



MONTGOMERY SMALL COMPANIES FUND

ARSN 635 229 533 | APIR FHT3726AU

Product Disclosure Statement (PDS)

Dated 18 September 2024

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Please note:

- o this PDS is a summary of significant information and contains a number of references (marked with the symbol “§”) to important additional information contained in the Information Booklet which forms part of this PDS
- o you should consider the information contained in this PDS before making a decision about The Fund
- o the information provided in this PDS is general information only and does not take account of your personal financial situation or needs and
- o you should obtain financial advice tailored to your personal circumstances.

Fundhost Ltd (**Fundhost**, **we** or **us**) is the responsible entity of Montgomery Small Companies Fund (**The Fund**) and issuer of this PDS. This PDS has not been lodged with the Australian Securities & Investments Commission (**ASIC**) and is not required to be so lodged. ASIC takes no responsibility for the contents of this PDS.

If you received this PDS electronically we will provide you, free of charge, with a paper copy of this PDS (together with the application form) and any information it incorporates by reference upon request. Please phone Fundhost on +61 2 8223 5400. If you make this PDS available to another person, you must give them the entire PDS, including the application form.

This PDS is also available to investors who invest through an IDPS (such as a master trust or wrap account). Different conditions may apply to such investors so please refer to “More information” and “Investing via an IDPS”. This PDS is not an offer or invitation in relation to The Fund in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation.

New Zealand investors should read the important information for New Zealand Investors in “More information”. All references to \$ or amounts are to Australian dollars.

This PDS is current as at 18 September 2024. Information in this PDS is subject to change from time to time. To the extent that the change is not materially adverse to investors, it may be updated by Fundhost posting a notice of the change on its website at www.fundhost.com.au. Fundhost will provide to investors, free of charge, a paper copy of the updated information upon request when they contact Fundhost on +61 2 8223 5400. If the change is materially adverse to investors, Fundhost will notify affected investors and replace this PDS.

Neither Fundhost nor Montgomery Lucent Investment Management Pty Ltd (**Montgomery Lucent**) promise that you will earn any return on your investment or that your investment will gain or retain its value. No company other than Fundhost and Montgomery Lucent makes any statement or representation in this PDS.

Target Market Determination: The Target Market Determination for The Fund can be found at www.fundhost.com.au and includes a description of the class of investors that The Fund is likely to be appropriate for.

	FUNDHOST (RESPONSIBLE ENTITY)	MONTGOMERY LUCENT (INVESTMENT MANAGER)
MAIL	Fundhost Ltd PO Box N561 Grosvenor Place NSW 1220 Australia	Montgomery Lucent Investment Management Pty Ltd Suite 5.01, 17 Castlereagh Street Sydney NSW 2000 Australia
TELEPHONE	+ 61 2 8223 5400	+ 61 2 8046 5000
FAX	+ 61 2 9232 8600	
EMAIL	admin@fundhost.com.au	office@montinvest.com
WEBSITE	www.fundhost.com.au	www.montinvest.com

1 ABOUT FUNDHOST

Fundhost

Fundhost is a public company that acts as the responsible entity and provides essential services to The Fund. Fundhost's core business is to operate registered managed investment schemes and provide compliance, administration and registry services. We are responsible for the day to day operations of The Fund and have appointed Montgomery Lucent to manage the assets of The Fund.

About Montgomery Lucent

Montgomery Lucent, a joint venture between Lucent Capital Partners Pty Ltd (**Lucent Capital Partners**) and Montgomery Investment Management Pty Ltd (**Montgomery**), is the investment manager of The Fund. Lucent Capital Partners is owned by its founders Gary Rollo and Dominic Rose. Gary and Dominic have worked together for eight years and have a combined 35 years of portfolio management and equities research experience.

Established in 2010, Montgomery is a boutique investment manager owned by its founder and staff. Roger Montgomery is Founder and Chairman and the executive team have significant experience in investing, banking and funds management.

Montgomery identifies best-of-breed managers with proven track records and offers these strategies to retail and wholesale investors in Australia and New Zealand. Montgomery team members are directly invested in these funds, ensuring Montgomery's interests are aligned with investors.

Montgomery Lucent has a commitment to excellence in the management of The Fund and operates an outsourced service provider model, which allows the key personnel to concentrate their time and energy on investing, analysis and portfolio management as well as communication with the unit holders of The Fund.

Montgomery Lucent is an active, style-neutral equities manager, seeking high quality, undervalued small and emerging companies with strong growth potential. The Fund typically invests in a portfolio of 30 to 50 company names, with a focus on outperforming the S&P/ASX Small Ordinaries Accumulation Index over a rolling 5 year period. Returns are not guaranteed.

For more information on Montgomery Lucent's investment process, see "How we invest your money".

2 HOW THE FUND WORKS

Mechanics

When you invest in The Fund your money (together with all other investors' monies) is gathered in the one place and invested in assets. We have appointed Montgomery Lucent to manage The Fund. Montgomery Lucent uses its resources, experience and expertise to make the investment decisions.

We have also appointed an independent custodian to hold the assets of The Fund. The custodian's role is limited to holding the assets of The Fund as Fundhost's agent. It has no supervisory role in relation to the operation of The Fund and is not responsible for protecting your interests.

Units

The Fund is a "unit trust". This means your interests in The Fund are represented by "units". Certain rights (such as a right to any income and a right to vote) attach to your units. You may also have obligations in respect of your units.

§ Each unit has a value which we calculate. When you invest, we issue you a number of units depending on the amount you invest. Similarly, when you withdraw from The Fund, we calculate your withdrawal proceeds by reference to the number and value of units you hold at the time of withdrawal. Generally, the price of units will vary as the market value of assets in The Fund rises or falls.

§ Investing and withdrawing

To invest in The Fund, use the paper or online application form accompanying this PDS. The following minimum transactions, balance requirements and processing rules generally apply (although we may vary or waive them at our discretion and without notice):

MINIMUM INITIAL INVESTMENT	\$25,000
MINIMUM ADDITIONAL INVESTMENT	\$5,000 or \$500 per month as a monthly direct debit savings plan
MINIMUM WITHDRAWAL	\$1,000
MINIMUM BALANCE	\$5,000

UNIT PRICING FREQUENCY	Each business day.
APPLICATIONS AND WITHDRAWALS PROCESSING	If we receive your correctly completed application and monies or a correctly completed redemption request, then we generally process these each business day using the unit price effective for that day. If your request is received before 4pm Sydney time it will be processed using the unit price effective for that day. If your request is received after this time, or on a non-business day, it is treated as having been received before 4pm Sydney time the next business day. If you are making monthly direct debit contributions, refer to section 8 "How to Apply" for more information.

You can increase your units by reinvesting distributions (this will be done automatically unless you tell us otherwise) or by making an additional investment (use the additional investment form to do this), or you can decrease your units by making a withdrawal (simply contact us in writing and tell us how much you need to withdraw). We call this a redemption request. We accept scanned or faxed redemption requests on certain conditions.

§ Delays

Normally once we approve your redemption (usually this happens within 5 business days of receipt of your redemption request), we process the request within 5 business days (although the constitution for The Fund allows us 180 days), and pay funds to your account.

In certain circumstances, such as a freeze on withdrawals or where The Fund is illiquid (as defined in the Corporations Act), you may have to wait a longer period of time before you can redeem your investment.

If The Fund is not sufficiently liquid then you will only be permitted to withdraw if we make a withdrawal offer to all investors in accordance with The Fund constitution and Corporations Act.

§ Compulsory redemptions

In some circumstances we may also compulsorily redeem your units, for example, where we suspect that a law prohibits you from being an investor in The Fund.

§ Distributions

Any income distributions are generally paid annually (as at 30 June each year) and can be reinvested in full or paid out entirely to the financial institution account nominated on your application form. You can indicate your choice on the application form. If you do not make a choice, then distributions will be reinvested.

Any distributions reinvested are reinvested at the ex-distribution mid-price.

Distribution payments are typically made within 20 business days after the end of the distribution period. Distributions will not be paid by cheque.

We generally calculate income distributions based on The Fund's net income at the end of the distribution period divided by the number of units on issue.

We distribute all taxable income to investors each year, including any taxable capital gains. Distributions may also carry imputation or other tax credits.

You should read the following important information before making a decision to invest in The Fund: § "Investing and withdrawing". Go to Part A of the Information Booklet available at www.fundhost.com.au. Note the information may change between the time when you read this PDS and the day when you acquire the product.

3 BENEFITS OF INVESTING IN THE FUND

Significant features

The Fund typically invests in a portfolio of 30 to 50 small and emerging companies listed on the Australian Securities Exchange (ASX) and New Zealand Exchange (NZX). In addition, Montgomery Lucent may invest up to 10 per cent of The Fund in pre-IPO opportunities (in companies expected to be listed within twelve months). The objective of the Fund is to outperform the S&P/ASX Small Ordinaries Accumulation Index over a rolling 5 year period. Returns are not guaranteed.

§ Significant benefits

There are many benefits of investing in The Fund. Some of the significant benefits include:

- o the potential to generate capital growth over the medium to longer term as well as income from its investment in listed stocks

- o access to the investment expertise of Montgomery Lucent
- o access to a proprietary approach to fundamental research
- o access to a high conviction portfolio that individual investors usually cannot achieve
- o generally, you can add to or withdraw your investment daily
- o the right to receive any distributions we make from The Fund and
- o having clear legal rights through a robust corporate governance structure.

As at 31 July 2024, The Fund has returned 9.17% per annum (after all fees) since inception on 20 September 2019, more than the 3.90% per annum return of the S&P/ASX Small Ordinaries Accumulation Index. For an updated performance summary visit www.fundhost.com.au. Past performance is not a reliable indicator of future results.

You should read the following important information before making a decision to invest in The Fund: § "Benefits of investing in The Fund". Go to Part B of the Information Booklet available at www.fundhost.com.au. Note the information may change between the time when you read this PDS and the day when you acquire the product.

4 RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk.

§ Significant risks

The significant risks of The Fund include:

- o **Concentration risk:** The Fund typically invests in a relatively concentrated portfolio of 30 to 50 small and emerging companies listed on the ASX and NZX. The value of The Fund's investments may be more affected by any single adverse economic, political or regulatory event than a more diversified portfolio.
- o **Counterparty risk:** Losses can be incurred if a counterparty (such as a broker) defaults on their contractual obligations or experiences financial difficulty.
- o **Cyber risk:** There is a risk of fraud, data loss, business disruption or damage to the information of The Fund or to investors' personal information as a result of a threat or failure to protect the information or personal data stored within the IT systems and networks of the responsible entity or other service providers.

- o **Fund risk:** The Fund could terminate (for example, at a date we decide), fees and expenses could change (although we would give you at least 30 days' notice where practicable if fees were to increase), we could be replaced as responsible entity and our management and staff could change. Investing in The Fund may give different results than investing individually because of accrued income or capital gains and the consequences of others investing and withdrawing.
- o **Interest rate risk:** The capital value or income of a security held by The Fund may be adversely affected by interest rate movements.
- o **International investment risk:** The Fund may invest in companies listed on the NZX which may give rise to foreign currency exposure. The relative strength or weakness of the Australian dollar against other currencies will affect The Fund's performance and The Fund may have less protection under laws outside of Australia.
- o **Investment management risk:** There is a risk that Montgomery Lucent will not perform to expectation or factors such as changes to the investment team may affect The Fund's performance.

- **Liquidity risk:** Access to your money may be delayed (see Section 2 “How The Fund works” and “Delays”). Overall market liquidity can make it difficult to trade profitably and to realise assets in a timely fashion to meet withdrawal requests. Units in The Fund are not quoted on any stock exchange so you cannot sell them through a stockbroker.
- **Market risk:** Economic, technological, political or legal conditions, interest rates and even market sentiment, can (and do) change, and these changes can affect the value of the investments in The Fund.
- **Regulatory risk:** The value or tax treatment of The Fund or its investments, or the effectiveness of The Fund’s investment strategy, may be adversely affected by changes in government (including taxation) policies, regulations and laws affecting registered managed investment schemes, or changes in generally accepted accounting policies or valuation methods.
- **Small companies risk:** Small companies generally have less diversified income streams, less stable funding sources and weaker bargaining positions with their counterparties when compared to larger companies. The securities of small companies may also be less liquid than those of larger companies.

§ Risks applicable to managed funds generally

Other significant risks relevant to many managed funds include the value of investments will vary, the level of returns will vary, future returns may differ from past returns, and returns are not guaranteed. You may lose your money.

The level of risk for each person will vary depending on a range of factors, including age, investment time frames, where other parts of your wealth are invested and your risk tolerance. These risks can be managed but cannot be completely eliminated. You can adopt tools to help you manage your own risk.

You should read the following important information before making a decision to invest in The Fund: § “Risks in general”. Go to Part C of the Information Booklet available at www.fundhost.com.au. Note the information may change between the time when you read this PDS and the day when you acquire the product.

5 HOW WE INVEST YOUR MONEY

§ You should consider the likely investment return, risk and your investment timeframe when choosing a fund to invest in.

FUND DESCRIPTION	The Fund typically invests in a portfolio of 30 to 50 company names listed on the ASX (outside the top 100) and NZX. Montgomery Lucent is an active style-neutral equities manager seeking high quality, undervalued, small and emerging companies with strong growth potential.																		
INVESTMENT RETURN OBJECTIVE	The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over a rolling 5 year period. Note the investment return objective is not intended to be a forecast. It is merely an indication of what The Fund aims to achieve over the medium to longer term on the assumption that equity markets remain relatively stable throughout the investment term. The Fund may not be successful in meeting this objective. Returns are not guaranteed.																		
BENCHMARK	S&P/ASX Small Ordinaries Accumulation Index																		
FUND'S INVESTMENTS AND ASSET ALLOCATION	<p>The Fund will generally hold shares listed on the ASX and NZX. In addition, up to 10 per cent of The Fund may be invested in pre-IPO opportunities (in companies expected to be listed within twelve months).</p> <table border="1"> <thead> <tr> <th></th><th colspan="3">TARGET RANGE</th></tr> <tr> <th>Assets</th><th>Lower</th><th>Higher</th><th>Typical</th></tr> </thead> <tbody> <tr> <td>Australian and New Zealand shares</td><td>70%</td><td>100%</td><td>90%</td></tr> <tr> <td>Cash</td><td>Nil</td><td>30%</td><td>10%</td></tr> </tbody> </table> <p>Montgomery Lucent adjusts the investment mix within the target ranges above. The “typical” position is where Montgomery Lucent aims to have The Fund invested given a fairly valued investment market. All other things being equal, the “typical” position would be the investment mix of The Fund.</p> <p>The cash component of the portfolio may be allowed to build to a level of 30 per cent when the Montgomery Lucent investible universe is unappealing in terms of margin of safety or in anticipation of extreme market dislocation. The Fund will not borrow. Derivatives will not be used to gear The Fund. Remember the investment mix can change within the ranges significantly and somewhat quickly. Ask your adviser or contact us for the latest investment mix and the size of The Fund.</p>				TARGET RANGE			Assets	Lower	Higher	Typical	Australian and New Zealand shares	70%	100%	90%	Cash	Nil	30%	10%
	TARGET RANGE																		
Assets	Lower	Higher	Typical																
Australian and New Zealand shares	70%	100%	90%																
Cash	Nil	30%	10%																
RECOMMENDED MINIMUM INVESTMENT PERIOD	At least 5 years																		
INTENDED PRODUCT USE	The Fund is intended to be used for a satellite allocation (up to 10%) of your investable assets.																		
RISK	High																		
SUITABILITY	The Fund is generally suited for persons seeking long term capital growth and those who can tolerate a high level of risk. You should speak with your financial adviser before investing in The Fund.																		
LABOUR AND ENVIRONMENTAL, SOCIAL OR ETHICAL CONSIDERATIONS	Montgomery Lucent does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments.																		

Any of the above details could change at any time and without notice. Where we consider the changes are significant, we will notify you of the changes (and give you 30 days’ prior notice where practicable).

You should read the following important information before making a decision to invest in The Fund: § “How we invest your money”. Go to Part D of the Information Booklet available at www.fundhost.com.au. Note the information may change between the time when you read this PDS and the day when you acquire the product.

6 FEES AND COSTS

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask The Fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

Information in the following table can be used to compare costs between different managed investment schemes. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of The Fund as a whole.

Fees and costs summary

Montgomery Small Companies Fund

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Ongoing annual fees and costs¹		
Management fees and costs^{2*} The fees and costs for managing your investment	1.23% pa	Calculated and accrued daily and paid monthly in arrears.
Performance fees[*] Amounts deducted from your investment in relation to the performance of the product	1.63% pa	17.94% of the amount by which The Fund outperforms its Benchmark (being the S&P/ASX Small Ordinaries Accumulation Index), after other fees and expenses have been deducted and achieved positive performance. Calculated and accrued daily and paid semi-annually in arrears.
Transaction costs[*] The costs incurred by the scheme when buying or selling assets	0.09% pa	These costs are expressed net of any amount recovered by the buy-sell spread and are generally paid as incurred.
Member activity related fees and costs (fees for services³ or when your money moves in or out of the scheme)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	+0.30% / -0.30%	Calculated as a percentage of the mid unit-price. Paid from investors' money when an investor applies to purchase or redeem units. Retained by The Fund.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Not applicable

¹All fees are expressed as a percentage of net asset value of The Fund excluding accrued fees.

²A portion of this fee can be negotiated with wholesale clients only.

³For information on service fees, please see “Additional explanation of fees and costs”.

Any item marked with an asterisk () is an estimate. Please refer to our website for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

Example of annual fees and costs

This table gives an example of how the ongoing fees and costs for The Fund can affect your investment over a one-year period. You should use this table to compare The Fund with other managed investment schemes.

EXAMPLE	BALANCE OF \$50,000 INCLUDING A CONTRIBUTION OF \$5,000 DURING THE YEAR	
CONTRIBUTION FEES	Nil	For every additional \$5,000 you put in, you may be charged \$0.
PLUS Management fees and costs*	1.23% pa	And, for every \$50,000 you have in The Fund you will be charged or have deducted from your investment \$614 each year.
PLUS Performance fees*	1.63% pa	And, you will be charged or have deducted from your investment \$817 in performance fees each year.
PLUS Transaction costs*	0.09% pa	And, you will be charged or have deducted from your investment \$46 in net transaction costs each year.
EQUALS COST OF THE FUND	2.95% pa	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$1,477 each year. What it costs you will depend on the fees you negotiate.

When calculating ongoing annual fees and costs in this table, the law says we must assume that the value of your investment remains at \$50,000 and The Fund's unit price does not fluctuate. Ongoing annual fees and costs actually incurred will depend on the market value of your investment and the timing of your contributions (including any reinvestment of distributions). The example assumes no abnormal expenses are incurred, no service fees are charged and that fees are not individually negotiated. The fact that a performance fee was paid or not paid in the example however is not a representation of likely future performance. The actual performance fee and therefore the total cost of the fund in the future will depend on the performance of Montgomery Lucent. Totals may appear incorrect due to rounding.

Any item marked with an asterisk () is an estimate. Please refer to our website for any updates on these estimates which are not considered to be materially adverse from a retail investor's point of view.

If you would like to calculate the effect of fees and costs on your investment you can visit the ASIC website (www.moneysmart.gov.au) and use their managed investment fee calculator.

§ Additional explanation of fees and costs

About management fees and costs

The management fees and costs include Fundhost's fees, Montgomery Lucent's fees, custody fees, ordinary and abnormal expenses and any indirect costs. Fees payable to Fundhost and Montgomery Lucent are calculated and accrued daily based on the net asset value of The Fund excluding accrued fees and are paid monthly in arrears. Management fees and costs paid out of Fund assets reduce the net asset value of The Fund and are reflected in the unit price. Management fees and costs exclude transaction costs (i.e. costs associated with investing the underlying assets, some of which may be recovered through buy-sell spreads).

Indirect costs form part of management fees and costs and include fees and expenses arising from any investment which qualifies as an interposed vehicle (e.g. any underlying fund that The Fund may invest in) and certain OTC derivative costs. The Fund's indirect costs are estimated to be Nil. Actual indirect costs for future years may differ.

The ordinary expenses for The Fund are estimated to be 0.03% per annum of the net assets of The Fund. These are the ordinary and every day expenses incurred in operating The Fund and are deducted from the assets of The Fund as and when they are incurred. The constitution of The Fund provides that expenses incurred by us in relation to the proper performance of our duties in respect of The Fund are payable or reimbursable out of the assets of The Fund and are unlimited. We reserve the right to recover abnormal expenses from The Fund. Abnormal expenses are expected to occur infrequently and may include (without limitation) costs of litigation to protect investors' rights, costs to defend claims in relation to The Fund, investor meetings and termination and wind up costs.

Performance fee

A Performance Fee is payable to Montgomery Lucent in respect of each 6 monthly period ending 30 June or 31 December when the investment performance of The Fund has exceeded the Benchmark and achieved positive performance.

The Performance Fee is 17.94% of the total return of The Fund after management fees and expenses have been deducted, that is in excess of the Benchmark return, and is calculated daily and paid semi-annually in arrears. When the total return of The Fund is less than the Benchmark return, no performance fee is payable. No performance fee is payable until any previous periods of underperformance have been made up.

When the absolute return of The Fund is negative but The Fund has performed better than the Benchmark, the relative outperformance of The Fund in percentage terms is carried forward to ensuing period(s).

Transaction costs

Gross transaction costs include brokerage, settlement costs, currency transactions, clearing and stamp duty costs. When you invest in The Fund, Montgomery Lucent may buy investments, and incur these costs. When you withdraw, Montgomery Lucent may sell investments so we can pay your cash to you, and incur these costs. These costs are also incurred in connection with day to day trading within The Fund.

Some of these costs are recovered through the buy-sell spread. A buy-sell spread is an adjustment to the unit price reflecting our estimate of the transaction costs that may be incurred as a result of the purchase/sale of assets arising from the buying/selling of units. This adjustment ensures that existing investors do not pay costs associated with other investors acquiring/ withdrawing units from The Fund. The buy-sell spread is reflected in the buy/sell unit price. Currently, our buy-sell spread is estimated to be 0.60% of the unit price (that is +0.30% on the entry price and -0.30% on the exit price). So if the net asset value of each unit is \$1.00, on entry we adjust the unit price up approximately 0.30% (up 0.30 cents) and on exit we adjust the unit price down approximately 0.30% (down 0.30 cents).

The buy-sell spread is not paid to Fundhost or Montgomery Lucent.

Our estimate of the total transaction costs for The Fund during the year ended 30 June 2024 was calculated using The Fund's actual transactions during the last financial year. Figures may appear incorrect due to rounding.

We expect the total transaction costs to vary from year to year as they will be impacted by the Fund's volume of trading, brokerage arrangements and other factors. We expect the amount recovered through the buy-sell spread to vary from year to year as it will be impacted by the volume of applications and withdrawals and any changes in the buy-sell spread for the Fund. The net transaction costs is the difference between these two amounts. All of these amounts are expressed as a percentage of The Fund's average net asset value for the year. Based on an average account balance of \$50,000 over a one year period, the net transaction costs represent approximately \$46.

GROSS TRANSACTION COSTS FOR FY 2024	RECOVERY THROUGH BUY-SELL SPREAD	NET TRANSACTION COSTS
0.21%	0.12%	0.09%

Service fees

If you need Fundhost to do something special for you, we may charge you a fee. These special fees vary depending on what you ask us to do.

You should read the following important information before making a decision to invest in The Fund: § "Additional explanation of fees and costs". Go to Part E of the Information Booklet available at www.fundhost.com.au. Note the information may change between the time when you read this PDS and the day when you acquire the product.

Can the fees change or be updated?

Yes, all fees can change. Reasons might include changing economic conditions and changes in regulation. However, we will give you 30 days' written notice of any increase to fees where practicable. The constitution for The Fund sets the maximum amount we can charge for all fees. If we wished to raise fees above the amounts allowed for in The Fund's constitution, we would need the approval of investors.

Please refer to our website for any updates on our estimates of any fees and costs (including indirect costs and transaction costs) which are not considered to be materially adverse from a retail investor's point of view. Remember, past performance is not an indicator of future performance and any fee or cost for a given year may not be repeated in a future year.

Adviser remuneration

No commissions will be paid by us to financial advisers. Additional fees may be paid by you to your financial adviser if one is consulted. You should refer to the Statement of Advice they give you in which details of the fees are set out.

7 HOW MANAGED INVESTMENT SCHEMES ARE TAXED

§ Investing in a registered managed investment scheme (like The Fund) is likely to have tax consequences and you are strongly advised to seek professional tax advice.

Registered managed investment schemes (like The Fund) do not pay tax on behalf of unit holders. Unit holders are assessed for tax on any income and capital gains generated by The Fund.

You should read the following important information before making a decision to invest in The Fund: § "Paying tax". Go to Part F of the Information Booklet available at www.fundhost.com.au. Note the information may change between the time when you read this PDS and the day when you acquire the product.

8 HOW TO APPLY

How to invest

You generally need to invest at least \$25,000 initially. Use the paper or online application form accompanying this PDS. The application form contains detailed instructions and will ask you to provide the identification documents required under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML CTF Act). We do not earn interest, nor do we pay you interest on application monies held, prior to the time we issue units to you.

Additional investments can be made at any time in writing, generally the minimum amount for additional investments is \$5,000.

You may also arrange to add to your initial investment by applying for our direct debit monthly savings plan, requiring a minimum investment of \$500 per month. This is processed on the 15th of each month or the next business day. To apply for this, fill out the direct debit instruction in the application form and see the Terms and Conditions.

Cooling off

If you decide that you don't want the units we have issued you in The Fund, we must repay your money to you.

We are allowed to (and generally do) make adjustments for market movements up or down, as well as any tax and reasonable transaction and administration costs. For example, if you invest \$25,000 and the value of the units falls by 1% between

the time you invest and the time we receive notification that you wish to withdraw your investment, we may charge you on account of the reduced unit value and you would incur a buy spread of +0.30% and a sell spread of -0.30%. This means that \$24,602 would be transferred from The Fund back to you.

If you change your mind, you have 14 days to tell us, starting on the earlier of when we send you confirmation that you are invested or the end of the 5th business day after the day on which we issue the units to you.

This right terminates immediately if you exercise a right or power under the terms of the product, such as transferring your units or voting on any units held by you. For any subsequent investments made under a distribution reinvestment plan, cooling off rights do not apply.

Enquiries and complaints

Contact us during business hours (9am to 5pm on Sydney business days). Our details are at the beginning of this PDS. It helps us if you have your investor number handy when you contact us.

If you have a complaint, it is better it be made in writing although you can always call us of course. Complaints will always be acknowledged and responded to as soon as practicable. Typically you will receive a response within 14 days, though we have a 30 day maximum response time frame. If you have invested through an IDPS you can access Fundhost's complaints procedures directly.

If you are unhappy with our response to your complaint you can contact the independent Australian Financial Complaints Authority (AFCA).

AFCA		
MAIL Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001		
TELEPHONE 1800 931 678 (free call)	EMAIL info@afca.org.au	WEBSITE www.afca.org.au

AFCA operations will be financed by contributions made by its members, including Fundhost. AFCA is free to consumers. For information on the AFCA Rules governing its jurisdiction and processes, please refer to www.afca.org.au.

9 MORE INFORMATION

Fund performance and size

If you are interested in:

- o up to date performance of The Fund
- o the latest investment mix of The Fund
- o current unit prices or
- o the current size of The Fund,

then ask your financial adviser or go to www.fundhost.com.au.

Your financial adviser will give you paper copies of the information free of charge. You can always call us, our details are at the beginning of this PDS. Again, up to date information is always free of charge.

Don't forget that any past returns are just that, just because they happened doesn't mean they will happen again. Returns are volatile and may go up and down significantly and sometimes quickly.

Investing via an IDPS

When you invest via an IDPS, it is the IDPS operator which becomes the investor in The Fund (not you). It follows that the IDPS operator has the rights of an investor and can exercise them (or not) in accordance with their arrangements with you. This means for example, that you generally cannot vote on units held in The Fund and you do not have cooling off rights in respect of any units held in The Fund. Speak with the IDPS operator to determine whether any cooling off rights are available to you through the service.

We are not responsible for the operation of any IDPS through which you invest.

Indirect investors complete the application forms for the IDPS and receive reports from that operator, not from us. The minimum investment, balance and withdrawal amounts may be different. You should also take into account the fees and charges of the IDPS operator as these will be in addition to the fees paid in connection with an investment in The Fund.

Enquiries and complaints about the IDPS should be directed to the IDPS operator and not to us. You can however still rely on the information in this PDS. In addition to reading this PDS, you should read the document that explains the IDPS.

All investors (regardless of whether you hold units in The Fund directly or hold units indirectly via an IDPS) are able to access Fundhost's complaints procedures outlined above. For indirect investors, if your complaint concerns the operation of the IDPS you should contact the IDPS operator directly.

Keeping you informed

We will:

- o confirm every transaction you make (except savings plan transactions)
- o soon after June each year send you a report to help you with your tax return
- o each year (around September) make the accounts of The Fund available to you on our website

- o send you your annual statement and
- o notify you of any material changes to this PDS and any other significant event as required by law.

The Fund has 100 investors or more, and so is considered a "disclosing entity" for the purposes of the Corporations Act. This means The Fund is subject to regular reporting and disclosure obligations. Copies of any documents lodged with ASIC in relation to The Fund may be obtained from, or can be inspected at, an ASIC office. Investors have a right to obtain a copy, free of charge, in respect of The Fund, of the most recent annual financial report and any half-yearly financial report lodged with ASIC after that most recent annual financial report.

When we become aware of material information, we will ensure that this will be made available as soon as practicable on our website www.fundhost.com.au.

If you would like hard copies of this information, call us on + 61 2 8223 5400 and we will send it to you free of charge.

On our website you can also find information about your rights to:

- o choose whether you receive certain information documents from us in hard copy or electronic form and
- o choose whether or not to have annual financial report documents sent to you.

If your preferences change you can contact us at any time.

§ Privacy

We use personal information about you to administer your investment and also to conduct research.

§ AML CTF Act

In order to meet our obligations under the AML CTF Act or taxation legislation, we may require further information from you as to identity, the source of your funds and similar matters. Fundhost is required to verify that information by sighting appropriate documentation.

Consents

Montgomery and Montgomery Lucent have each given, and as at the date of this PDS have not withdrawn, their consent to inclusion in the PDS of the statements concerning each of them in the form and context in which they are included.

§ Information for New Zealand investors

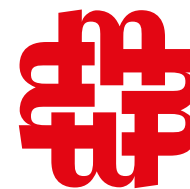
This offer to New Zealand (NZ) investors is a regulated offer made under Australian and NZ law and is principally governed by Australian rather than NZ law. There are differences in how securities are regulated under Australian law. The rights, remedies, and compensation arrangements that apply to Australian securities may differ to those available for investments in NZ securities.

You should read the following important information before making a decision to invest in The Fund: § "Privacy", § "Anti-money laundering" and § "Information for New Zealand investors". Go to Part G of the Information Booklet available at www.fundhost.com.au. Note the information may change between the time when you read this PDS and the day when you acquire the product.

FUNDHOST LTD

ABN 69 092 517 087 | Australian Financial Services Licence (AFSL) No. 233045

MONTGOMERY



Montgomery Lucent Investment Management Pty Limited ABN 58 635 052 176
Corporate Authorised Representative (CAR) No. 001277163 of Montgomery
Investment Management Pty Ltd ABN 73 139 161 701 | AFSL 354564

Information Booklet

Dated 18 September 2024

The information in this document forms part of the product disclosure statement dated 18 September 2024 and issued by Fundhost Limited as responsible entity of

MONTGOMERY **SMALL COMPANIES** FUND

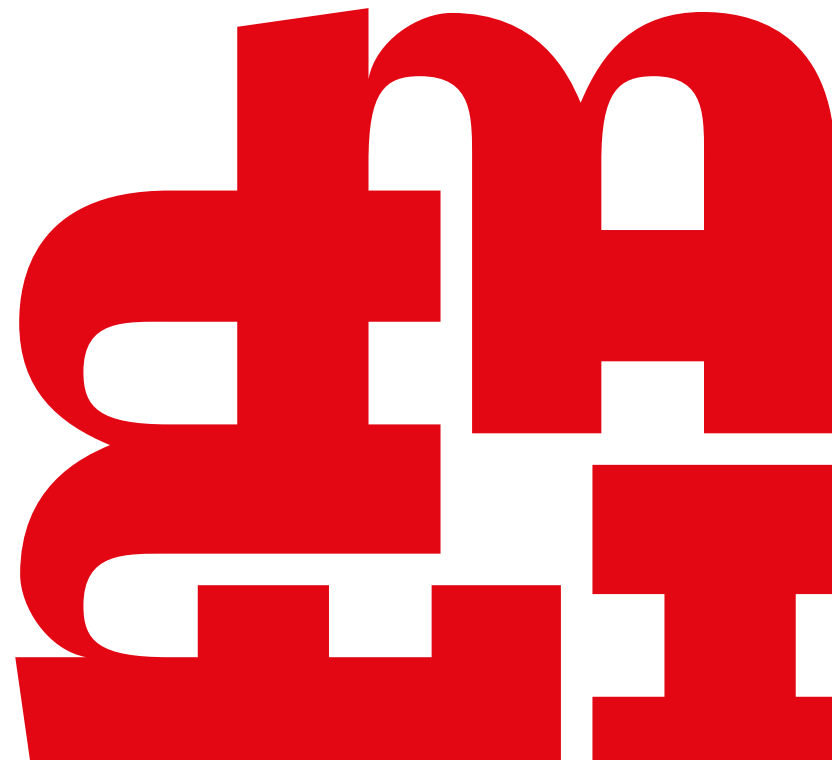
ARSN 635 229 533 | APIR FHT3726AU

Responsible Entity

Fundhost Ltd
PO Box N561
Grosvenor Place NSW 1220
Australia
+61 2 8223 5400 (T)
+61 2 9232 8600 (F)
admin@fundhost.com.au
www.fundhost.com.au

Investment Manager

Montgomery Lucent Investment Management Pty Ltd
Suite 5.01, 17 Castlereagh Street
Sydney NSW 2000
Australia
+61 2 8046 5000 (T)
office@montinvest.com
www.montinvest.com



About this Information Booklet

The information in this Information Booklet forms part of the Product Disclosure Statement (**PDS**) issued by Fundhost Ltd (**Fundhost, we or us**) as responsible entity of Montgomery Small Companies Fund, ARSN 635 229 533 (**The Fund**) and dated 18 September 2024.

Defined terms used in the PDS have the same meaning in this Information Booklet unless stated otherwise.

We recommend that you keep a copy of the PDS for The Fund and this Information Booklet handy for future reference.

The Information contained in the PDS and this Information Booklet is general information only and has been prepared without taking into account your personal objectives, financial situation or needs. You should read this Information Booklet together with the PDS (in their entirety) before making a decision to invest in The Fund. You should consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances before proceeding to acquire or dispose of units in The Fund.

You can access the PDS and this Information Booklet on our website at www.fundhost.com.au or at www.montinvest.com. Fundhost will provide you, free of charge, a paper copy of the PDS and this Information Booklet upon request when you contact us.

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PART A

HOW THE FUND WORKS

Investing and withdrawing

Investing

Additional investments can be made at any time in writing and will generally be processed daily.

Distributions

The ex-distribution mid-price is calculated by taking the value of the investments of The Fund and taking away the value of the liabilities as defined in The Fund's constitution including the provision for distribution. We make no adjustment for costs of buying or realising investments (called a buy-sell spread). We divide the result of this by the number of units we have on issue. These steps give us a per unit price used in connection with reinvestment of distributions.

Withdrawing

Units in The Fund are not listed on any stock exchange like the ASX, so you cannot sell your units through a stockbroker.

If you want to withdraw your money, simply contact us in writing and tell us how much you need to withdraw. This is called a redemption request.

We accept scanned or faxed redemption requests on the following conditions:

- o all instructions must be legible
- o instructions must bear your investor number and signature and
- o redemption proceeds will only be transferred to the financial institution account previously nominated on the application form.

You will need to accept full responsibility (to the extent permitted by law) for loss arising from us acting upon faxed or scanned instructions which comply with these security processes and you also agree to release and indemnify us in respect of any liabilities arising from us acting on faxed or scanned instructions (including future instructions), even if those instructions are not genuine. Also you agree that neither you nor any other person has any claim against us in relation to a payment made or action taken under the facsimile or scanned instruction service if the payment is made in accordance with these conditions. These terms and conditions are additional to any other requirements for giving redemption instructions.

The amount of money you receive is determined by the unit price we calculate at the time of your redemption request. We can withhold from amounts we pay you any amount you owe us or we owe someone else relating to you (for example, the tax office).

We generally pay all redemption proceeds in cash, but we are permitted under the constitution for The Fund to pay proceeds in kind (i.e. in specie share transfer).

Delays

In certain circumstances we may need to delay withdrawal of your money. We can delay withdrawal of your money for 180 days or such period as considered appropriate in our view in all the circumstances if:

- o there are not enough investments which we can easily turn into cash (the law dictates this). We don't anticipate The Fund would ever become illiquid but if it did, the law says we can (if we wish) make some money available, and requires us to allocate it on a pro rata basis amongst those wanting to exit or
- o we receive a quantity of redemption requests representing more than 20% of the value of the investments of The Fund. In this case we can stagger redemption payments.

In certain circumstances we can also delay withdrawal of your money for so long as the relevant event continues. The constitution sets out the full range of circumstances in which we can delay withdrawal of your money and these include (among others) if:

- o something outside our control affects our ability to properly or fairly calculate the unit price (for example, if the investments are subject to restrictions or if there is material market uncertainty like a stock market crash) or
- o a portion of The Fund's assets comprise illiquid assets (that is, assets not readily converted to cash). In this case Fundhost can redeem such number of units that correspond to the portion of The Fund's liquid assets (that is, assets readily converted to cash). For example, if an investor requests redemption of all of their units and The Fund's assets comprise 10% of illiquid assets, Fundhost may determine to redeem only 90% of the investor's units. Fundhost may redeem the remaining units at such future time, or at times over such period, as it determines or
- o an emergency or similar state of affairs occurs which, in our reasonable opinion, makes it impractical to redeem units or which might be prejudicial to the remaining investors or
- o there is a closure or material restriction on trading on the ASX or NZX or realisation of the assets cannot be effected at prices which would be obtained if assets were realised in an orderly fashion over a reasonable period in a stable market or
- o we otherwise consider it is in the best interests of the investors to delay withdrawal of units.

We can give you back your invested money without you asking

In certain circumstances we can, or may be required to, also redeem some or all of your units without you asking. These circumstances include:

- o if your account falls below the minimum investment amount
- o if you breach your obligations to us (for example, you provide misleading information in your unit application form)
- o to satisfy any amount of money due to us (as responsible entity or in any other capacity relevant to The Fund) by you
- o to satisfy any amount of money we (as responsible entity or in any other capacity relevant to The Fund) owe someone else relating to you (for example, to the tax office)
- o where we suspect that law prohibits you from legally being an investor or
- o such other circumstance as we determine in our absolute discretion (but we must always act in the best interests of investors as a whole when deciding to do this).

How we calculate unit prices

We calculate unit prices in three steps:

1. we calculate the value of the investments of The Fund and take away the value of the liabilities as defined in The Fund's constitution
2. we divide this result by the number of units we have on issue to obtain the unit mid-price
3. we then make an adjustment (up for the entry price, to take account of the costs of buying investments or down for the exit price to take account of the costs of realising investments) called a buy-sell spread. The buy-sell spread does not represent a fee to Fundhost or Montgomery Lucent and is discussed in more detail in "Additional explanation of fees and costs" in the PDS.

These steps give us a price per unit.

PART B

BENEFITS OF INVESTING IN THE FUND

Benefits of investing in The Fund

Montgomery Small Companies Fund

Afterpay, A2 Milk, Flight Centre and REA are all renowned performers on the ASX. It's easy to forget they were all, until recent years, considered small companies, and somewhat ignored by mainstream investors.

The Fund exists to give investors access to the next generation of small companies. While small companies face risks and volatility, they have an exceptional ability to compound in value.

A new potential

Small Companies – those listed on the ASX, but outside the ASX 100 – generally do not attract a lot of research. For that reason alone, small companies represent relatively unexplored value. As Montgomery Lucent looks for quality across the full range of Australian equities, it can see that small companies often have prospects that simply can't be found elsewhere.

- o **Clean access.** Small companies are often built around one product or service, such as an innovative technology. Big companies are, inevitably, a collection of business operations, some of which will be performing better than others. To invest in a big company means being exposed to all of those operations. Investing in small companies can give clean access to the innovation or business idea that's actually interesting.
- o **Capital light.** Because they tend to be simpler in operational terms, small companies can often move to new technology very quickly.
- o **Passionately led.** Small companies are often operated by dynamic founders. These leaders have an inherent understanding of the business idea they have created. More than that, they have skin in the game. They are personally invested in the success of their business.
- o **Agile and open-minded.** Large operations and legacy systems can be a block to innovation. Small companies can be more nimble in their approach to new markets, new opportunities and technology solutions. Because of this they can quickly disrupt whole sectors. This is how some small companies are able to grow through downturns.

A growth category

With these distinct business qualities, shares in small companies have shown stronger growth than their larger counterparts over the long term.

Small companies have been a rewarding asset class for investment capital over the long term. However, the category is often accompanied by higher volatility in the short term.

Shares in the small capitalisation category can move up and down faster than other asset classes. Small capitalisation companies generally involve more risk because of their lower liquidity, their greater sensitivity to managements' influence and their greater sensitivity to general economic conditions. For this reason, small cap vehicles like The Fund are only suitable for long-term investors.

The team

To give its clients access to the potential growth small companies offer, Montgomery Investment Management formed a partnership with a specialist small companies investment team. Gary Rollo and Dominic Rose have a long history of analysing and investing in small companies.

- o **Gary Rollo** served as an equity analyst for Morgan Stanley and JP Morgan in London, focussing on emerging stocks in the European technology sector. His analytical skills grew from his time in data modelling stealth fighter jet performance, whilst working at the UK's Defence Evaluation and Research Agency.
- o **Dominic Rose** has spent his career working with small-cap equities in Australia, first as a broker, then as a lead researcher, then as a portfolio manager. He led Emerging Companies Research at Deutsche Bank and was Head of Research at Fosters Stockbroking.

Gary Rollo and Dominic Rose lead the daily management of The Fund. They are closely supported by the senior leadership of Montgomery Investment Management, with whom they share the investment priorities of looking for quality, value and prospects. More crucially, they share the core value of caring for investors.

This approach has enabled Montgomery Investment Management to become one of Australia's leading boutique fund managers. Established in 2010, Montgomery is owned by its founder and staff. Roger Montgomery is Founder and Chairman and the executive team have significant experience in investing, banking and funds management. Montgomery identifies best-of-breed managers with proven track records and offers these strategies to retail and wholesale investors in Australia and New Zealand. Montgomery's senior leadership are strongly committed to ensuring the success of The Fund, and they include:

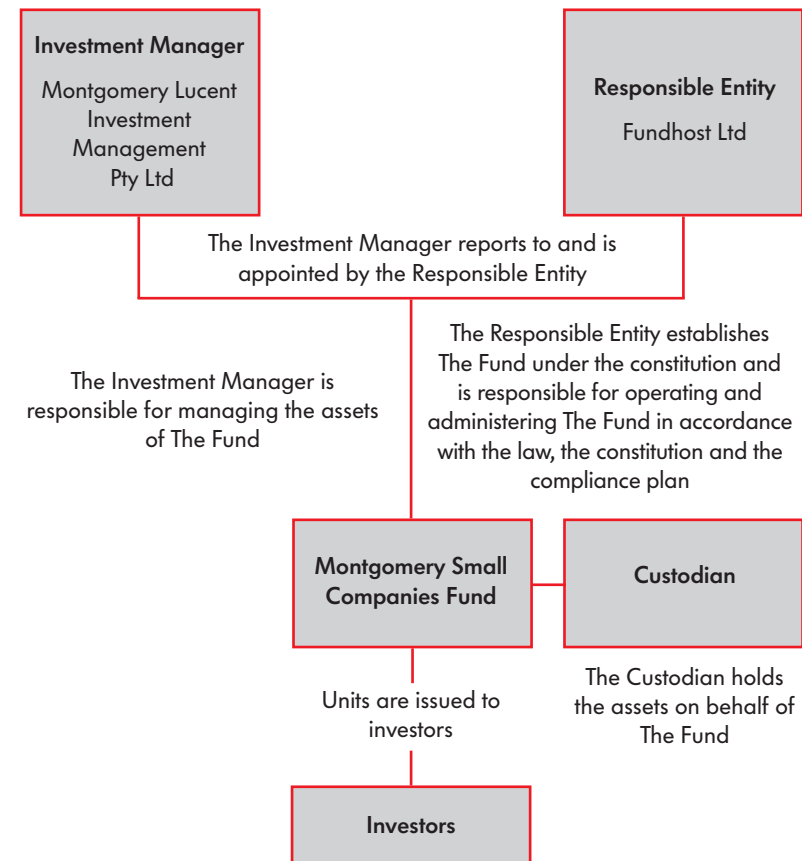
- o **Roger Montgomery** is the founder and Chief Investment Officer of Montgomery Investment Management. Prior to establishing Montgomery, Roger held positions at Ord Minnett, Jardine Fleming, BT Australia Limited and Merrill Lynch.
- o **David Buckland** has been Chief Executive Officer since 2012. David has over 35 years' experience in financial services, having been CEO and Executive Director of Hunter Hall, as well as a Director at JP Morgan in Sydney and London.
- o **Scott Phillips** has been the Head of Distribution for the group since 2013. Scott had previously served at BlackRock Investment.

Corporate governance

Under the Australian Corporations Act and The Fund documents, investors are provided with several layers of independent oversight providing a robust and appropriate corporate governance structure. The structure provides additional investor safeguards through the separation of duties, specialisation of expertise, clear lines of responsibility and layered approval processes.

The Fund is operated and administered by a responsible entity (Fundhost) that holds an appropriate AFSL. Fundhost has appointed an independent custodian to hold the assets of The Fund. Fundhost has appointed Montgomery Lucent as the investment manager of The Fund.

The following diagram summarises the management and governance structure of The Fund.



Clear legal rights

The constitution establishes The Fund and sets out the rules. Together with the PDS and the law from time to time, it governs your relationship with Fundhost and provides you with your (and our) legal rights.

The constitution gives Fundhost rights to be paid fees and expenses and to be indemnified from The Fund. It governs (amongst other things) Fundhost's powers, (which are very broad), investor meetings and unit issue, pricing and withdrawal, as well as what happens if The Fund terminates.

The constitution limits Fundhost's need to compensate you if things go wrong. Generally, subject always to liability which the Corporations Act imposes, Fundhost is not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to The Fund.

The constitution also contains a provision that it alone is the source of the relationship between you and Fundhost and not any other laws (except, of course, those laws that cannot be excluded).

Fundhost must have investor approval to make changes to the constitution that are adverse to the rights of investors.

You can obtain a free copy of The Fund's constitution by contacting Fundhost.

PART C

RISKS OF MANAGED INVESTMENT SCHEMES

Risks in general

About risk and return

All investments are subject to varying risks and the value of your investment can decrease as well as increase (i.e. you can experience investment gains or investment losses).

Investment returns are affected by many factors including market volatility, interest rates and economic cycles. Changes in value can be significant and they can happen quickly.

Different types of investments perform differently at different times and have different risk characteristics and volatility.

These are some of the reasons why you should consider investing in several different types of investments (often called diversification).

The significant risks associated with investing in this Fund are discussed in the PDS. We cannot eliminate all risks and cannot promise that the ways they are managed will always be successful. However, the Montgomery Lucent process is an important step in managing many of these risks.

The performance of The Fund will be influenced by many factors, some of which are outside the control of Fundhost and Montgomery Lucent.

If these risks materialise, your distributions may be lower than expected or there may be none. The value of your investment could fall and you could lose money.

Ways to manage your risk

You can help manage your own risks too. You can:

- o know your investment goals and your risk tolerance
- o understand risk and return and be comfortable that an investment may not give you the outcomes you hope for
- o diversify your investments (that is, don't invest all your monies in The Fund)
- o invest for at least the recommended timeframe
- o keep track of your investment and
- o speak with a financial adviser and make sure The Fund is the right investment for you.

Risk management

Depending on the type of investments a fund chooses to focus on, your decision to invest in one or perhaps more managed funds can be a good way to help better manage the impact of risk on your investments. Spreading risk often reduces the highs and lows of investment performance and helps reduce the impact on you of one or more types of investments performing poorly.

PART D

HOW WE INVEST YOUR MONEY

Montgomery Lucent's (in this section "**Montgomery Lucent**" or "**we**") goal for The Fund is simple. To out-perform the S&P/ASX Small Ordinaries Accumulation Index (**Benchmark**) over a rolling five-year period.

To beat the Benchmark, Montgomery Lucent knows it must take a different approach to the category. While many other funds are content to examine performance and fundamentals of a small company, Montgomery Lucent's team holds the view that to see the real quality of the company, you must know the leadership of that company.

This is for two reasons.

First, because good leadership is the making of an emerging company. Often the leader is the founder of the enterprise, and to understand the business, it's imperative to understand the person.

Second, because of the business values of The Fund's investment team. At Montgomery Lucent, we know we are investing your money, and we won't take a position in an equity unless we are 100% committed to it. That means we must know the leadership of that company. It's our practice to conduct 600-700 meetings with company leaders every year.

Just as important as knowing the leadership, is knowing the fundamentals of each company. Small companies are relatively under-researched. With such a paucity of research, the market may lack understanding of an equity and may frequently misprice it. This creates opportunities for investors prepared to do their own deep analysis, such as Montgomery Lucent.

This is how we aim to discern those high quality, undervalued small and emerging companies with strong growth potential. We will typically invest in 30 to 50 companies listed on the ASX (outside the top 100) and NZX, with a focus on risk-adjusted returns and capital preservation. Some lower-risk opportunities in companies who are transitioning to growth may be included. These positions are actively managed.

We do not short; this is a long-only approach. We will constantly look to new opportunities. Up to 10 percent of The Fund can be invested in pre-IPO opportunities – those companies expected to be listed within twelve months.

A unique discipline

In our research, and in the way we build The Fund, we place a high value on discipline. Montgomery Lucent employs a repeatable, four-step process: Screen, Analyse, Risk-Check and Build.

1. SCREEN

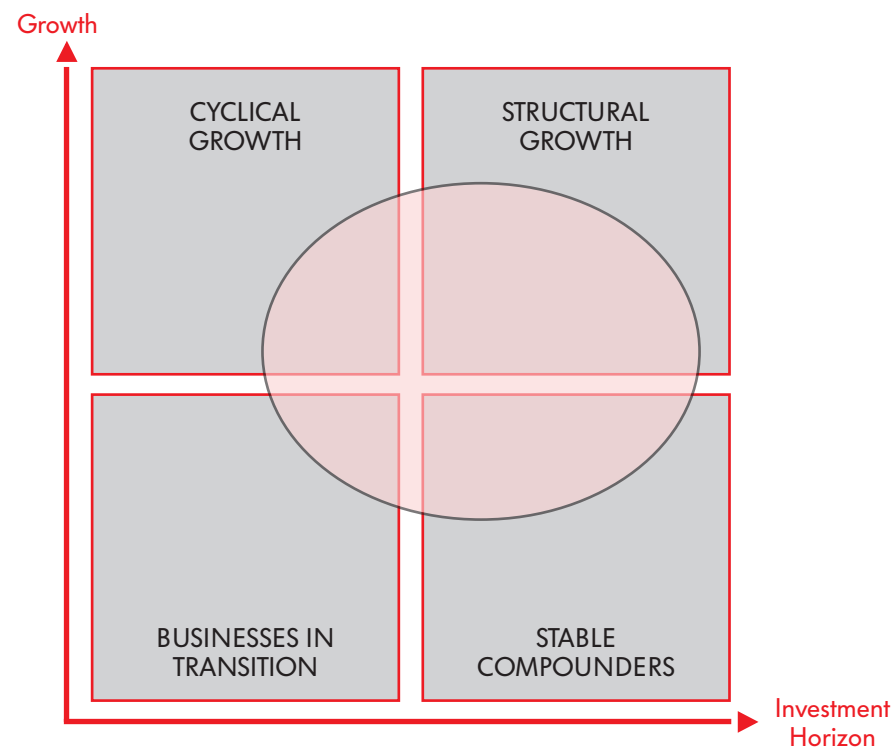
We use our Proprietary Screening Tool to identify and screen for high quality, undervalued small and emerging companies with strong growth potential

- o Cohort stocks based on expected performance characteristics; Structural Growth, Cyclical Growth, Businesses in Transition and Stable Compounders
- o Ranks stocks on factors of interest (quality, growth, valuation, risk) within each cohort
- o Identify patterns and change in real-time to generate ideas for further analysis (Step 2 of the investment process)
- o Automation drives investment team efficiency
- o Provides Montgomery Lucent with a competitive edge and allows flexibility to move the portfolio to wherever the opportunities look the best.

2. ANALYSE

We perform in-depth analysis of the individual company attributes, financials, industry trends and company valuation

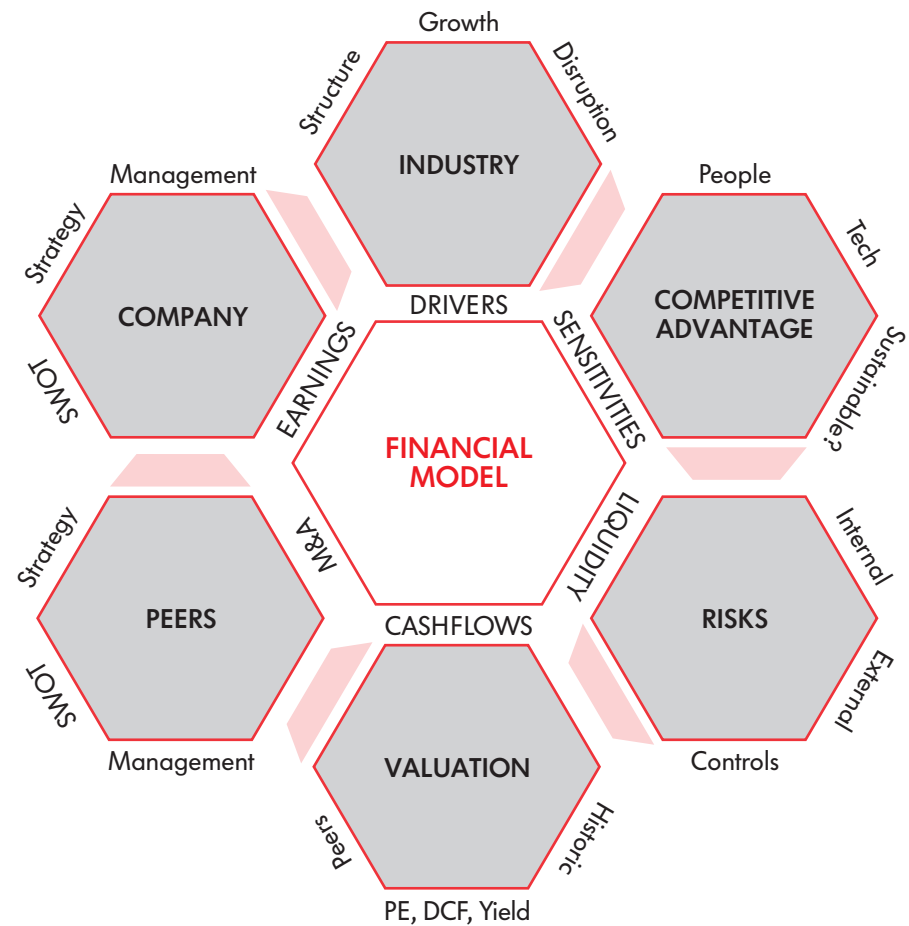
- o Extensive assessment of a company's strategy, drivers, financials, industry and valuation
- o Strong emphasis placed on ascertaining if a company has a sustainable competitive advantage
- o Qualitative evaluation of the directors and executives
- o Model financial statements to understand key earnings drivers, sensitivities, cashflows and capital structure
- o Focus on near-term expectations - aim to avoid earnings disappointments and value traps
- o Variety of valuation methods applied



3. RISK-CHECK

We stress-test core investment theses with strict risk overlay

- o Emphasis on risk adjusted returns and capital preservation
- o Strong risk overlay embedded into the process
- o Internal and external risks identified and analysed
- o Investment thesis is stress tested – where can we go wrong and by how much?
- o Estimate and probability weight downside share price risk
- o Only invest when comfortable the risks are well understood
- o Risks considered at the portfolio level - avoid correlated risks



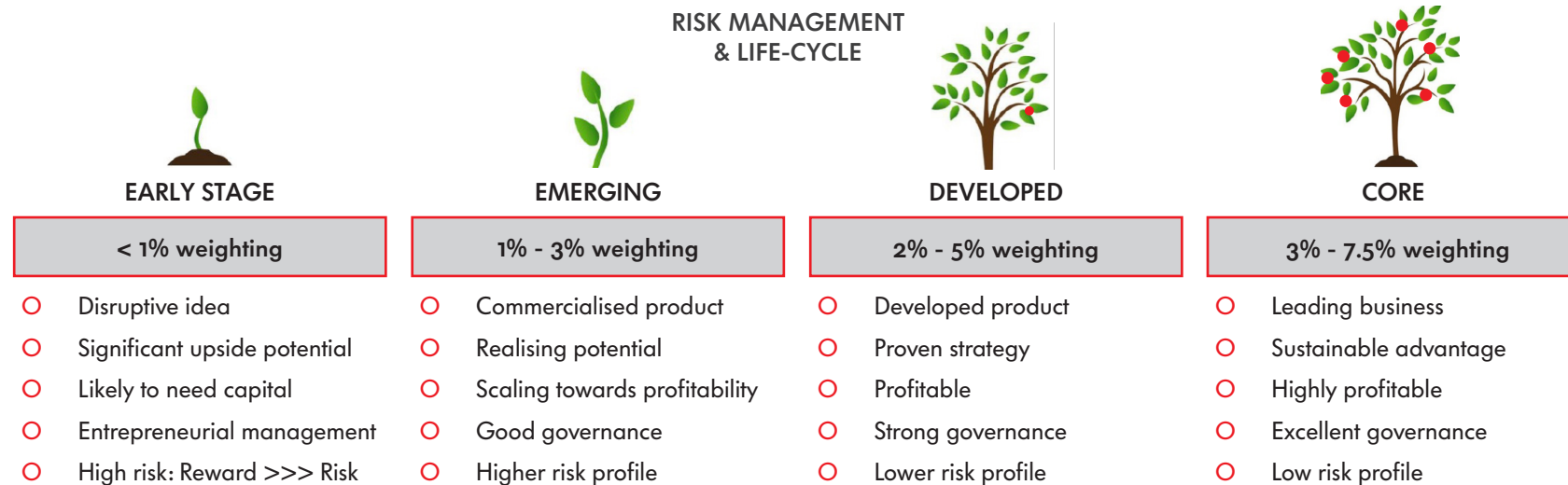
4. BUILD

We construct the diversified portfolio using the “four bucket approach” targeting superior risk-adjusted returns

- o Portfolio typically comprises 30 to 50 stocks, plus cash (generally up to 30%)
- o The “lifecycle approach” – having typical individual stock weightings, at cost, of Early stage (<1%), Emerging growth (1% - 3%), Developed (2% to 5%) and Core (3% to 7.5%) targets superior risk-adjusted returns
- o Much of the portfolio consists of high-quality growth stocks plus stable compounders complemented by cyclical growth opportunities and businesses in transition
- o Strong focus on risks, including liquidity, earnings expectations, stock correlations, capital structures

Every equity we hold goes through these four stages, and they are regularly reviewed. So while we seek to retain holdings for the long-term, individual companies may be sold. That may be because the share price experiences an unjustified price position, or because the company no longer meets its investment criteria, or because a deterioration in a company’s prospects is expected. Or simply because better opportunities become available.

The Fund is designed to be as agile as the remarkable small companies that it invests in. We know that dynamism holds the potential for growth that our investors are looking for.



PART E

FEES AND COSTS

Additional explanation of fees and costs

Can fees be different for different investors?

The law allows us to negotiate fees with “wholesale” investors or otherwise in accordance with ASIC requirements. The size of the investment and other relevant factors may be taken into account. We generally don't negotiate fees.

However, Montgomery Lucent may negotiate management fees with very large wholesale clients only. The terms of these arrangements are at our discretion.

What are the costs of investing and withdrawing from The Fund?

We have a documented policy in relation to the guidelines and relevant factors taken into account when calculating unit prices. We call this our unit pricing policy. We keep records of any decisions which are outside the scope of the unit pricing policy, or inconsistent with it. A copy of the unit pricing policy and records is available free on request.

Government charges and taxation

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs described in the PDS, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate.

The fees outlined in the PDS take into account any GST net of reduced input tax credits which may be available.

PART F

HOW MANAGED INVESTMENT SCHEMES ARE TAXED

Paying tax

In all likelihood you will need to pay tax in relation to your investment in this Fund. Generally you will pay income or capital gains tax, but you might be able to claim some tax credits or have the benefits of some concessions.

Your tax liability ultimately depends on your circumstances, for example, whether you are an Australian resident. So it is important that you seek professional advice before you invest or deal with your investment.

We will send you the information you need each year to help you to complete your tax return.

We will distribute income and capital gains, if any, shortly after 30 June each year. Distributions could comprise:

- o income (like dividends and interest)
- o net taxable capital gains (from the sale of The Fund's investments) and
- o tax credits (like franking credits attached to dividend income and credits for tax paid on foreign income).

Additionally, Australian residents are generally subject to capital gains tax on gains when they withdraw any money or transfer units.

Depending on the kind of taxpayer you are, and how long you have held your units, you may be entitled to a capital gains concession which can reduce the liability by up to one half.

If you choose not to provide us with your Tax File Number (TFN) or Australian business number (ABN) and don't have an exemption, we must deduct tax at the highest personal rate, plus the Medicare levy, before passing on any distribution to you. The law is very strict on how we can use these details.

Fundhost has elected to operate The Fund under the Attribution Managed Investment Trust (AMIT) regime. As an AMIT the Fund can attribute amounts of income and tax offsets to investors on a fair and reasonable basis. There is also an ability to adjust the cost base of an investor's interest in The Fund upwards or downwards.

PART G

MORE INFORMATION

Privacy

We collect and use personal information about you to administer your investment and also to conduct research.

By applying for units in The Fund you consent and agree to information about you being obtained and used by us. Fundhost will collect and use your information in accordance with our Privacy Policy, a copy of which is available free of charge.

If you fail to provide us with the required information or if you provide us with incomplete or inaccurate information Fundhost may not be able to provide you with the products or services you are seeking within the time periods contemplated in the PDS.

Your information will not be disclosed unless:

- o the law requires
- o your financial adviser needs the information
- o it is in keeping with our Privacy Policy and may be provided to external service providers including The Fund's investment manager, custodian, auditors, taxation and legal advisers and information technology consultants or
- o Fundhost needs to send you promotional material. If you don't want this, contact Fundhost anytime.

Fundhost will disclose information if required by law to do so (including under the AML CTF Act and taxation legislation).

If you think any of the details that Fundhost holds are wrong or out of date contact Fundhost and we will correct the details. You can always access the personal information held about you by contacting Fundhost.

Anti-money laundering

In order to meet our obligations under the AML CTF Act or taxation legislation, we may require further information from you as to identity, the source of your funds and similar matters.

Fundhost is required to verify that information by sighting appropriate documentation.

Records of the information obtained will be kept and may be required by law to be disclosed. Otherwise the information will be kept confidential.

By applying for units in The Fund, you also agree that Fundhost may in its absolute discretion determine not to issue units to you, may cancel units which have been issued to you or may redeem any units issued to you if Fundhost believes such action to be necessary or desirable in light of its obligations under the AML CTF Act or related legislation and Fundhost will not be liable to you for any resulting loss.

Information for New Zealand investors

Units in The Fund offered under the PDS and this Information Booklet (which forms part of the PDS) are offered to New Zealand as well as Australian investors.

New Zealand investors' warning statement

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

The above statements are required pursuant to New Zealand's financial markets legislation. If you credit NZ dollars to Fundhost's application account you may incur an unfavourable currency conversion rate and you will also have to pay any applicable fees. You can avoid these fees by only crediting Australian dollars.

New Zealand disclosures relating to distribution reinvestment

Distributions from The Fund will be automatically reinvested resulting in additional units being issued to you, unless you tell us otherwise.

Units issued as part of a distribution will be allotted in accordance with the terms and conditions set out in the constitution of The Fund and the offer document (comprised of the PDS and this Information Booklet which forms part of the PDS).

The allotment of units as part of a distribution described in the offer document is offered to New Zealand investors on the following basis:

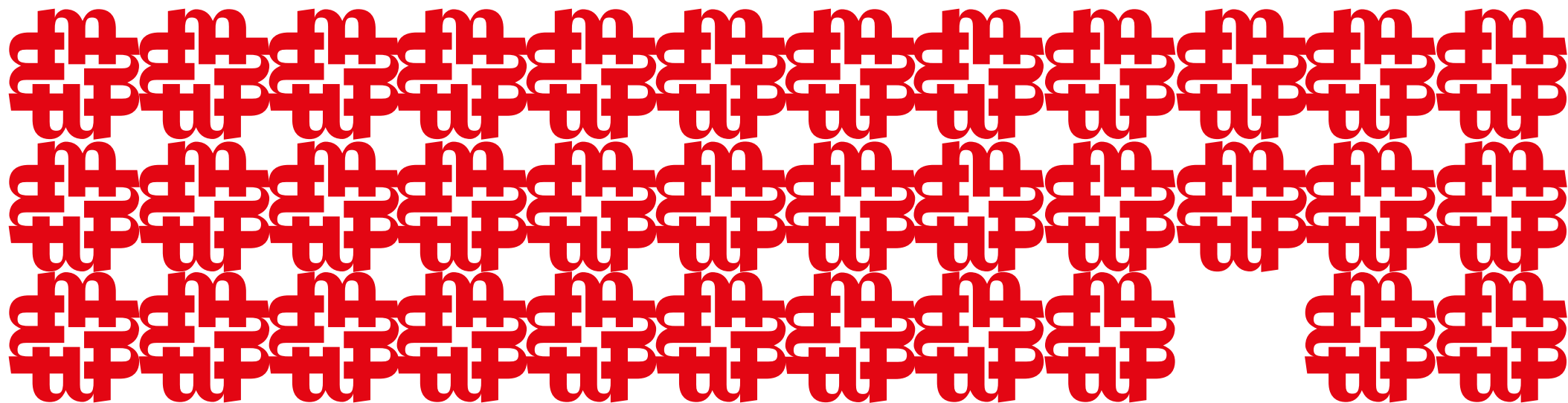
- o At the time the price of the units allotted as part of a distribution reinvestment is set, we will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- o The right to acquire, or require us to issue, units as part of a distribution reinvestment will be offered to all investors in The Fund of the same class, other than those who are resident outside New Zealand and who are excluded by us so as to avoid breaching overseas laws.
- o Every investor to whom the right is offered will be given a reasonable opportunity to accept it.
- o Units will be issued or transferred on the terms disclosed to you in the offer document, and will be subject to the same rights as units issued or transferred to all investors of the same class as you who agree to receive the units.

You have the right to receive from us, on request and free of charge, a copy of:

- o the most recent annual report of The Fund (if any)
- o the most recent financial statements of The Fund and, if those statements are not audited or reviewed by an auditor, a statement to that effect
- o a copy of the auditor's report on those statements (if any)
- o the current offer document (comprised of the PDS and this Information Booklet which forms part of the PDS)
- o the constitution of The Fund and any amendments to it.

Copies may be obtained electronically at www.fundhost.com.au or by emailing admin@fundhost.com.au.

Within 30 days of the day on which the units in The Fund are allotted to you, you will be sent a statement of the amount of the distribution and the number of units that have been allotted to you.



Responsible Entity

Fundhost Ltd
PO Box N561
Grosvenor Place NSW 1220
Australia
+61 2 8223 5400 (T)
+61 2 9232 8600 (F)
admin@fundhost.com.au
www.fundhost.com.au

Investment Manager

Montgomery Lucent Investment Management Pty Ltd
Suite 5.01, 17 Castlereagh Street
Sydney NSW 2000
Australia
+61 2 8046 5000 (T)
office@montinvest.com
www.montinvest.com

