

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

\$570.9M

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

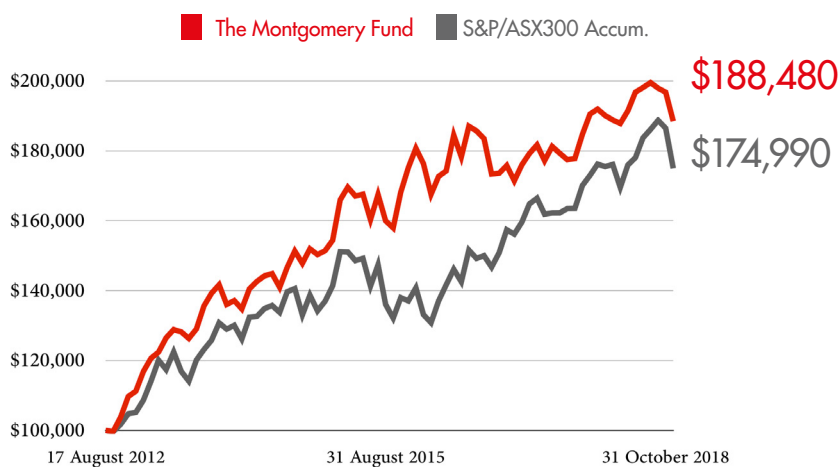
FINANCIAL YEAR RETURNS

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%
Since Inception**	10.8%	9.4%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 October 2018, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-4.20%	-4.20%	-6.16%	1.96%
3 months	0.00%	-5.53%	-5.53%	-5.98%	0.45%
6 months	7.66%	-9.20%	-1.54%	-0.54%	-1.00%
12 months	8.97%	-6.95%	2.02%	2.88%	-0.86%
3 years (p.a.)	5.14%	-1.27%	3.87%	8.24%	-4.37%
5 years (p.a.)	5.36%	0.52%	5.88%	6.00%	-0.12%
Since inception#	47.09%	41.39%	88.48%	74.99%	13.49%
Compound annual return (since inception)#	6.42%	4.34%	10.76%	9.44%	1.32%

17 August 2012



Global equity markets went “bump” in October. Stock indices around the world experienced declines generally in the order of 5-10 per cent for the month, and the S&P/ASX200 Accumulation Index recorded a decline of 6.16 per cent.

The Montgomery Fund (The Fund) behaved much as you might expect it to in these conditions. The Fund’s significant cash weighting provided some protection from the downdraft, and a generally conservative portfolio positioning saw the equities portion of The Fund decline by less than the overall market.

While there was no escaping the general down trend for the month, The Fund’s decline - at 4.2 per cent - was nearly 2 percentage points better than the benchmark and, pleasingly, The Fund was not exposed to any of October’s more extreme negative price moves including in names like: Corporate Travel Management, Afterpay Touch, AMP and WiseTech Global.

The obvious question now is “Where to next?” but, as always, we are unable to offer any reliable insight into whether the market may rebound or continue to decline in the months ahead. Nor can we point to anyone who we think does have this insight. Statistically speaking, sudden declines of this sort are more common than all out market catastrophes. However, the short-term behaviour of the market is extremely difficult to forecast.

What we do know is that equities that were previously looking expensive now look somewhat less expensive, and in selected cases, genuine value opportunities may be appearing. This makes holding equities more attractive, and during October The Fund deployed some of the surplus cash held early in the month. We continue to work through the changed market landscape, and anticipate that as this work progresses, The Fund’s cash holdings may decrease a little further.

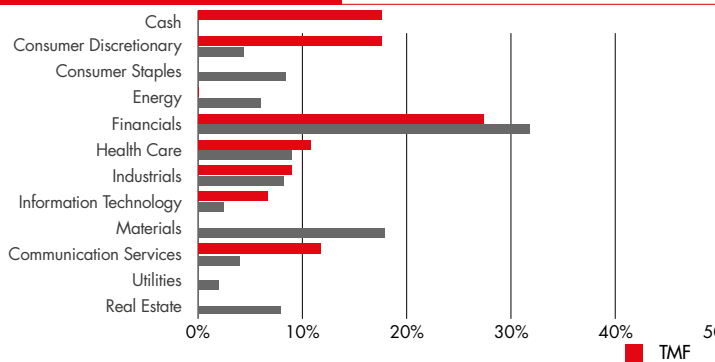
TOP COMPLETED HOLDINGS* (TCH)

(at 31 October 2018, out of 23 holdings)

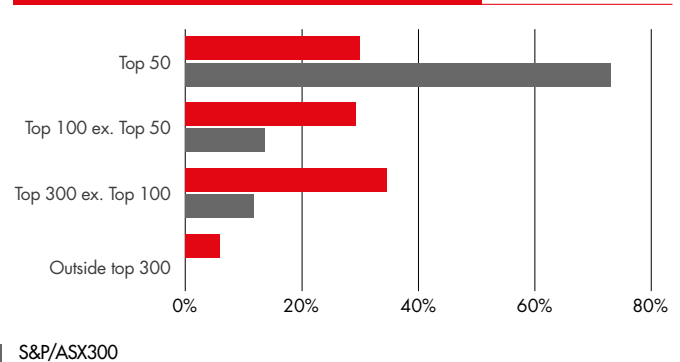
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Aristocrat Leisure	38.7	48.5	23.1	5.73
Spark New Zealand	26.2	69.6	16.5	4.92
Trade Me Group	13.1	8.5	18.4	4.92
Ramsay Health Care	23.2	130.0	20.3	4.81
National Australia Bank	12.2	N/A	11.0	4.79
Link Administration Holdings	14.3	29.3	15.7	4.79
Pendal Group	23.5	-24.3	13.2	4.75
Steadfast Group	8.0	-15.9	21.4	4.48
Seek	14.9	57.3	30.3	4.31
Westpac Banking Corp	13.0	N/A	11.4	4.25
TCH AVERAGE	18.7	37.9	18.1	
MARKET AVERAGE	17.1	61.8	19.4	
Total equity weighting				81.80
Total cash weighting				18.20

*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.