

# INVESTMENT REPORT & FACT SHEET

## FUND OVERVIEW

The Montgomery Global Equities Fund (Managed Fund) (the Fund) employs a highly disciplined, bottom-up, value style and typically invests in 15 to 30 high conviction stocks listed on major global stock exchanges. The focus of the Fund is on investing in what Montgomery Global regards as high quality businesses with attractive prospects trading at a discount to their estimated intrinsic value.

The Fund has the flexibility to retain a reasonable level of cash, with a “soft” 30 per cent limit. The Fund will generally be currency

unhedged but we can put in place strategies aimed at protecting investor capital against currency fluctuations if we predict material upside to the Australian dollar.

The Fund aims to deliver superior positive returns when suitable investment opportunities are abundant, and to preserve capital through cash allocations when an insufficient number of company names are appealing. The Fund also aims to target a minimum 4.5% annual distribution yield, paid semi-annually.

## FUND FACTS

### INVESTMENT MANAGER

Montgomery Global Investment Management Pty Ltd

### OBJECTIVE

The Montgomery Global Equities Fund (Managed Fund) aims to outperform the index over a rolling 5-year period.

### BENCHMARK

MSCI World Net Total Return Index, in Australian dollars.

### ASRN

621941508

### RECOMMENDED INVESTMENT TIMEFRAME

5 years

### INCEPTION DATE

20 December 2017

### FUND SIZE (AUD)

\$93.5M

### MANAGEMENT COST

1.32% per annum, inclusive of GST/RITC.

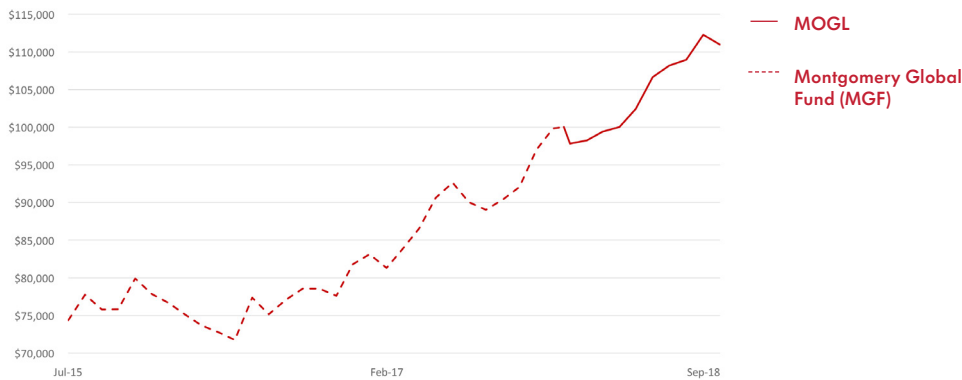
### PERFORMANCE FEES

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

### APPLICATION & REDEMPTION PRICES

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

## PERFORMANCE GRAPH



Performance Graph Monthly Index: \$100,000 = MOGL inception date<sup>2</sup>

## CONTACT DETAILS

### INVESTORS

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## PORTFOLIO PERFORMANCE (to 30 September 2018, after all fees)

|                                     | INCOME | CAPITAL GROWTH | FUND RETURN   | MSCI WORLD NET TOTAL RETURN INDEX <sup>1</sup> | OUT/UNDER PERFORMANCE |
|-------------------------------------|--------|----------------|---------------|--|-----------------------|
| 1 month                             | 0.00%  | -1.94%         | <b>-1.94%</b> | 0.51%  | -2.45%                |
| 3 months                            | 0.00%  | 1.75%          | <b>1.75%</b>  | 7.20%  | -5.45%                |
| 6 months                            | 2.57%  | 7.51%          | <b>10.08%</b> | 13.29%   | -3.21%                |
| MOGL (since inception) <sup>2</sup> | 2.57%  | 7.52%          | <b>10.10%</b> | 11.89%   | -1.79%                |
| MGF (since inception) <sup>3</sup>  | 19.62% | 28.65%         | 48.27%        | 41.04%   | 7.23%                 |

<sup>1</sup> In Australian dollars <sup>2</sup> Inception: 20 December 2017 <sup>3</sup> Inception: 1 July 2015

**FUND COMMENTARY**

In the month of September, the Montgomery Global Equities Fund (Managed Fund) (the Fund) declined by 1.94 per cent, net of fees. This compared unfavourably to the MSCI World Net Total Return Index in Australian dollar terms (the Benchmark) which increased by 0.51 per cent over the same period.

Since inception, the Fund is up by 10.10 per cent, net of fees, versus the Benchmark which is up by 11.89 per cent over the same period.

The month rounded out a very challenging quarter that was characterised by a strong rotation out of Asian and European equities, into US equities.

The underlying drivers of the rotation appeared to be related to President Trump’s escalating trade measures and the strengthening US dollar. Dealing with this rotation has been difficult because much of the selling and buying has been indiscriminate and not based on fundamentals, in our view.

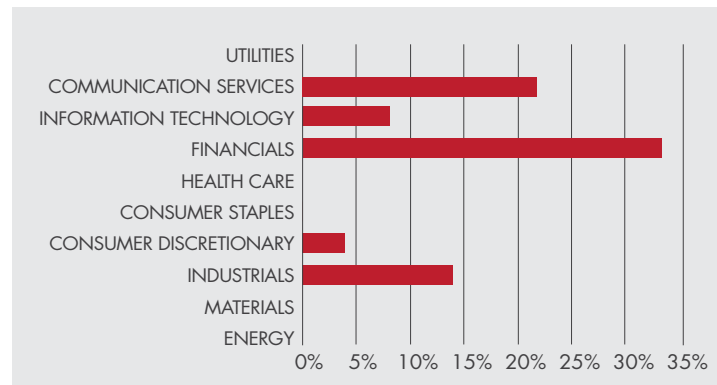
We believe there is a material probability that President Trump’s aggressive protectionist actions towards China will persist for months and possibly years. On this basis, we took the decisive action to reduce the Fund’s Chinese exposure. As and when clarity is gained over the resolution of this trade dispute, we will look to add back this exposure expeditiously.

**TOP COMPLETED HOLDINGS\* (TCH) (at 30 September 2018, out of 20 holdings)**

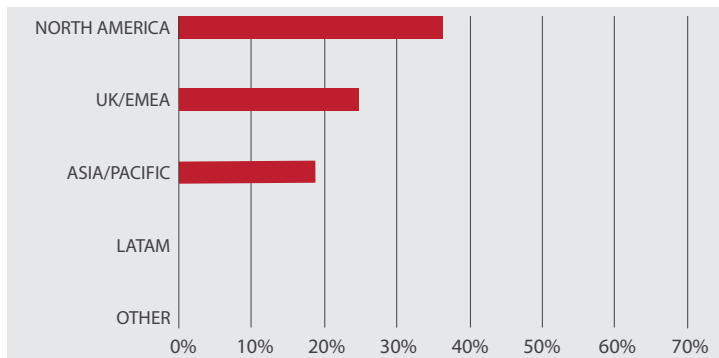
| COMPANY NAME                  | COUNTRY OF DOMICILE | MARKET CAP (\$USDM) | WEIGHT (%)  |
|-------------------------------|---------------------|---------------------|-------------|
| St James's Place              | GB                  | 7,889               | 6.1         |
| Vivendi                       | FR                  | 33,611              | 5.8         |
| Wells Fargo                   | US                  | 253,136             | 5.6         |
| Facebook                      | US                  | 474,832             | 5.5         |
| Swedbank                      | SE                  | 28,054              | 5.1         |
| Rheinmetall                   | DE                  | 4,553               | 4.8         |
| Insperity                     | US                  | 4,945               | 4.8         |
| REA Group                     | AU                  | 8,176               | 4.7         |
| Microsoft                     | US                  | 877,014             | 4.6         |
| Travelers Companies           | US                  | 34,721              | 4.5         |
| <b>PORTFOLIO MEDIAN</b>       |                     | <b>47,066</b>       | <b>4.4</b>  |
| <b>Total equity weighting</b> |                     |                     | <b>81.1</b> |
| <b>Total cash weighting</b>   |                     |                     | <b>18.9</b> |

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

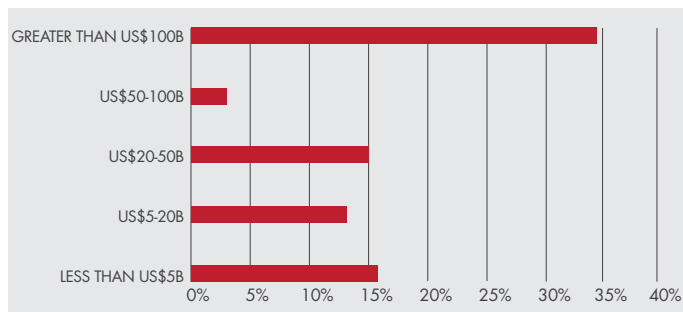
**GICS SECTOR INDUSTRY EXPOSURE**



**GEOGRAPHIC - COUNTRY OF DOMICILE**



**MARKET CAPITALISATION EXPOSURE**



#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 Global Investment Management Pty Ltd, (ACN 604 878 533) (CAR) #001 007 050 (Montgomery) the investment manager of the Montgomery Global Equities Fund (Managed Fund). The issuer of units in Montgomery Global Equities Fund (Managed Fund) is the Fund’s responsible entity Perpetual Trust Services Limited ACN 000 142 049 (AFSL 236648). Copies of the PDS are available from Montgomery Global Investment Management (02) 8046 5000 or online at [www.montinvest.com/mogl](http://www.montinvest.com/mogl) Before making any decision to make or hold any investment in the Fund you should consider the PDS in full. The information provided is general information only and does not take into account your investment objectives, financial situation or particular needs. You should consider your own investment objectives, financial situation and particular needs before acting upon any information provided and consider seeking advice from a financial advisor or stockbroker if necessary. You should not base an investment decision simply on past performance. Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall.