

The Montgomery Fund

Monthly investment report

February 2026

Fund overview

The Montgomery Fund's portfolio will typically comprise 25-35 high-conviction stocks listed on the ASX. The Fund employs an active, bottom-up investment approach focused on fundamental analysis and high-quality companies.

Fund facts

| | |
|--------------------------------|--|
| Investment manager: | Montgomery Investment Management Pty Ltd |
| Sub-investment manager: | Australian Eagle Asset Management Pty Ltd has been appointed as the sub-investment manager from 12 September 2022. |
| Objective: | To outperform the index over a rolling 5-year period. |
| Benchmark: | S&P/ASX 300 Accumulation Index |
| Portfolio managers: | Sean Sequeira, Alan Kwan |
| Investment style: | Agnostic |

| | |
|------------------------------------|--|
| Investment timeframe: | 5 years recommended |
| Inception: | 17 August 2012 |
| Minimum initial investment: | \$25,000 |
| Fund size: | \$284.60 million |
| Management fees and costs: | 1.36% pa* |
| Distributions: | Half-yearly. You can view a history of our website here . |
| Performance fee: | 15.38% outperformance of the benchmark** |
| Unit prices: | montinvest.com/our-funds/the-montgomery-fund/ |

* Includes the Responsible Entities fees, Montgomery's fees, custody fees, ordinary and abnormal expenses and any indirect costs. This is an estimate as cost may vary.

** Please read the Product Disclosure Statement for details.

Portfolio performance

| | 1 month | 3 months | 6 months | 12 months | 3 years (p.a.) | 5 years (p.a.) | Since inception [#] | Compound annual return (since inception) |
|--------------------------------|---------|----------|----------|-----------|----------------|----------------|------------------------------|--|
| The Montgomery Fund | 1.76% | 0.00% | -1.00% | 7.03% | 7.85% | 6.70% | 213.23% | 8.80% |
| S&P/ASX 300 Accumulation Index | 3.89% | 7.12% | 4.05% | 16.36% | 12.14% | 10.62% | 262.70% | 9.99% |
| Out/under performance | -2.13% | -7.12% | -5.05% | -9.33% | -4.29% | -3.92% | -49.47% | -1.19% |

Inception: 17 August 2012, past performance is not indicative of future performance. 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 and assume distributions are reinvested.

Fund performance



Fund commentary

In February 2026, The Montgomery Fund returned 1.76 per cent (net of fees), underperforming the benchmark's (S&P/ASX 300 Accumulation Index) 3.89 per cent advance. This gap is largely attributable to our underweight exposure to major banks – the month's top-performing sector. Despite the headwind this creates for relative returns, our process continues to exclude these names due to a lack of discernible improvement in earnings quality. We remain committed to our core strategy of identifying companies with robust fundamentals and durable growth drivers.

Portfolio changes

The Fund increased positions in ASX Ltd (ASX:ASX), BHP Group Ltd (ASX:BHP), Commonwealth Bank Ltd (ASX:CBA), PLS Ltd (ASX:PLS), Woodside Energy Ltd (ASX:WDS), Woolworths Ltd (ASX:WOW) and Worley Ltd (ASX:WOR).

The Fund decreased exposure to Life360 Inc. (ASX:360), Aristocrat Leisure Ltd (ASX:ALL), Cochlear Ltd (ASX:COH), CSL Ltd (ASX:CSL), Rio Tinto Ltd (ASX:RIO), SILEX Systems Ltd (ASX:SLX), Web Travel Group (ASX:WEB), Wesfarmers Ltd (ASX:WES) and Xero Ltd (ASX:XRO).

The Fund has re-entered Fortescue Ltd (ASX:FMG) following our October 2025 exit, driven by a significant uplift in the company's earnings profile. Key catalysts include unit cost efficiencies and realised pricing that has recently outperformed major peers Rio Tinto and BHP. Additionally, Iron Bridge has reached an inflection point, with accelerated production of higher-grade ore now accretive to earnings. Improved operational execution and more rigorous clean energy capital expenditure (capex) selection further support our thesis of a higher-quality, disciplined business.

Key contributors

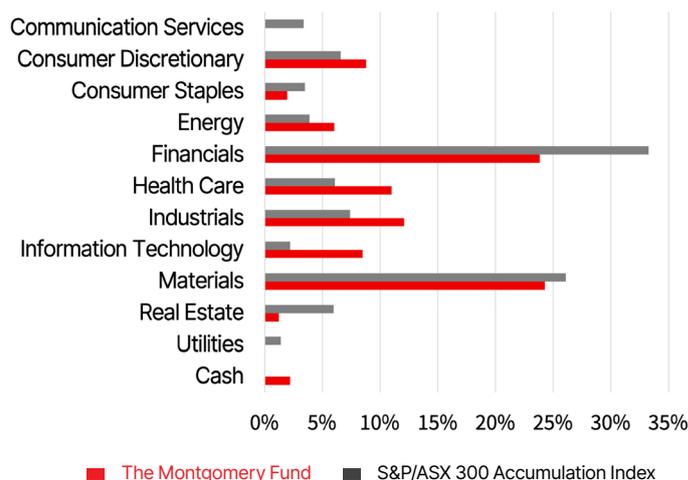
- Pilbara Minerals (ASX:PLS): Appreciated alongside lithium prices following a strong first-half result. The restart of the Ngungaju processing plant signals management's confidence in medium-term market strength.
- Woodside Energy (ASX:WDS): Generated over \$1.9 billion in free cash flow despite \$5 billion in growth capex. Performance was underpinned by record production levels and improved unit cost efficiencies.
- QBE Insurance (ASX:QBE): Reported higher profits driven by rising gross written premiums and lower claims costs. Consequently, management lifted the dividend payout ratio to 50 per cent.

Key detractors

- Cochlear (ASX:COH): Downgraded full-year guidance due to hospital contracting delays and the postponed Nucleus Nexa launch. A stronger Australian dollar added FX headwinds, though underlying demand for implants remains firm.

- CSL (ASX:CSL): Faced pressure following a challenging half-year update and the announcement of the CEO's departure. The result included significant impairments and restructuring as management streamlines for future organic growth.
- Web Travel Group (ASX:WEB): Underperformed due to uncertainty surrounding a tax audit of its Spanish operations. This has created a persistent sentiment overhang despite no material change to underlying operating performance.

Industry exposure



Top 10 holdings

| Company Name | ASX Code | Weight (%) |
|---|----------|------------------|
| Commonwealth Bank of Australia | CBA | 6.60 |
| Woodside Energy Group | WDS | 6.04 |
| QBE Insurance Group | QBE | 5.97 |
| Rio Tinto | RIO | 5.42 |
| Brambles | BXB | 5.00 |
| Cochlear | COH | 4.97 |
| Aristocrat Leisure | ALL | 4.81 |
| Evolution Mining | EVN | 4.77 |
| BHP Group | BHP | 4.52 |
| PLS Group | PLS | 4.32 |
| Cash | | 2.21 |
| Total weighted average holding's market capitalisation | | \$74.43bn |

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Platform availability

- Asgard
- BT Panorama
- CFS Edge
- Clearstream
- DASH
- HUB24
- IOOF eXpand
- Macquarie Wrap
- Mason Stevens
- Netwealth
- North
- OneVue
- Powerwrap
- Praemium

Ratings



Zenith
Recommended



Lonsec Research
Recommended



Read our insights at
rogermontgomery.com

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Important information

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