

## 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)

\$97.6M

#### MANAGEMENT COST

1.32% per annum, inclusive of GST/RITC.

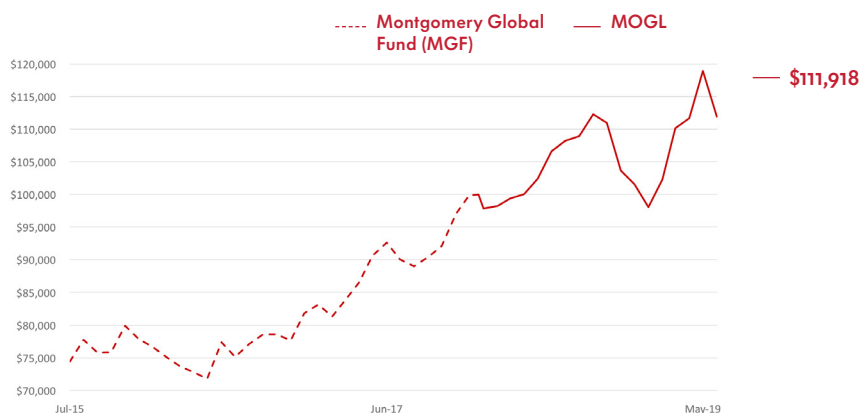
#### PERFORMANCE FEES

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



### CONTACT DETAILS

#### INVESTORS

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### PORTFOLIO PERFORMANCE (to 31 May 2019, after all fees)

	INCOME	CAPITAL GROWTH	FUND RETURN	MSCI WORLD NET TOTAL RETURN INDEX <sup>1</sup>	OUT/UNDER PERFORMANCE
1 month	0.00%	-5.89%	-5.89%	-4.27%	-1.62%
3 months	0.00%	1.62%	1.62%	1.51%	0.11%
6 months	2.14%	8.02%	10.16%	6.88%	3.28%
12 months	4.41%	0.55%	4.96%	8.89%	-3.93%
MOGL (since inception) <sup>2</sup>	4.70%	7.22%	11.92%	11.03%	0.89%
MGF (since inception) <sup>3</sup>	19.62%	31.55%	51.17%	39.96%	11.21%

<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

In the month of May, the Montgomery Global Equities Fund (Managed Fund) (the Fund) declined by 5.89 per cent, net of fees. Over the same period, the MSCI World Total Return Index in Australian dollar terms (the Benchmark) declined by 4.27 per cent. Since inception, the Fund has increased by 11.92 per cent, net of fees. This compares favourably to the Benchmark which increased by 11.03 per cent over the same period.

We observed another significant turning point in the global risk environment in May, specifically with respect to the ongoing US/China trade dispute. On May 3rd, it was reported that Chinese negotiators backtracked significantly on previously agreed terms and principles. This then led to President Trump increasing tariffs on US\$200 billion of Chinese imports from 10 per cent to 25 per cent. Then on May 15th, President Trump signed an Executive Order that,

in effect, could restrict US companies from transacting with Chinese telecommunications equipment provider, Huawei. Over in China, we have seen increasing press in recent days that argues that the demands being placed on them by the US infringe on China's sovereignty and its economic development.

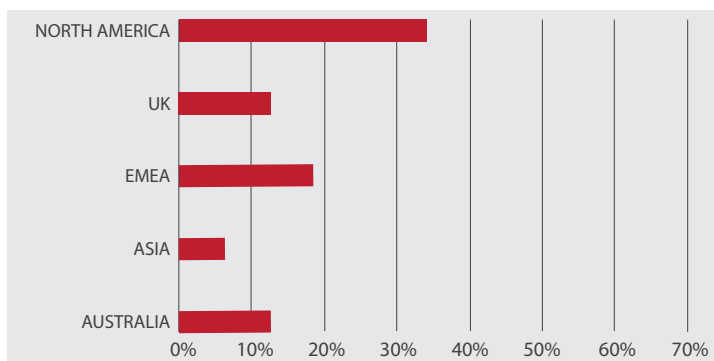
Given this new information, it is difficult to see either side backing down in the near-term; and, if anything, the situation could well escalate from here. To us, this means that the probability of more negative outcomes from this dispute has increased; and the probability of more favourable outcomes has reduced. At the same time, global stock prices – which are still up double-digits YTD – do not appear to be reflecting this deterioration in prospects. As such, we have significantly reduced our global portfolio exposures and increased portfolio cash levels.

## TOP COMPLETED HOLDINGS\* (TCH) (at 31 May 2019, out of 18 holdings)

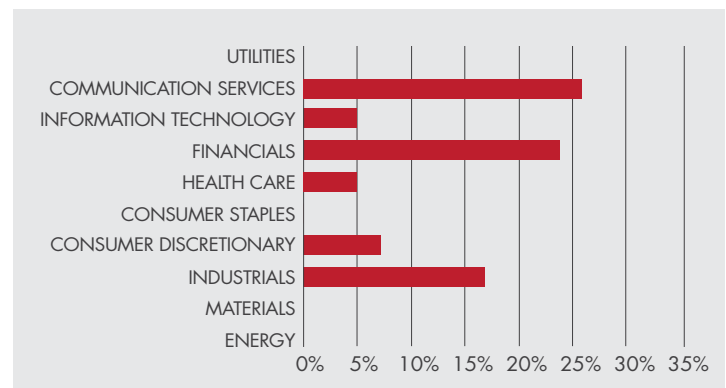
COMPANY NAME	COUNTRY OF DOMICILE	MARKET CAP (\$USDM)	WEIGHT (%)
Vivendi	FR	35,183	7.5
Challenger	AU	3,410	6.6
Prudential	GB	50,926	6.4
Insperty	US	4,699	5.9
REA Group	AU	8,098	5.5
Alphabet	US	767,114	5.3
Facebook	US	506,624	5.2
Airbus	FR	99,524	4.9
Microsoft	US	947,737	4.8
UnitedHealth	US	229,793	4.8
<b>PORTFOLIO MEDIAN</b>		<b>25,658</b>	<b>4.8</b>
<b>Total equity weighting</b>			<b>83.1</b>
<b>Total cash weighting</b>			<b>16.9</b>

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

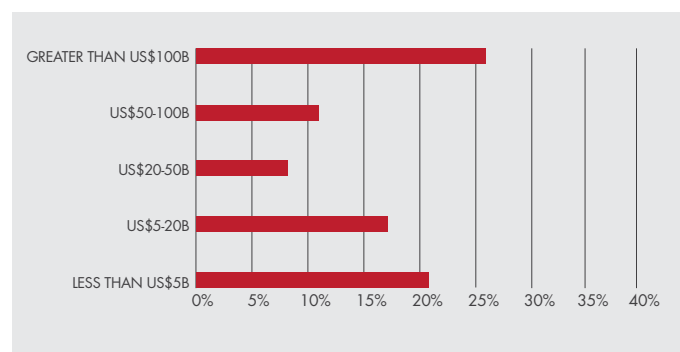
## GEOGRAPHIC - COUNTRY OF DOMICILE



## GICS SECTOR INDUSTRY EXPOSURE



## 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) (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.

