

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

\$578.7M

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

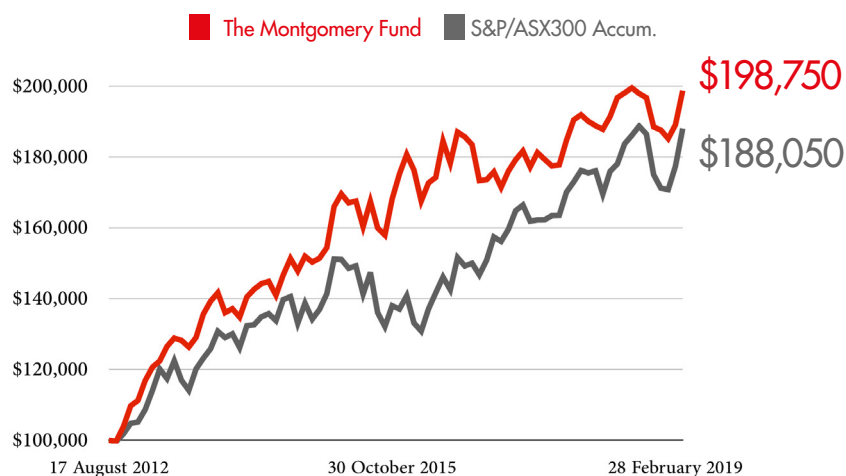
FINANCIAL YEAR RETURNS

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**	11.1%	10.2%

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

**Compound annual returns

PERFORMANCE GRAPH



PORTFOLIO PERFORMANCE

(to 28 February 2019, after all fees)

	INCOME	CAPITAL GROWTH	THE MONTGOMERY FUND	S&P/ASX 300 ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	5.10%	5.10%	6.01%	-0.91%
3 months	1.74%	4.22%	5.96%	9.86%	-3.90%
6 months	1.65%	-1.23%	0.42%	-0.35%	0.77%
12 months	9.36%	-4.12%	5.24%	6.80%	-1.56%
3 years (p.a.)	5.66%	0.19%	5.85%	12.86%	-7.01%
5 years (p.a.)	5.60%	1.58%	7.18%	7.28%	-0.10%
Since inception#	49.41%	49.34%	98.75%	88.05%	10.70%
Compound annual return (since inception)#	6.34%	4.75%	11.09%	10.15%	0.94%
# 17 August 2012					



The strong equity market performance seen in January continued in February with the S&P/ASX300 Accumulation Index rising by 6.01 per cent following the 3.87 per cent rise in the previous month. The market has now reversed almost all the weakness seen during the second half of 2018 and is at the time of writing only 2.4 per cent below the all-time high level seen in late August 2018.

The Montgomery Fund (The Fund) rose by 5.10 per cent during February. The equity portion of The Fund slightly outperformed the overall market, but the cash weighting resulted in a slight underperformance overall. On a risk adjusted basis, we are not unhappy with the performance, especially as a large contributor to performance for the overall market was the Materials sector, to which The Fund has a zero weighting.

The top 4 contributors to fund performance during the month were:

- IDP Education who reported very strong first half results on the back of strong growth in placements of international students indicating that they are continuing to gain market share

- Ramsay Healthcare which also reported stronger than expected profits and reports of more benign tariff environments are emerging in France and UK
- Pendal Group which was buoyed by the rising equity markets worldwide
- Challenger Group which recouped some of the fall from January as the market digested the downgrade to the outlook for full year earnings

Due to the rise in overall markets and for most of The Fund's holdings, we have during the month increased the cash weighting from approximately 13.5 per cent at the beginning of the month to approximately 17 per cent at the end of the month. We will continue to adjust the funds cash weighting depending on the market's movements and the valuations of quality investment opportunities.

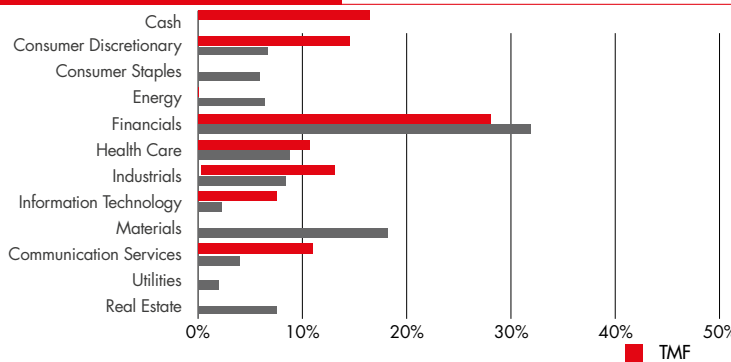
TOP COMPLETED HOLDINGS* (TCH)

(at 28 February 2019, out of 25 holdings)

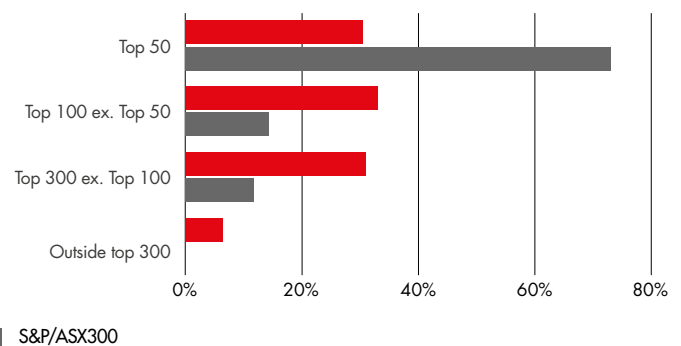
COMPANY NAME	RETURN ON EQUITY (%)	NET DEBT/EQUITY (%)	PRICE/EARNINGS (X)	WEIGHT (%)
National Australia Bank	12.1	N/A	10.7	5.71
Link Administration Holdings	7.6	29.3	17.8	5.29
Westpac Banking Corp	13.0	N/A	11.5	5.21
Ramsay Health Care	22.4	130.0	21.7	4.91
Spark New Zealand	26.3	104.3	17.1	4.89
Telstra Corp	20.4	112.1	14.2	4.61
Medibank Private	22.6	-25.7	19.3	4.48
Pendal Group	22.8	-18.2	17.2	4.42
Seek	14.5	57.7	31.5	4.39
Aristocrat Leisure	37.6	141.5	18.7	4.26
TCH AVERAGE	19.9	66.4	18.0	
MARKET AVERAGE	17.3	75.7	18.5	
Total equity weighting				82.91
Total cash weighting				17.09

*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.