



# 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

\$561.8M

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

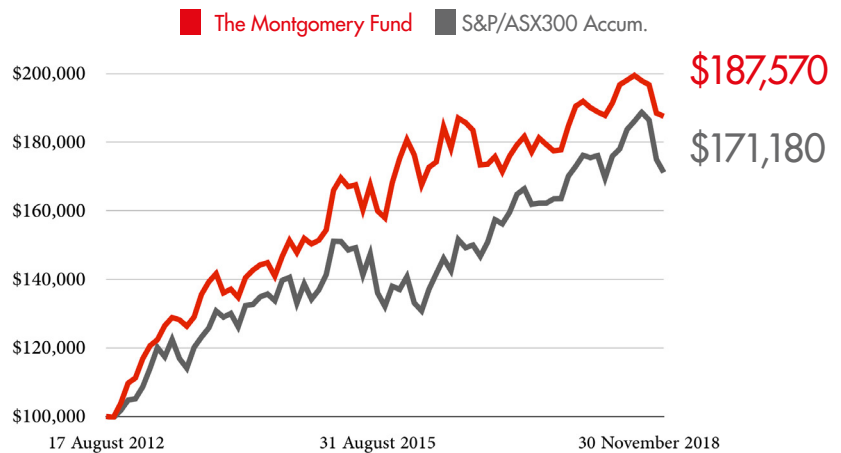
### FINANCIAL YEAR RETURNS

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%
Since Inception**	10.5%	8.9%

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

\*\*Compound annual returns

### PERFORMANCE GRAPH



### PORTFOLIO PERFORMANCE

(to 30 November 2018, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-0.49%	-0.49%	-2.18%	1.69%
3 months	0.00%	-5.23%	-5.23%	-9.29%	4.06%
6 months	7.45%	-12.12%	-4.67%	-3.85%	-0.82%
12 months	8.69%	-10.24%	-1.55%	-1.03%	-0.52%
3 years (p.a.)	4.94%	-2.64%	2.30%	7.69%	-5.39%
5 years (p.a.)	5.56%	1.07%	6.63%	5.82%	0.81%
Since inception#	47.09%	40.48%	87.57%	71.18%	16.39%
Compound annual return (since inception)#	6.33%	4.19%	10.52%	8.93%	1.59%

# 17 August 2012



Australian equity markets continued to be relatively volatile in November, with the S&P/ASX300 Accumulation Index ending the month with a decline of 2.18 per cent. In comparison, the Montgomery Fund (The Fund) declined by a more modest 0.49 per cent, resulting in outperformance for the month of 1.69 per cent.

The largest individual contributor to outperformance for the month was New Zealand company Trade Me, which attracted an indicative proposal from private equity bidder, Apax, and decided to engage with the potential bidder. Subsequent to month end, Trade Me has announced the emergence of competing alternative proposal from Hellman & Friedman, raising the possibility of an auction for the company. We note, however, that at this stage there is no certainty that either proposal will result in a binding offer.

The Fund also benefitted during the month from its generally conservative positioning, which includes a significant cash weighting and a tilt towards companies that we expect will fare relatively well in challenging markets. While this positioning held The Fund back while markets were rising strongly, more recently it has provided some measure of capital protection and has contributed to meaningful outperformance over the most recent three months.

Difficult equity market conditions, of course, present opportunities for value investors, and we continue to monitor the market for opportunities to deploy surplus cash and assume a more aggressive positioning. We have no ability to predict the near-term direction of the market, but we are convinced of the merits of being more conservative when equity prices appear stretched, and becoming more aggressive when prices appear to represent better value.

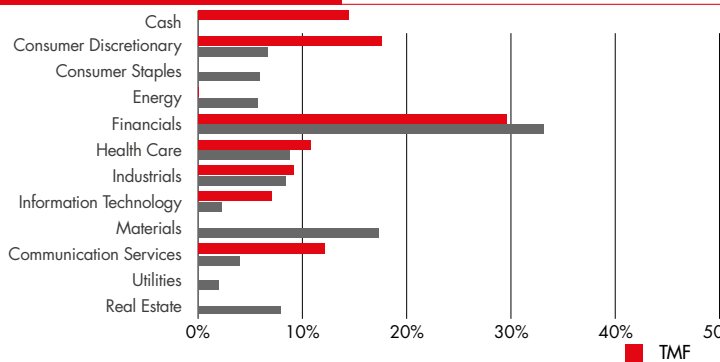
TOP COMPLETED HOLDINGS\* (TCH)

(at 30 November 2018, out of 24 holdings)

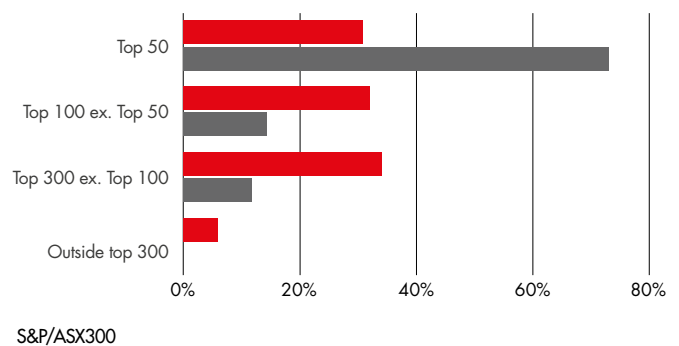
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
National Australia Bank	12.1	N/A	10.6	5.77
Trade Me Group	13.1	8.5	23.1	5.74
Spark New Zealand	26.2	69.6	17.4	5.45
Link Administration Holdings	14.3	29.3	15.6	5.33
Pendal Group	22.8	-18.2	15.0	5.02
Aristocrat Leisure	37.6	141.5	17.2	5.02
Westpac Banking Corp	13.0	N/A	11.2	4.77
Ramsay Health Care	23.2	130.0	20.3	4.71
Seek	14.9	57.3	32.3	4.54
Telstra Corp	22.8	108.7	13.1	4.45
<b>TCH AVERAGE</b>	<b>20.0</b>	<b>65.9</b>	<b>17.6</b>	
<b>MARKET AVERAGE</b>	<b>17.2</b>	<b>64.5</b>	<b>19.8</b>	
<b>Total equity weighting</b>				<b>85.81</b>
<b>Total cash weighting</b>				<b>14.19</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.