



# 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

\$537.2M

#### 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)

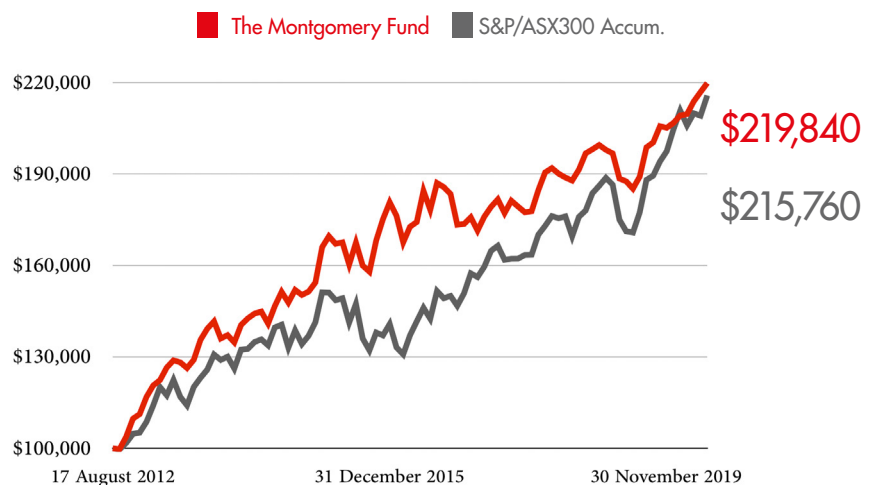
### FINANCIAL YEAR RETURNS

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%
2019	4.4%	11.4%
Since Inception**	11.4%	11.1%

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

\*\*Compound annual returns

### PERFORMANCE GRAPH



### PORTFOLIO PERFORMANCE

(to 30 November 2019, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	1.37%	<b>1.37%</b>	3.18%	-1.81%
3 months	0.00%	4.88%	<b>4.88%</b>	4.75%	0.13%
6 months	4.36%	2.78%	<b>7.14%</b>	9.25%	-2.11%
12 months	6.42%	10.78%	<b>17.20%</b>	26.04%	-8.84%
3 years (p.a.)	5.43%	2.76%	<b>8.19%</b>	12.67%	-4.48%
5 years (p.a.)	5.76%	2.14%	<b>7.90%</b>	9.96%	-2.06%
7 years (p.a.)	5.97%	4.25%	<b>10.22%</b>	10.81%	-0.59%
Since inception#	55.66%	64.18%	<b>119.84%</b>	115.76%	4.08%
Compound annual return (since inception)#	6.26%	5.16%	<b>11.42%</b>	11.13%	0.29%

# 17 August 2012



## FUND COMMENTARY

Following the strong relative performance in October for the Montgomery Fund (The Fund), November's relative performance was unfortunately a step back. The Fund's benchmark, the S&P/ASX300 Accumulation Index, delivered a return of 3.18 per cent while The Fund increased by 1.37 per cent for the month, resulting in relative underperformance of 1.81 per cent.

Approximately 0.60 per cent of the relative underperformance can be attributed to the cash drag from the average cash weighting of around 18.7 per cent during the month. Most of the remaining underperformance can be attributed to a recovery of the resource sector, including BHP and Rio Tinto whose share prices increased by over 6 per cent each. Given the substantial weight these companies have in the index, this had a significant negative impact on The Funds relative performance.

In terms of positive contributors to performance in the month, Aristocrat Leisure reported positive full year results and was the largest contributor

followed by Telstra, Avita Medical, Ramsay Healthcare and Spark NZ.

On the negative side, one of the funds smaller holding, Prospa, unfortunately reported guidance that was lower than expected due to a change in customer demand, with stronger than expected demand from higher credit quality customers and slower demand from lower credit quality customers. This has an adverse effect on the net interest margin for Prospa but a positive effect on the overall credit quality of the loan book.

Finally, Australian Finance Group which was one of the top contributors in October gave back some performance in November.

We retain our relatively cautious stance on valuations, particularly having regard to underlying economic trends which appear to warrant a degree of caution in respect of earnings growth generally for businesses exposed to the Australian economy. The fund ended the month with a cash balance of 17.4 per cent.

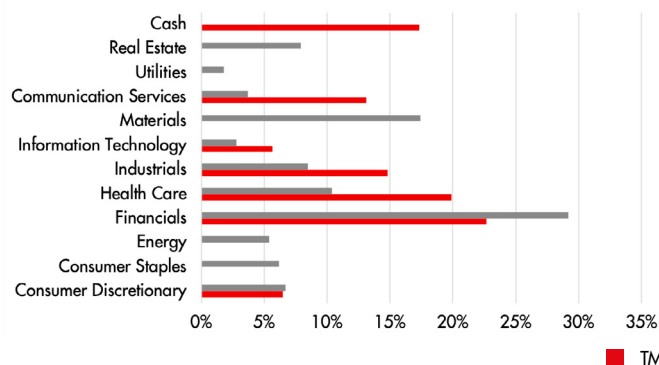
## TOP COMPLETED HOLDINGS\* (TCH)

(at 30 November 2019, out of 23 holdings)

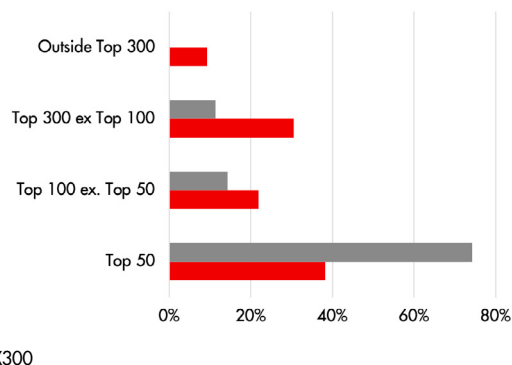
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Telstra	19.1	114.6	17.8	6.73
Aristocrat Leisure	38.6	103.8	20.2	6.49
Macquarie Group	9.0	N/A	15.0	5.99
Healius	10.1	33.0	18.2	5.86
Avita Medical	N/A	N/A	N/A	5.81
Spark New Zealand	27.6	114.3	19.6	5.39
Atlas Arteria	5.3	85.6	31.0	5.04
Medibank Private	23.3	-33.9	22.0	4.82
Ramsay Health Care	26.7	160.4	24.6	4.39
Westpac	10.5	N/A	12.1	4.13
<b>TCH AVERAGE</b>	<b>18.9</b>	<b>82.5</b>	<b>20.0</b>	
<b>MARKET AVERAGE</b>	<b>12.2</b>	<b>77.7</b>	<b>17.4</b>	
Total equity weighting				82.65
Total cash weighting				17.35

\*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.

