



# 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

\$674.9M

#### MANAGEMENT FEE

1.35% per annum, which includes a management fee of 1.18% per annum. Both figures are GST inclusive and net of RITC.

#### PERFORMANCE FEES

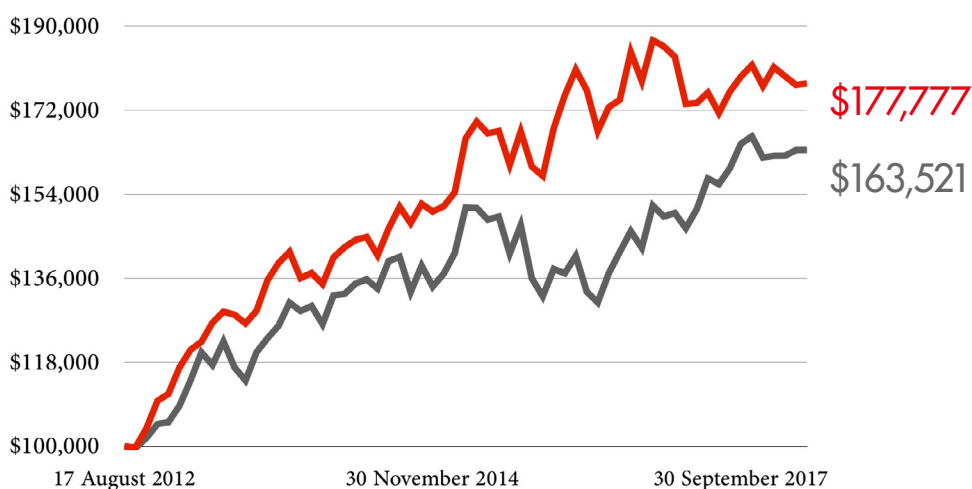
15.38% of the total return of The Fund that is in excess of the Index. No performance fee is payable until any previous periods of underperformance has been made up.

#### APPLICATION & REDEMPTION PRICES

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

### PERFORMANCE GRAPH

■ The Montgomery Fund ■ S&P/ASX300 Accum.



### CONTACT DETAILS

#### INVESTORS

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### PORTFOLIO PERFORMANCE

(to 30 September 2017, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	0.18%	<b>0.18%</b>	0.04%	0.15%
3 months	0.00%	-1.91%	<b>-1.91%</b>	0.80%	-2.71%
6 months	0.69%	-1.50%	<b>-0.81%</b>	-0.78%	-0.02%
12 months	1.46%	-4.57%	<b>-3.11%</b>	9.02%	-12.12%
3 years (p.a.)	5.36%	0.99%	<b>6.35%</b>	7.12%	-0.77%
5 years (p.a.)	5.88%	5.53%	<b>11.41%</b>	9.94%	1.47%
Since inception#	34.24%	43.54%	<b>77.78%</b>	63.52%	14.26%
Compound annual return (since inception)#	5.92%	5.97%	<b>11.89%</b>	10.08%	1.81%

# 17 August 2012



## FUND COMMENTARY

An uneventful September for The Montgomery Fund (The Fund), as well as for the broader Australian equity market. During the month, The Fund's benchmark, the S&P/ASX300 Accumulation Index returned 0.04 per cent, while The Fund returned 0.18 per cent, resulting in a small outperformance.

Positive contributors to the result included The Fund's holdings in Speedcast International, and Steadfast Group, both of which enjoyed increasing support from equity markets in the wake of August results announcements. This was offset to some extent by weakness in some of The Fund's healthcare holdings, including Primary Health Care and Ramsay Health Care.

With equity valuations remaining at elevated levels, and risk appearing to be inadequately compensated, The Fund remains cautiously positioned. This means holding significant positions in businesses perceived to have limited downside risk, as well as holding a significant cash balance. This should allow The Fund to weather market turbulence, should it emerge in the months ahead, and to take advantage of any resulting opportunities.

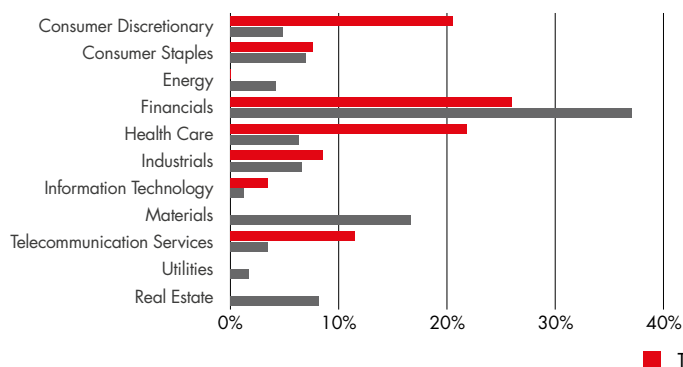
## TOP COMPLETED HOLDINGS\* (TCH)

(at 30 September 2017, out of 28 holdings)

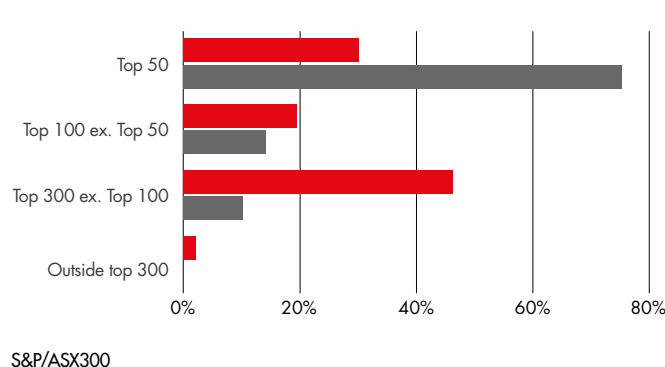
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
REA Group	23.1	16.7	30.2	5.17
Challenger Ltd	14.3	N/A	17.2	5.02
Resmed	20.0	13.1	25.9	4.89
Steadfast Group Ltd	7.5	-13.5	22.0	4.38
Seek Ltd	16.8	11.8	28.8	4.13
Navitas Ltd	38.7	119.4	20.8	3.97
Trade Me Group Ltd	13.1	11.5	17.9	3.73
Westpac Banking Corp	13.3	N/A	13.1	3.58
Wesfarmers Ltd	12.0	18.4	16.2	3.39
Speedcast International Ltd	12.0	119.2	16.3	3.33
<b>TCH AVERAGE</b>	<b>17.1</b>	<b>37.1</b>	<b>20.8</b>	
<b>MARKET AVERAGE</b>	<b>15.7</b>	<b>67.7</b>	<b>17.9</b>	
Total equity weighting				75.8
Total cash weighting				24.2

\*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.

