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

$510.7M

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

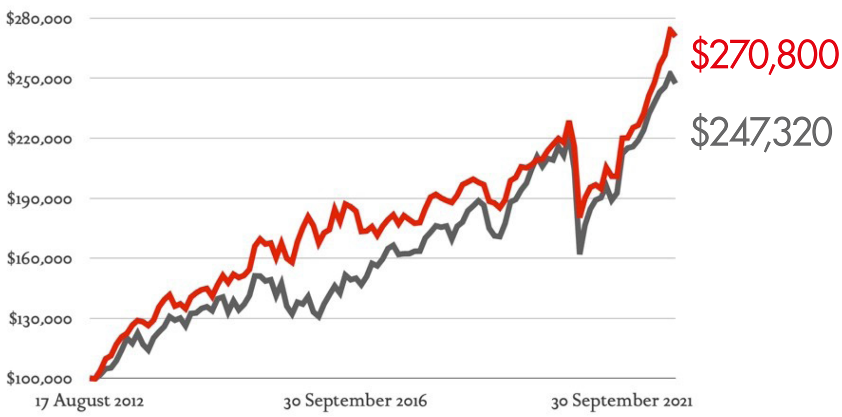
montinvest.com/tmf

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 30 September 2021, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-1.20%	**-1.20%**	-1.89%	0.69%
3 months	0.00%	5.54%	**5.54%**	1.79%	3.75%
6 months	3.29%	13.33%	**16.62%**	10.42%	6.20%
12 months	4.14%	30.62%	**34.76%**	30.86%	3.90%
3 years (p.a.)	3.62%	7.62%	**11.24%**	9.87%	1.37%
5 years (p.a.)	3.93%	4.17%	**8.10%**	10.52%	-2.42%
7 years (p.a.)	4.72%	4.32%	**9.04%**	9.26%	-0.22%
Since inception#	62.83%	107.97%	**170.80%**	147.32%	23.48%
Compound annual return (since inception)# # *17 August 2012*	5.49%	6.05%	**11.54%**	10.44%	1.10%

FUND COMMENTARY

September marked the first month in 2021 where the market recorded a negative return, with the S&P/ASX 300 Accumulation Index following global peers down.

The S&P/ASX 300 Accumulation Index declined 1.9 per cent, relative to major world indices which were down between 1 to 6 per cent. However, the monthly return was partially salvaged by a 1.8 per cent rebound in the final trading day of September, with the local index down 3.6 per cent one day prior.

September's sell off can be attributed to a range of factors, including the Evergrande Group saga in China which put further pressure on mining shares, as well as concerns around tapering from central banks and a reignition of the temporary vs structural inflation debate. Unsurprisingly, the sell-off in the ASX was led by a decline in the materials sector, while energy, banks (beneficiaries of a steepening yield curve) and re-openers were notable outperformers.

The Montgomery Fund was down 1.2 per cent for the month, outperforming the benchmark by 0.7 per cent.

The Fund benefited once again from its nil weighting to large miners, albeit in September it was impacted by share prices declines in some core growth-related exposures.

Notable contributors during the month include IDP Education (+18 per cent), Macquarie Group (+9 per cent) and the Commonwealth Bank of Australia (+4 per cent). Of the three, Macquarie was the only company that reported notable news, delivering a profit upgrade for the six months to September 2021.

We also note Sydney Airport received a revised takeover proposal at $8.75/share, which has resulted in non-exclusive Due Diligence. We continue to hold SYD shares as we believe the current discount to the offer price is too wide and note the pace of vaccinations accelerates the re-opening scenario which helps lift the floor price should the takeover fail to proceed.

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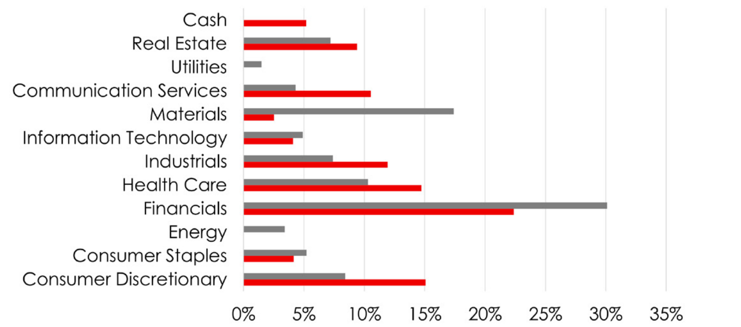
TOP COMPLETED HOLDINGS* (TCH)

(at 30 September 2021, out of 30 holdings)

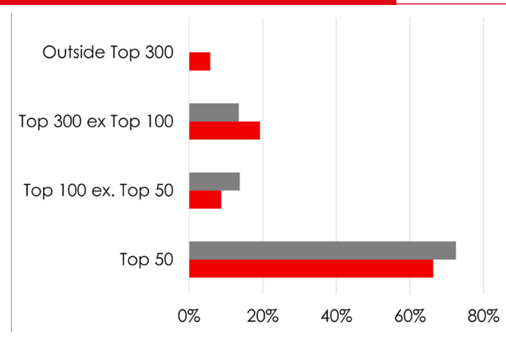
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
Westpac	6.0	N/A	15.2	7.80
Commonwealth Bank	11.9	N/A	19.6	7.22
Macquarie Group	9.2	N/A	19.3	4.99
Wesfarmers	25.5	73.1	28.2	4.97
Goodman Group	18.2	9.4	28.1	4.53
Sydney Airport	N/A	N/A	N/A	4.26
Resmed	26.8	17.3	41.7	4.07
CSL	31.9	47.7	41.6	3.93
REA Group	34.3	28.7	53.5	3.92
Avita Medical	N/A	N/A	N/A	3.60
TCH AVERAGE	20.5	35.2	30.9	
MARKET AVERAGE	13.3	75.1	17.4	
Total equity weighting				94.81
Total cash weighting				5.19

**Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.*

INDUSTRY EXPOSURE



MARKET CAPITALISATION EXPOSURE



TMF S&P/ASX300

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

There were a number of detractors for the month – most of which were sold down due to macro-driven rotation. These included Reliance Worldwide, Capricorn Metals, Codan and Resmed. We have maintained our position in all four names, noting a positive outlook for each company.

In terms of broader positioning, we have for the most part maintained our core holdings while letting our reopening beneficiaries run.

We note potential risks around inflationary forces accelerating over the next few months, largely driven by a spike in energy prices in conjunction with re-opening and generally tight supply conditions due to various bottlenecks and constraints.

While these developments warrant a level of caution, we believe our positioning in quality companies with bright prospects and tailwinds should yield outperformance over the medium term.