MONTGOMERY SMALL COMPANIES FUND

INVESTMENT REPORT & FACT SHEET

FUND OVERVIEW

Montgomery Lucent's investment philosophy is guided by fundamental research and analysis. Small market capitalisation companies are relatively under-researched and when markets misprice securities, this creates investment opportunities.

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

The Fund will focus on investing in companies outside of the ASX 100 and across the New Zealand stock market, while being able to invest up to 10% of the portfolio in pre-IPO opportunities.

We are searching for companies likely to benefit from secular trends, industry change and with substantial competitive advantages. With a "lifecycle approach" to sizing the portfolio positions depending on whether they are an early stage, emerging, developed or a core investment, The Fund is designed to be as agile as the remarkable small companies that it invests in. This is a long-only portfolio.

FUND FACTS

INVESTMENT MANAGER
Montgomery Lucent Investment Management Pty Limited

OBJECTIVE
The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over a rolling 5 year period.

BENCHMARK
S&P/ASX Small Ordinaries Accumulation Index

FUND CONSTRUCTION
The Fund's Small Cap portfolio will typically comprise 30-50 high quality stocks listed on the ASX and/or NZSX. Cash typically ranges around 10%.

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FHT3726AU

PORTFOLIO MANAGERS
Gary Rollo

Dominic Rose

RECOMMENDED INVESTMENT TIMEFRAME
5 years

MINIMUM INITIAL INVESTMENT
$25,000

INCEPTION DATE
20 SEPTEMBER 2019

FUND SIZE
$246.7M

MANAGEMENT FEES AND COSTS
1.23% per annum*, which includes a management fee of 1.03% per annum.

*Includes the Responsible Entities fees, Montgomery's fees, custody fees, ordinary and abnormal expenses and any indirect costs

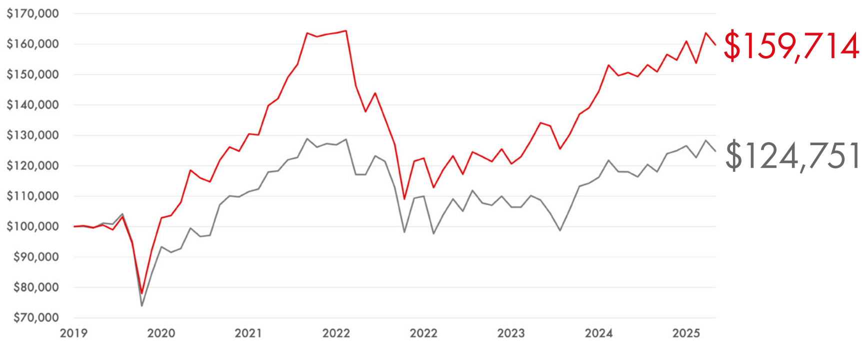
PERFORMANCE FEES
17.94% of the amount by which The Fund outperforms its Benchmark, after other fees and expenses have been deducted and achieves positive performance.

APPLICATION & REDEMPTION PRICES
www.montinvest.com/our-funds/montgomery-small-companies-fund/

PERFORMANCE GRAPH

Montgomery Small Companies Fund

S&P/ASX Small Ordinaries Accumulation Index



PORTFOLIO PERFORMANCE

(to 28 February 2025, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY SMALL COMPANIES FUND	S&P/ASX SMALL ORDINARIES ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-2.44%	**-2.44%**	-2.80%	0.36%
3 months	0.00%	-0.78%	**-0.78%**	-1.46%	0.68%
6 months	0.00%	5.84%	**5.84%**	5.73%	0.11%
12 months	0.18%	10.33%	**10.51%**	7.33%	3.18%
3 years (p.a.)	0.92%	4.13%	**5.05%**	2.13%	2.92%
5 years (p.a.)	2.33%	8.72%	**11.05%**	5.57%	5.48%
Since inception#	11.53%	48.18%	**59.71%**	24.75%	34.96%
Compound annual return (since inception)#	2.03%	6.95%	**8.98%**	4.15%	4.83%

Inception: 20 September 2019 | Past performance is not indicative of future performance

TOP COMPLETED HOLDINGS* (TCH)

(as at 28 February 2025 showing top 5 of 48 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Gold Road Resources	ASX:GOR	https://www.goldroad.com.au/
HUB24	ASX:HUB	https://www.hub24.com.au/
Pinnacle Investment Management	ASX:PNI	https://www.pinnacleinvestment.com/
Ramelius Resources	ASX:RMS	https://www.rameliusresources.com.au/
Zip Co	ASX:ZIP	https://zip.co/

Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.

Total equity weighting	97.20%
Total cash weighting	2.80%

TOP 3 CONTRIBUTORS AND DETRACTORS

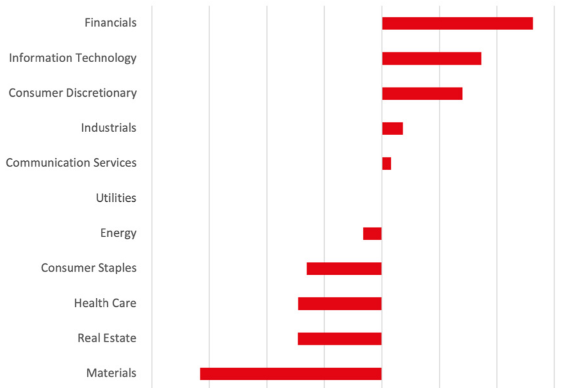
CONTRIBUTORS

GQG Partners	Share price rose due to strong funds under management outlook
Imdex	Resources industry cycle is shifting, and Imdex is well-positioned to capitalise
Light & Wonder	Strategic acquisition driving accretive growth

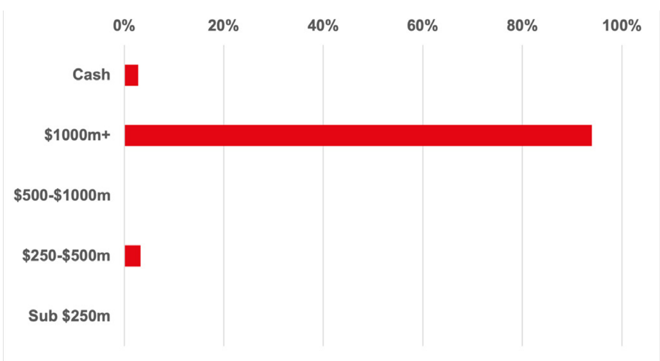
DETRACTORS

Johns Lyng Group	Share price fell due to back-to-back earnings downgrades
Macquarie Technology Group	Share price declined due to less love for Datacentres
Polynovo	First-half 2025 results showed signs of growth not being fast enough

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



MARKET CAPITALISATION EXPOSURE



Montgomery Small Companies Fund

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PLATFORMS WE ARE ON: Asgard BT Panorama Clearstream Colonial First Wrap DASH HUB24 IOOF eXpand Macquarie Wrap Mason Stevens MLC/Navigator Netwealth North Powerwrap Praemium Xplore Wealth

For the month of February, the Montgomery Small Companies Fund (the Fund) declined by 2.44 per cent, net of fees, versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which declined by 2.80 per cent. Since inception, the Fund has increased by 8.98 per cent p.a. relative to its benchmark which has returned 4.15 per cent over the same period (after all fees and expenses).

February's reporting season brought a flood of new information to a market eager to absorb updates, adjust future earnings expectations, and reset valuation and share price regimes.

The Fund tends to outperform during reporting seasons, (achieving strong results in 10 out of 11 periods since inception). This is because stock fundamentals play a key role in driving share prices during these times. As bottom-up stock pickers, our ability to accurately assess company fundamentals is part of how we strive to achieve an edge.

Whilst the Fund outperformed by 0.36 per cent for the month, this wasn't by the "usual" margins. Clearly reporting season outcomes are driven by how many results and outlooks we get right or wrong, and every season we have both, (usually getting more right than wrong), and this season was no different. However, this season, returns were skewed as some stocks that exceeded earnings expectations and demonstrated higher future earnings potential weren't rewarded as generously as expected. This was especially true for consistent outperformers, as the market opted to take profits quickly rather than let winners run. The macroeconomic and geopolitical backdrop – Trump's narrative and tariffs – weakened the markets' appetite to stick with the winners, in favour of banking returns.

We enjoy the intensity of it all, it brought fresh content to filter, and revised earnings and valuation regimes to interrogate, filling the opportunity hopper for new additions to the portfolio.

The largest positive contributors for February included GQG Partners (ASX:GQG), Imdex (ASX:IMD) and Light & Wonder (ASX:LNW).

Fund manager GQG Partners' share price performance was driven by a better than expected funds under management (FUM) announced in early February, alongside the narrative that the outlook for FUM growth from here continues to be strong, re-affirming our view that GQG Partners is strongly competitively positioned.

Investors have been waiting for signs that the market cycle for Mining technology business Imdex has bottomed and is on its way up from here. Imdex's earnings result showed a business in better shape than expected, and management's commentary of "greenshoots" was enough to spur the shares on. Investors have been looking for confirmation of a bottoming of the cycle for resource drilling and can see the prospects for rising activity ahead. Imdex is well positioned to capitalise on these improving conditions.

Gaming player Light & Wonder announced the acquisition of Grover Gaming on the 19th of February. The acquisition is based on strategy, synergistic for a niche sector leading player, debt-funded, and at a cheaper multiple than what the shares trade at. The deal added high single-digit accretion to Light & Wonder's earnings while diversifying its portfolio. The increase in debt and leverage was offset by stronger, more predictable cash flows from Grover's recurring revenue model – a balance the market viewed favourably.

The largest detractors from performance included, Johns Lyng Group (ASX:JLG), Macquarie Technology Group (ASX:MAQ) and Polynovo (ASX:PNV).

Johns Lyng Group has been an under-performer in each of the last three reporting seasons, missing earnings expectations and delivering a weaker outlook supported by a business that is performing way below the narrative provided by management. Our investment thesis has been based on solid but steady Australian core business growth, with the U.S. providing some stellar long term growth optionality. Instead, it's now apparent that Australia has over earned in the past with some clients experiencing delivery issues and the U.S. growth is proving (way) tougher to deliver. The market is losing patience, as have we and we sold our small Johns Lyng Group position after the results.

Macquarie Technology Group's results were in-line with earnings expectations from here changing by no more than 1-2 per cent or so. No big biccies, yet the share price declined 18 per cent in February. Macquarie Technology Group idebs a data centre play, and datacentre stocks have had a tougher time since the peak of the AI narrative late last year. Macquarie Technology Group is a much steadier story than an AI boom stock, and its new data centre megaproject looks like it will be delivered into the market at a nice time, with limited suitable supply and a possible new additional demand profile. Time will tell, but all else equal it looks good. The new project has been slower to deliver than expected – 18-24 months – but the new asset is now deep in construction and coming out of the ground, delay risks look limited from here. And contract news for the new asset closer.

Healthcare stock Polynovo is one that we got wrong, it is growing at a rapid clip, but not rapidly enough, and Polynovo's first-half 2025 results showed that. The investment thesis for Polynovo is based on its superior product, competitively disruptive pricing, high gross margins, and large addressable markets – factors that should enable rapid growth and strong profitability. However, management has indicated that market penetration is taking longer than anticipated and that education and distribution costs are higher than expected. As a result, earnings expectations declined, and the extended timeline was reflected in the share price.