



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

\$510.8M

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

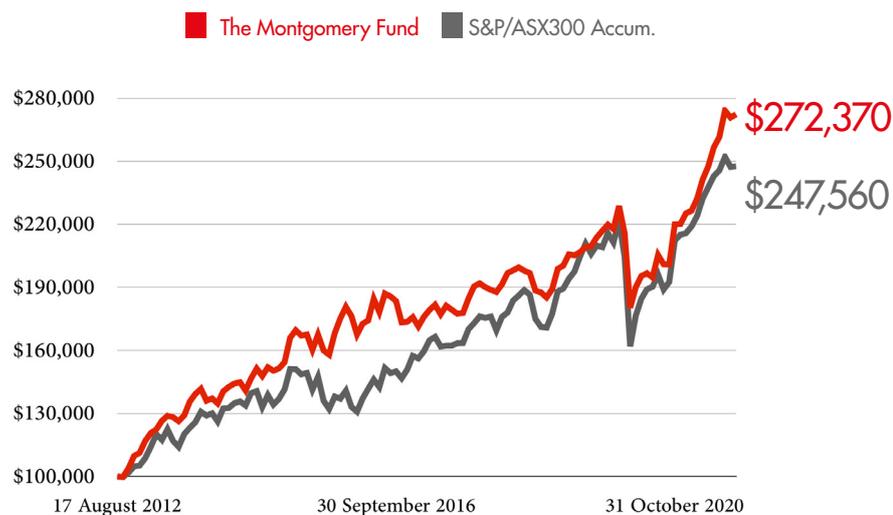
FINANCIAL YEAR RETURNS

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%
2021	30.5%	28.5%
Since Inception**	11.5%	10.4%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 31 October 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	0.58%	0.58%	0.10%	0.48%
3 months	0.00%	4.12%	4.12%	0.77%	3.35%
6 months	3.17%	9.70%	12.87%	6.59%	6.28%
12 months	4.14%	31.45%	35.59%	28.57%	7.02%
3 years (p.a.)	3.77%	9.29%	13.06%	12.26%	0.80%
5 years (p.a.)	4.14%	5.32%	9.46%	11.03%	-1.57%
7 years (p.a.)	4.61%	4.08%	8.69%	8.63%	0.06%
Since inception#	62.83%	109.54%	172.37%	147.56%	24.81%
Compound annual return (since inception)# # 17 August 2012	5.44%	6.06%	11.50%	10.35%	1.15%



The Australian market rallied from a weak start in October to close marginally ahead, as it followed global peers up post the September jitters as “buy the dip” mentality kicked in.

The S&P/ASX 300 Accumulation Index rose 0.1 per cent, which significantly lagged global peers. The concerns that flared up during September (Evergrande, slowing Chinese growth, rising inflationary expectations and central bank tapering) took a back seat as quarterly earnings in Wall Street dominated headlines and individual stock movements.

Closer to home, Annual General Meeting (AGM) season influenced stock specific movements, as the dominance of thematic investing receded with re-opening well and truly underway, and investors reacted more to stock specific news.

The Montgomery Fund (The Fund) was up 0.58 per cent for the month, outperforming the benchmark by 0.48 per cent. While it was a mixed month for some individual holdings, The Fund posted a positive overall result as its larger positions more than offset a couple of significant declines in Codan and Pointsbet.

Notable contributors include Capricorn Metals (+21 per cent), Reliance Worldwide (+11 per cent) and Macquarie Group (+9 per cent) with the first two benefiting from positive updates in October.

Capricorn Metals provided an operating update for its Karlawinda mine, declaring commencement of commercial production just three months after first gold pour. This is a significant de-risking event for the mine and highlights the execution capability of the management team.

Reliance Worldwide’s trading update showed no signs of a slow-down in sales momentum resulting from COVID-19 lockdowns in its key US market, while Europe continued its recovery following harsher lockdowns in the prior year. The company also announced the US\$325 million all-cash acquisition of EZ-FLO International – which we see as a complimentary fit for the existing RWC business – and its strong balance sheet position enables the purchase to be value accretive on all financial metrics (earnings per share, cash-flow and valuation).

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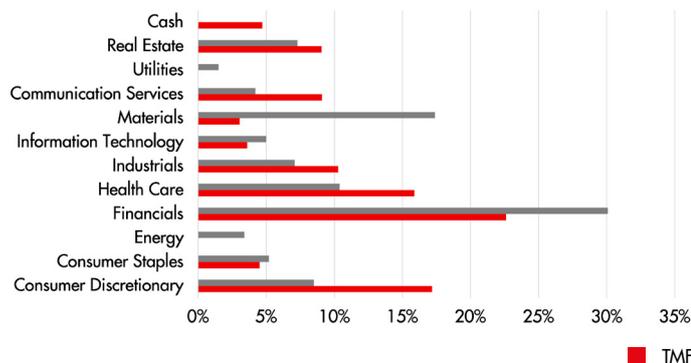
TOP COMPLETED HOLDINGS* (TCH)

(at 31 October 2021, out of 30 holdings)

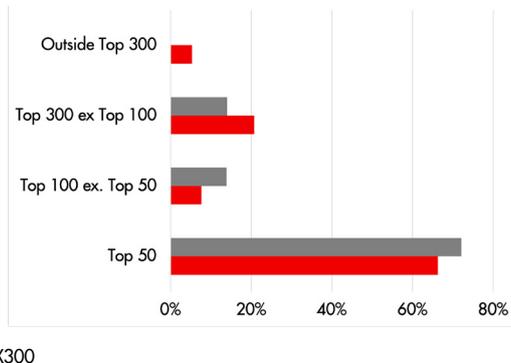
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac	7.9	N/A	14.2	7.70
Commonwealth Bank	11.9	N/A	19.2	7.25
Macquarie Group	10.3	N/A	19.6	5.43
Goodman Group	18.2	9.4	30.9	4.57
Sydney Airport	N/A	N/A	N/A	4.43
Resmed	26.7	17.3	41.4	4.27
Aristocrat Leisure	15.8	58.0	33.0	4.08
Wesfarmers	25.5	73.1	29.8	4.07
CSL	31.9	47.7	45.9	4.03
Reliance Worldwide	13.5	10.9	21.5	4.00
TCH AVERAGE	18.0	36.1	28.4	
MARKET AVERAGE	13.1	73.4	18.4	
Total equity weighting				95.28
Total cash weighting				4.72

*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') and Target Market Determination ('TMD') 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.

The notable detractor during the month, Codan (-21 per cent) recorded a significant share price fall following its AGM update which revealed a flat profitability outcome in its core businesses versus the prior year. The update disappointed relative to market expectations which had been forecasting around 5 per cent growth on its metal detection business – and despite the company announcing one of its biggest contract wins to date with the purchase order of IVAS from Microsoft – the stock price decline was also attributable to the retirement of long-time CEO Donald McGurk. While we view the share price reaction as severe, we have elected to maintain our current holding at this time.

There was one notable addition to the portfolio in recent weeks – namely the reintroduction of Aristocrat Leisure into the portfolio. Aristocrat Leisure had been The Fund's biggest holding prior to the COVID-19 outbreak in March 2020, at which point we greatly reduced our exposure. Since that time, we have been impressed with the strength of the post-COVID-19 recovery in casinos in the US, with Aristocrat Leisure's Gaming Operations going from strength to strength in terms of market leadership, while its Digital Business continues to diversify its range and shows no real slowdown in a post-lockdown world. Finally, Aristocrat Leisure's proposed acquisition of Playtech signals a potentially lucrative opportunity in the iGaming / online Real Money Gaming (RMG) segment – giving Aristocrat Leisure access to an untapped vertical with a strong existing tech platform.

There was one notable exit during the month, as we divested our position in Atlas Arteria. We have re-deployed the funds into what we view as better risk-reward opportunities such as Aristocrat Leisure.

