

Montgomery Small Companies Fund

Monthly investment report

May 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

Investment manager:	Montgomery Lucent Investment Management	Inception:	20 September 2019
Objective:	To outperform the benchmark over a rolling 5-year period.	Minimum initial investment:	\$25,000
Benchmark:	S&P/ASX Small Ordinaries Accumulation Index	Fund size:	\$270.85 million
Portfolio managers:	Gary Rollo, Dominic Rose	Management fees and costs:	1.20% pa*
Investment style:	Agnostic	Distributions:	Yearly
Investment timeframe:	5 years recommended	Performance fee:	17.94% outperformance of benchmark**
APIR code:	FHT3726AU	Unit prices:	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.

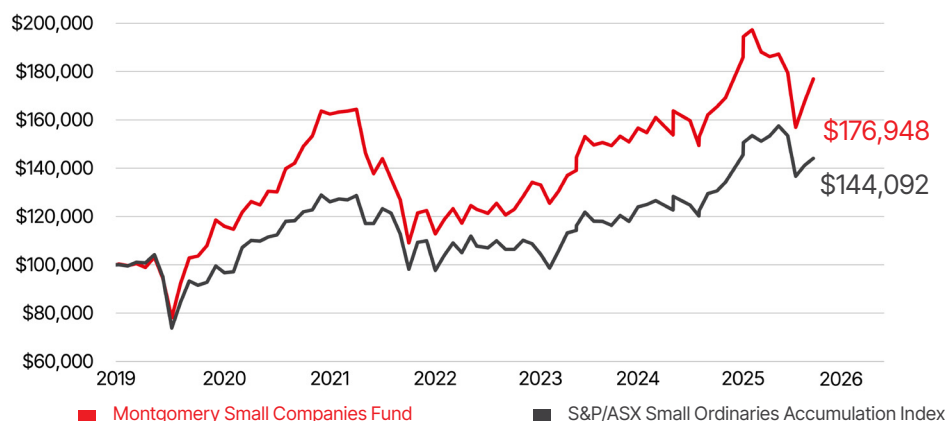
Portfolio performance (after all fees)

	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	5.53%	-1.49%	-5.95%	9.13%	13.62%	4.48%	76.95%	8.90%
S&P/ASX Small Ordinaries Accumulation Index	2.03%	-6.13%	-4.70%	11.25%	10.64%	4.03%	44.09%	5.61%
Out/under performance	3.50%	4.64%	-1.25%	-2.12%	2.98%	0.45%	32.86%	3.29%

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



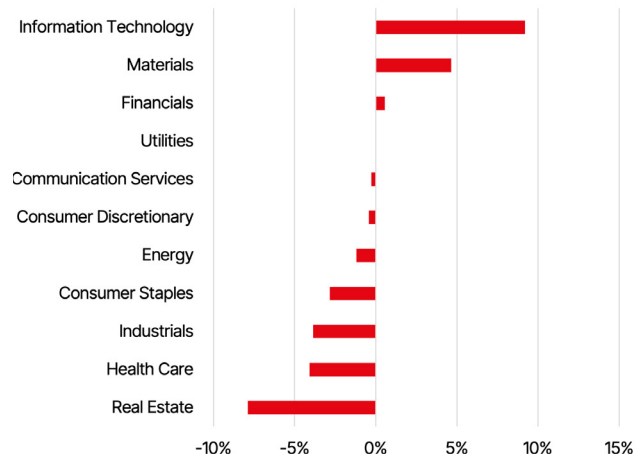
Top 5 holdings

Company name	ASX Code
Codan	CDA
Elevra Lithium	ELV
Megaport	MP1
NRW Holdings	NWH
ZIP Co	ZIP
Cash weight	6.13%
Weighted average market capitalisation	\$4.61 bn

Top 3 contributors and detractors

Contributors	
Megaport	Shares surged following significant compute contract wins
NRW Holdings	Shares rose due to a reported buoyant outlook and the new acquisition of Fredon
Sandfire Resources	Shares rallied on the back of a 5 per cent lift in the copper price
Detractors	
Elevra Lithium	Shares weakened following capital raising to fund project expansion
EQ Resources	Shares retraced through May following an exceptional run
MA Financial Group	Shares remained under pressure, weighed down by broader macroeconomic headwinds

Sector weights relative to benchmark



Fund commentary

The Montgomery Small Companies Fund (the Fund) returned 5.53 per cent (net of fees) in May, outperforming the benchmark which returned 2.03 per cent. Since inception, the Fund has delivered a total return of 76.95 per cent (8.90 per cent p.a.), outperforming the benchmark's 44.09 per cent (5.61 per cent p.a.).

Key contributors

Megaport (ASX:MP1) +69.4 per cent

Megaport shares surged following significant compute contract wins within the newly acquired Latitude business, triggering material consensus earnings upgrades. Investors are increasingly valuing Megaport as an advantaged artificial intelligence (AI) infrastructure player – a theme commanding strong global investor interest.

NRW Holdings (ASX:NWH) +24.7 per cent

NRW Holdings' Management flagged a highly buoyant outlook across all operating divisions at a recent broker conference. Momentum was further supported by its recent acquisition, Fredon, which secured several new contract wins (including electrical works on a data centre construction project), tapping into structural digital infrastructure demand.

Sandfire Resources (ASX:SFR) +20.4 per cent

Sandfire Resources shares rallied on the back of a 5 per cent lift in the copper price and tightening structural supply-demand dynamics. While long-term demand remains anchored by global electrification, defence spending, and AI infrastructure, short-term supply is increasingly constrained by rising production costs and geopolitical disruptions in the Middle East.

Key detractors

Elevra Lithium (ASX:ELV) -5.1 per cent

Shares consolidated recent gains as the market digested a material institutional capital raising to fund an accelerated expansion at the company's North American Lithium project. We viewed the strategic rationale as sound given firming lithium prices and an improving macroeconomic backdrop, and subsequently participated in the raise.

EQ Resources (ASX:EQR) -14.8 per cent

EQ Resources shares retraced through May following an exceptional run. The stock has previously been driven by a more than doubling of the tungsten price thanks to Chinese export controls, and rising structural demand for high-density, heat-resistant defence applications (ammunition and missile components).

MA Financial Group (ASX:MAF) -8.7 per cent

MA Financial Group shares remained under pressure, weighed down by broader macroeconomic headwinds and softer sentiment surrounding private credit and interest-rate-sensitive sectors, such as commercial property.

Outlook

Global equities posted solid gains in May, led the U.S. market that continues to be fuelled by accelerating AI infrastructure spend and resilient consumer data. While markets are currently pricing in a swift resolution to geopolitical tensions in the Middle East, the risk of protracted supply chain disruptions remains front of mind.

Domestically, the macroeconomic outlook grew more challenging as the Reserve Bank of Australia (RBA) delivered its third consecutive interest rate hike in May to combat sticky inflation. However, recent economic data reveals a clear slowdown in both consumption and employment, signalling a potential pause in the tightening cycle. Furthermore, the Federal Government's May Budget has introduced fresh uncertainty around the property market and its subsequent wealth-effect implications on broader economic activity.

Our portfolio remains overweight undervalued growers and resources, where we see the market narrative shifting from near-term cyclical forces toward longer-term structural and critical drivers. Conversely, given the headwinds facing the domestic consumer, we believe it is premature to increase exposure to consumer discretionary names and maintain our underweight positioning.

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Platform availability

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

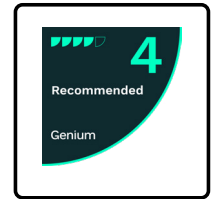
Ratings



Zenith
Recommended



Lonsec Research
Recommended



Genium
Recommended



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rogermontgomery.com

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