

## 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

MGIM 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)

\$79.9M

#### 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

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### PORTFOLIO PERFORMANCE (to 30 April 2020, after all fees)

	INCOME	CAPITAL GROWTH	FUND RETURN	MSCI WORLD NET TOTAL RETURN INDEX <sup>1</sup>	OUT/UNDER PERFORMANCE
1 month	0.00%	1.34%	<b>1.34%</b>	3.70%	-2.36%
3 months	0.00%	-20.16%	<b>-20.16%</b>	-9.91%	-10.25%
6 months	2.33%	-15.57%	<b>-13.24%</b>	-2.44%	-10.80%
12 months	6.67%	-20.52%	<b>-13.85%</b>	3.20%	-17.05%
2 years (p.a.)	5.82%	-5.80%	<b>0.02%</b>	8.56%	-8.54%
MOGL (since inception) <sup>2</sup>	12.27%	-9.81%	<b>2.46%</b>	19.71%	-17.25%
MGF (since inception) <sup>3</sup>	35.18%	3.78%	<b>38.96%</b>	50.89%	-11.93%

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

Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall.

## FUND COMMENTARY

This monthly report is slightly longer than usual to provide a further update with regards to our approach to navigating this COVID-19 crisis.

First on the performance update. The Montgomery Global Equities Fund (Managed Fund) (the Fund) increased by 1.34 per cent net of fees, in the month of April. This return included the dampening effect of intentionally holding 33 per cent of the portfolio in cash, which we return to below. By comparison, the MSCI World Total Return Index in Australian dollar terms (the Benchmark) increased by 3.70 per cent. Since inception, the Fund has increased by 2.46 per cent with an average cash holding of 15 per cent. Over the same period, the Benchmark has increased by 19.71 per cent.

The Fund remains very defensively positioned, with a cash holding that represents a third of the portfolio. Such a large cash holding means that, in the short-run, the Fund will likely under-perform in a rising market; and outperform in a falling market. But we are not here to bet your capital on chasing short-run relative returns. Rather, we are here to compound your capital over the very long-term. This requires us to prioritise the protection of capital when risks to the economy and businesses are high, and stock prices rise quickly, like we are seeing today. It will also allow flexibility to deploy capital in future, when prices are attractive, and risks have subsided. We have come to learn that most of our clients appreciate this portfolio approach to building wealth.

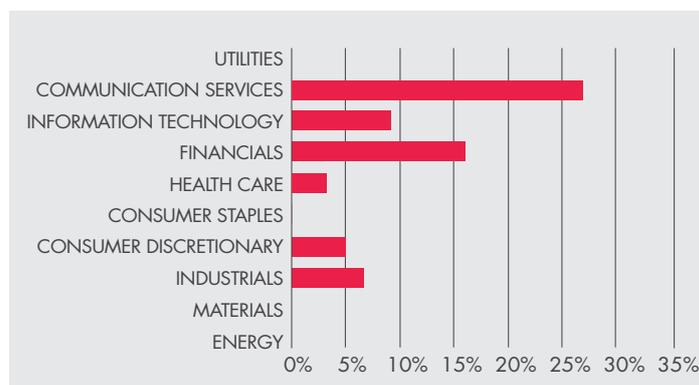
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## TOP COMPLETED HOLDINGS\* (TCH) (at 30 April 2020, out of 19 holdings)

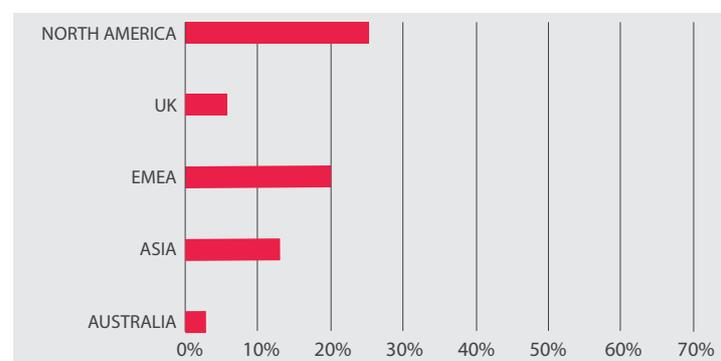
COMPANY NAME	COUNTRY OF DOMICILE	MARKET CAP (\$USDM)	WEIGHT (%)
Spotify	SE	28,158	7.3
Vivendi	FR	25,582	7.0
Ping An	CN	189,822	5.7
Facebook	US	583,240	4.6
Apple	US	1,285,516	4.5
Rheinmetall	DE	2,949	4.5
Microsoft	US	1,359,028	4.3
St James's Place	GB	5,751	4.2
Alibaba	CN	543,707	3.9
Berkshire Hathaway	US	455,940	3.8
<b>PORTFOLIO MEDIAN</b>		<b>70,555</b>	<b>3.8</b>
<b>Total equity weighting</b>			<b>66.9</b>
<b>Total cash weighting</b>			<b>33.1</b>

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

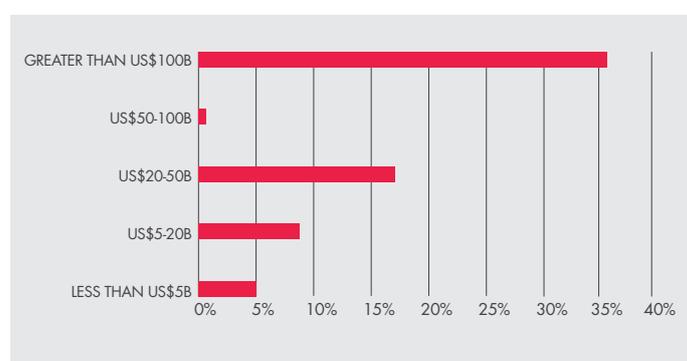
## GICS SECTOR INDUSTRY EXPOSURE



## 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 MGIM Pty Ltd, (ACN 604 878 533) AFSL 516 942 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.

## FUND COMMENTARY

Many investors were shocked to learn recently that Warren Buffett did not buy shares in the equity market selloff earlier in the year – and instead he was liquidating certain positions and sitting on more than \$100 billion of government bonds. He totally “missed the bounce” for want of a better expression. How could the world’s greatest investor seemingly have made such a mistake? One conclusion might be that he simply got it wrong. Some have even suggested that he is past his prime or has lost his nerve. But perhaps Buffett is protecting against the risk of a downside scenario, which may or may not eventuate, but which remains possible, and with potentially severe impact.

The impact of COVID-19 has been extraordinary, yet we are still far from knowing when the “other side” of this pandemic will be, and the full extent of the economic costs. Equity markets are pricing in a return to normal within weeks or months; but the world’s leading epidemiologists are suggesting this may not occur until well into 2021, and business leaders are looking out years before economic activity returns to pre-COVID-19 levels. Evan Greenberg, the CEO of Swiss-based insurer, Chubb, said only days ago that this will be “the largest event in insurance history.” Yet, many stocks are trading near their pre-pandemic highs – but with growth prospects that have become materially impaired.

Warren Buffett remains defensively positioned today because he is protecting against a stock market scenario which has not played out. We are too. Today, this downside scenario is called an alternative history. Over the coming weeks and months, it may well become history.