**Subject Line: Investing: is it time to wade back in?**

Dear xxx

Global markets have been unsettled in recent times. In under a month the ASX 200 is down by close to 10%, and numerous Asian and European exchanges have declined significantly in the same period.

When markets fall, human nature can do odd things to our thought processes. In particular, there is a tendency to extrapolate recent performance and arrive at the conclusion that we should withdraw capital from the markets after a fall. The rational part of us knows, however, that if the price of a good company is lower than it was a month ago it is likely to be a better – rather than a worse – investment (provided its long-term prospects are intact).

Pleasingly, our [investment process](http://www.montinvest.com/wp-content/pdf/Under_The_Bonnet-White_Paper-20121113.pdf) removes some of the emotion from investment decisions, and led us to increase cash holdings ahead of the recent turbulence. While the broad decline in share prices caused some pain, it was significantly less than it could otherwise have been.

As prices drop, the same process will see us progressively redeploy that cash back into the market. This may run counter to what our emotions are telling us, but that is exactly what it’s there for.

So what should you be excited about and what should make you nervous?

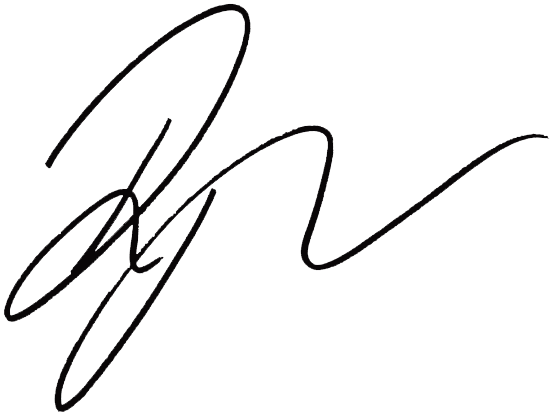
Each day a member from Montgomery takes an insight, a discovery or a conclusion and fashions it carefully into a blog post at [www.rogermontgomery.com](http://www.rogermontgomery.com). [Visit the blog](http://rogermontgomery.com) and [subscribe](http://rogermontgomery.com/?showlogin=true) to the FREE monthly newsletter *For What it’s Worth.* It’s not advice and you must always be aware that we could be, and will be, wrong from time to time.

But overall, the proof is in the pudding and so far, investors in both [The Montgomery Fund](http://www.montinvest.com/tmf/) and [The Montgomery [Private] Fund](http://www.montinvest.com/the-funds/montgomery-private-fund/) have benefited from the combination of a rational and highly focused investing process with deep insights into the pulse of various business sectors.

To find out more about investing with Montgomery [**click here**](http://www.montinvest.com)**.**

Our best wishes for the end of this financial year and we wish you every success for the next.

Kind regards



Roger Montgomery

Montgomery Investment Management

**Important Information**

The issuer of units in The Montgomery Fund (Retail Fund) is the Retail Fund’s responsible entity Fundhost Limited (ABN 69 092 517 087) (AFSL 233045). The Product Disclosure Statement for the Retail Fund contains all of the details of the offer. Copies of the Product Disclosure Statement are available from Montgomery Investment Management (02) 9692 5700 or at [www.montinvest.com](http://www.montinvest.com/). An investment in the Retail Fund will only be available through a valid application form attached to the Product Disclosure Statement. Before making any decision to make or hold any investment in the Retail Fund you should consider the Product Disclosure Statement in full.

The issuer of units in The Montgomery [Private] Fund (Private Fund) is the Private Fund’s trustee Fundhost Limited (ABN 69 092 517 087) (AFSL 233045). The Information Memorandum for the Private Fund contains all of the details of the offer. Copies of the Information Memorandum are available from Montgomery Investment Management (02) 9692 5700 or at [www.montinvest.com](http://www.montinvest.com/). An investment in the Private Fund will only be available through a valid application form attached to the Information Memorandum. Before making any decision to make or hold any investment in the Private Fund you should consider the Information Memorandum in full.

The information provided does not take into account the 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 if necessary.

Future investment performance can vary from past performance. You should not base an investment decision simply on past performance. Past performance is not an indicator of future performance. The investment returns of the Retail Fund and the Private Fund are not guaranteed, the value of an investment may rise or fall.