

# Montgomery Small Companies Fund

Monthly investment report

March 2026

## Fund overview

The Montgomery Small Companies Fund (the Fund) invests in a portfolio of 30 to 50 Australian and New Zealand high-quality, undervalued small and emerging companies with strong growth potential.

## Fund facts

<b>Investment manager:</b>	Montgomery Lucent Investment Management	<b>Inception:</b>	20 September 2019
<b>Objective:</b>	To outperform the benchmark over a rolling 5-year period.	<b>Minimum initial investment:</b>	\$25,000
<b>Benchmark:</b>	S&P/ASX Small Ordinaries Accumulation Index	<b>Fund size:</b>	\$239.77 million
<b>Portfolio managers:</b>	Gary Rollo, Dominic Rose	<b>Management fees and costs:</b>	1.20% pa*
<b>Investment style:</b>	Agnostic	<b>Distributions:</b>	Yearly
<b>Investment timeframe:</b>	5 years recommended	<b>Performance fee:</b>	17.94% outperformance of benchmark**
<b>APIR code:</b>	FHT3726AU	<b>Unit prices:</b>	montinvest.com/our-funds/ montgomery-small-companies-fund/

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

\*\*Please read the Product Disclosure Statement for details.

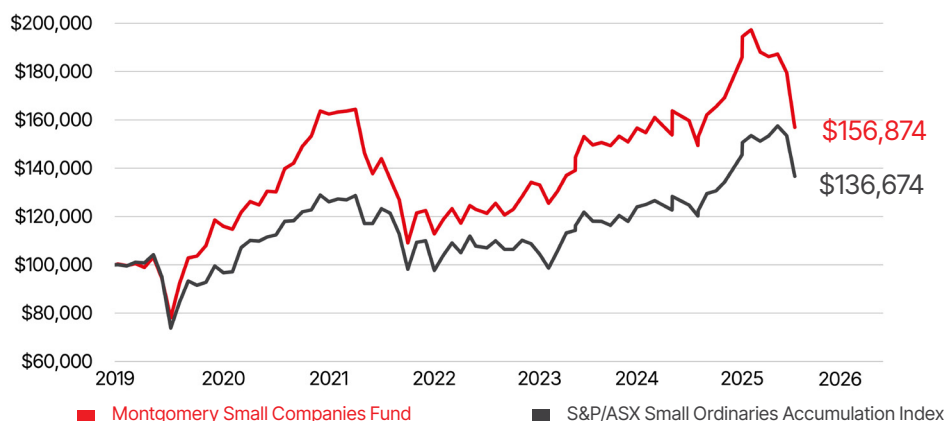
## Portfolio performance (after all fees)

	1 month	3 months	6 months	12 months	3 years (p.a.)	5 years (p.a.)	Since inception#	Compound annual return (since inception)
Montgomery Small Companies Fund	-12.66%	-15.74%	-19.37%	4.98%	8.93%	3.80%	56.87%	7.14%
S&P/ASX Small Ordinaries Accumulation Index	-10.96%	-10.87%	-9.26%	13.65%	8.50%	3.99%	36.67%	4.90%
Out/under performance	-1.70%	-4.87%	-10.11%	-8.67%	0.43%	-0.19%	20.20%	2.24%

# Inception: 20 September 2019, 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.

## Performance



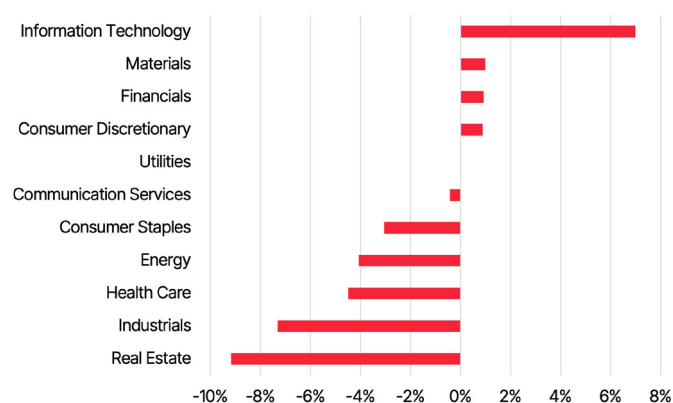
## Top 5 holdings

Company name	ASX Code
Codan	CDA
Megaport	MP1
NRW Holdings Limited	NWH
Superloop	SLC
Alcoa Corporation	AAI
Cash weight	13.60%
Weighted average market capitalisation	\$3.85 bn

## Top 3 contributors and detractors

Contributors	
Alcoa Corporation	Shares rose on tighter aluminium supply and higher prices
Elevra Lithium	Shares rose on energy security fears and stronger lithium demand
Superloop	Shares rose on strong results, upgrades, and defensive growth appeal
Detractors	
Capricorn Metals	Shares fell on weaker gold prices
MA Financial	Shares fell on US private credit concerns
Megaport	Shares fell on rotation from growth to value

## Sector weights relative to benchmark



## Fund commentary

The Montgomery Small Companies Fund (the Fund) returned -12.66 per cent (net of fees) in March underperforming the benchmark, which returned -10.96 per cent. Since inception, the Fund has delivered a total return of +56.87 per cent (7.14 per cent p.a.), outperforming the benchmark's +36.67 per cent (4.90 per cent p.a.).

### Key contributors

Alcoa Corporation (ASX:AAI)

Alcoa's shares rose 6 per cent in March, benefiting from tighter global aluminium supply driven by Middle East conflict. Higher prices and earnings upgrades boosted outlook, while Alcoa's strong leverage to prices and stable cost base position it well to capture gains.

Elevra Lithium (ASX:ELV)

Elevra outperformed as energy security concerns and rising oil prices boosted sentiment. Fuel shortages support lithium demand, accelerating EV and battery adoption, with Elevra seen as a hedge against energy volatility.

Superloop (ASX:SLC)

Building on a strong February, Superloop gained another 10 per cent this month as the market responded to a strong 1H26 result and subsequent upgrades. Its challenger telco position offers a rare mix of defensive earnings and growth, appealing in uncertain conditions.

### Key detractors

Capricorn Metals (ASX:CMM)

Capricorn's shares fell 31 per cent in March, in line with a sector pullback after a 12 per cent drop in gold prices. The weakness reflects profit-taking and de-risking following a strong run in the gold sector.

MA Financial (ASX:MAF)

MA Financial fell 24 per cent amid weak sentiment tied to US private credit and overseas redemption freezes. We see the sell-off as overdone; while near-term inflows may be pressured, its exposure to troubled US lending is minimal.

Megaport (ASX:MP1)

Megaport faces macro headwinds as markets shift from high-growth tech to value and near-term earnings. Despite this, its strong exposure to cloud and AI supports our conviction.

### Outlook

The investment landscape shifted in March as war in the Middle East introduced a structural supply-shock, driving volatility across risk assets, particularly small caps. The macroeconomic backdrop remains uncertain, with the conflict raising fears of a global slowdown alongside persistent inflation that complicates the path for central bank easing. Whilst near-term earnings risk exists, the domestic small cap universe retains historically strong balance sheets, providing optionality and a margin of safety if conditions worsen.

We have been actively sifting through the recent sell-off, looking for opportunities where high-growth small caps remain out of favour amid rotation away from long-duration assets and shifting AI disruption themes. Many companies that have materially de-rated are not technology firms but have been treated as such; as macro conditions stabilise we expect investors to return, attracted by the compelling growth-to-value opportunity on offer.

The outlook for the consumer discretionary sector remains challenged by rising interest rates and record petrol prices. Consequently, we remain underweight in this segment, preferring companies with resilient customer bases and idiosyncratic growth levers that can decouple from broader retail trends.

In contrast, the outlook for small resources appears increasingly constructive, underpinned by robust commodity pricing and the accelerating global mandate for energy and critical minerals security. We have been busy working up new ideas in this space, specifically targeting developers with low capital intensity and clear paths to production in stable jurisdictions.

While the volatility of March was testing, the resultant valuation compression has created a fertile environment for disciplined stock picking, and we remain committed to identifying high-conviction ideas that offer structural growth at a significant discount to intrinsic value.

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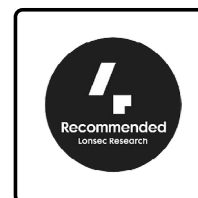
## Platform availability

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

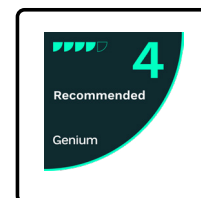
## Ratings



Zenith  
Recommended



Lonsec Research  
Recommended



Genium  
Recommended



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[rogermontgomery.com](http://rogermontgomery.com)

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