo is stabilised remains promising.

Markets remain volatile, as re-opening enthusiasm and global recovery narratives shift to increasing concern over medium-term inflation risks.

We remain cognisant of these risks, with an investment approach focused on quality companies that have demonstrated pricing power, own quality assets, or significant above-market growth potential, along with our tactical banks position.

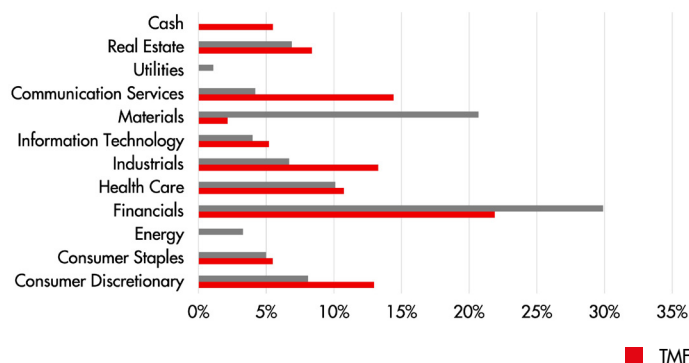
TOP COMPLETED HOLDINGS\* (TCH)

(at 31 May 2021, out of 28 holdings)

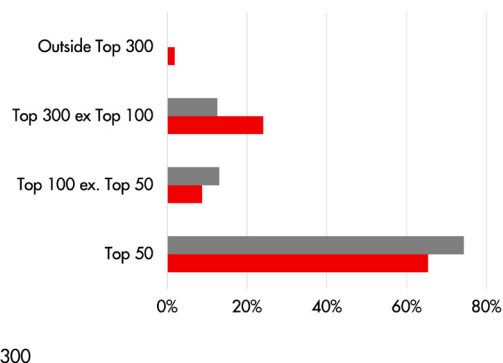
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac	6.0	N/A	15.1	8.06
Commonwealth Bank	9.4	N/A	19.2	7.25
Woolworths	19.2	183.7	27.2	5.48
Wesfarmers	26.3	74.8	26.6	5.47
CSL	37.4	73.5	49.8	4.59
Telstra	13.9	123.0	24.3	4.51
Sydney Airport	N/A	N/A	N/A	4.38
Macquarie Group	9.2	N/A	18.0	4.38
Goodman Group	14.8	8.2	29.9	4.18
Reliance Worldwide	11.6	21.3	27.9	4.14
<b>TCH AVERAGE</b>	<b>16.4</b>	<b>80.7</b>	<b>26.5</b>	
<b>MARKET AVERAGE</b>	<b>12.4</b>	<b>62.2</b>	<b>19.4</b>	
Total equity weighting				94.50
Total cash weighting				5.50

\*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.