

## 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)

\$88.7M

#### MANAGEMENT COST

1.32% per annum, inclusive of GST/RITC.

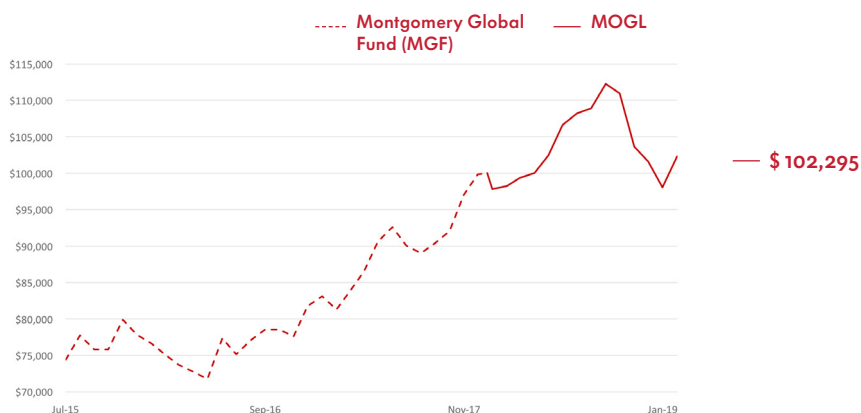
#### PERFORMANCE FEES

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 31 January 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%	4.32%	<b>4.32%</b>	4.06%	0.26%
3 months	2.10%	-3.42%	<b>-1.32%</b>	-2.10%	0.78%
6 months	2.00%	-8.09%	<b>-6.09%</b>	-3.14%	-2.95%
12 months	4.78%	-0.66%	<b>4.12%</b>	3.79%	0.33%
MOGL (since inception) <sup>2</sup>	4.70%	-2.40%	<b>2.30%</b>	3.61%	-1.31%
MGF (since inception) <sup>3</sup>	19.62%	18.37%	37.99%	30.61%	7.38%

<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 January, the Montgomery Global Equities Fund (Managed Fund) (the Fund) returned 4.32 per cent, net of fees. This was slightly higher than the MSCI World Net Total Return Index in Australian dollar terms (the Benchmark) which returned 4.06 per cent over the same period. Since inception, the Fund has returned 2.30 per cent, net of fees, despite an average cash holding of 18.1 per cent. By comparison, the Benchmark returned 3.61 per cent (with zero cash holdings) over the same period.

Following an 11 per cent decline during a very challenging fourth calendar quarter, the Benchmark rallied by more than four per cent in the first month of 2019. Readers will know that we were deploying the Fund's cash holdings late last year as stocks became cheaper. As scary as volatility can be for investors, it often creates opportunities. One simply needs to remember that as stock prices fall, they are typically becoming less risky, not more.

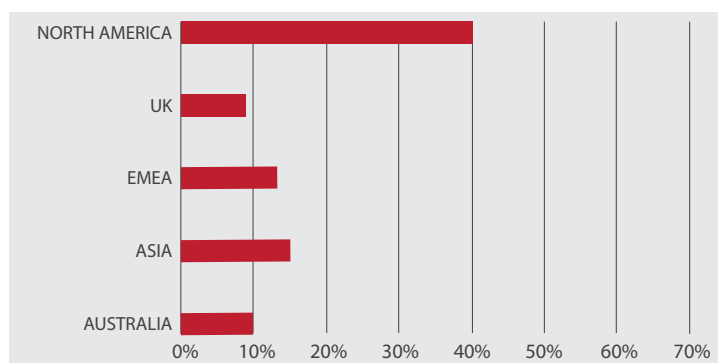
Earnings season is also underway. Many of the Fund's holdings are performing well despite the global uncertainty we have discussed in recent months. These include Facebook (NASDAQ: FB), Apple (NASDAQ: AAPL), Alibaba (NYSE: BABA), Union Pacific (NYSE: UNP) and Lear (NYSE: LEA). Offsetting some of these good performances was an earnings-downgrade by Australian insurer Challenger (ASX: CGF) which resulted in a 17 per cent decline in the stock. This was an overreaction, in our view: for a downgrade in CGF's annual earnings power of approximately \$20-30 million, the market wiped off more than \$1 billion in value. This makes no sense to us and we have acquired more shares.

## TOP COMPLETED HOLDINGS\* (TCH) (at 31 January 2019, out of 19 holdings)

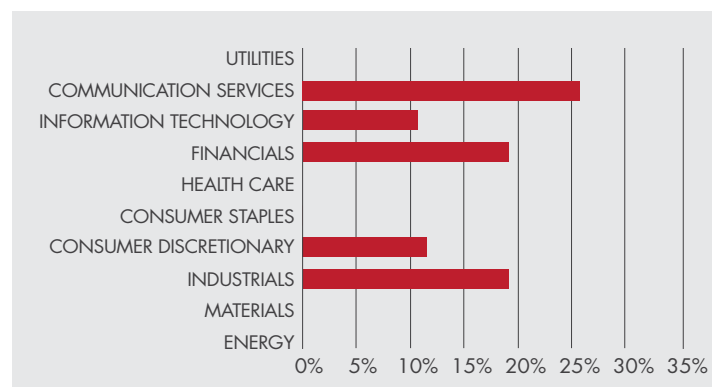
COMPANY NAME	COUNTRY OF DOMICILE	MARKET CAP (\$USDM)	WEIGHT (%)
Vivendi	FR	33,254	6.8
Insperity	US	4,460	6.3
Facebook	US	475,732	6.3
Prudential	GB	50,498	5.9
Microsoft	US	801,209	5.7
Challenger	AU	3,219	5.7
Alphabet	US	779,467	5.6
Apple	US	784,811	4.8
Lear	US	9,878	4.5
REA Group	AU	7,256	4.3
<b>PORTFOLIO MEDIAN</b>		<b>50,498</b>	<b>4.3</b>
<b>Total equity weighting</b>			<b>87.5</b>
<b>Total cash weighting</b>			<b>12.5</b>

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

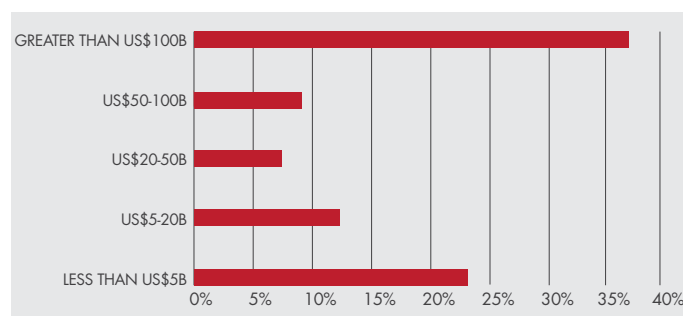
## GEOGRAPHIC - COUNTRY OF DOMICILE



## 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.