



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

\$194.4M

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

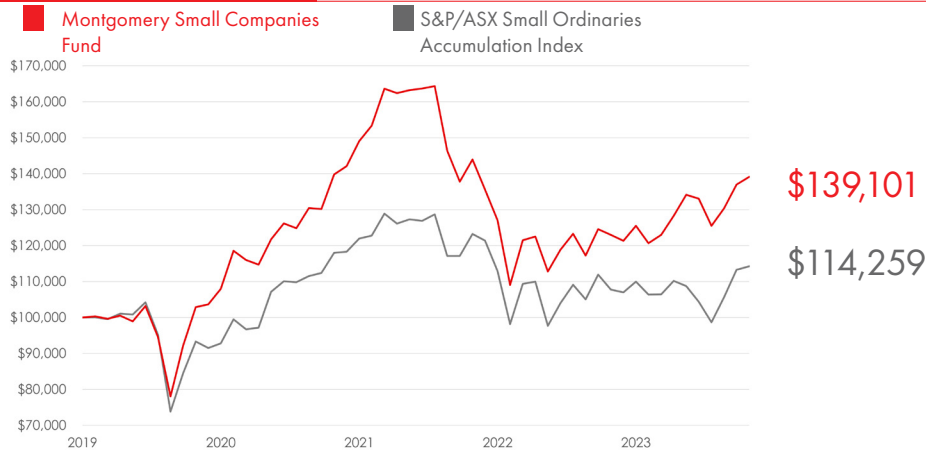
PERFORMANCE FEES

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



PORTFOLIO PERFORMANCE

(to 31 January 2024, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY SMALL COMPANIES FUND	S&P/ASX SMALL ORDINARIES ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	1.54%	1.54%	0.90%	0.64%
3 months	0.00%	10.82%	10.82%	15.80%	-4.98%
6 months	0.00%	8.45%	8.45%	3.70%	4.75%
12 months	0.68%	10.99%	11.67%	2.10%	9.57%
3 years (p.a.)	2.93%	0.75%	3.68%	1.33%	2.35%
Since inception#	11.29%	27.81%	39.10%	14.26%	24.84%
Compound annual return (since inception)#	2.48%	5.38%	7.86%	3.10%	4.76%

Inception: 20 September 2019

Past performance is not indicative of future performance



TOP COMPLETED HOLDINGS* (TCH)

(as at 31 January 2024 showing top 5 of 50 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Alliance Aviation Service	ASX:AQZ	https://www.allianceairlines.com.au/
Bapcor	ASX:BAP	http://www.bapcor.com.au/
Boss Energy	ASX:BOE	http://www.bossenergy.com/
HUB24	ASX:HUB	http://www.hub24.com.au/
Megaport	ASX: MP1	https://www.megaport.com/

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

Total equity weighting 97.76%

Total cash weighting 2.24%

TOP 3 CONTRIBUTORS AND DETRACTORS

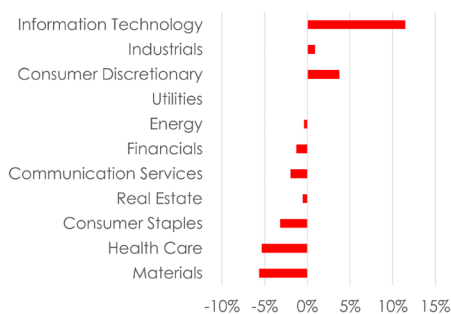
CONTRIBUTORS

Boss Energy	Share price rose with uranium price strength
Megaport	Quarterly profits were stronger than expected
Alliance Aviation Service	Share price continued to rally into results

DETRACTORS

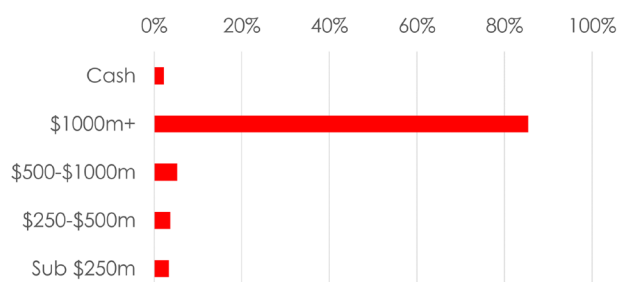
Gold Road	Production downgrade on labour availability problems
Arcadium	Share price fell with lithium price weakness
Impedimed	Share price fell due to weak quarterly results

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



■ Montgomery Small Companies Fund

MARKET CAPITALISATION EXPOSURE



CONTACT DETAILS

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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

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. This report was prepared by Montgomery Lucent Investment Management Pty Limited, (ABN 58 635 052 176, Authorised Representative No. 001277163) (Montgomery) the investment manager of the Montgomery Small Companies Fund. The responsible entity of the Fund is Fundhost Limited (ABN 69 092 517 087) (AFSL No: 233 045) (Fundhost). This document has been prepared for the purpose of providing general information, without taking account your particular objectives, financial circumstances or needs. You should obtain and consider a copy of the Product Disclosure Statement (PDS) relating to the Fund before making a decision to invest. The PDS and Target Market Determination (TMD) are available here: <https://fundhost.com.au/fund/montgomery-small-companies-fund/> While the information in this document has been prepared with all reasonable care, neither Fundhost nor Montgomery makes any representation or warranty as to the accuracy or completeness of any statement in this document including any forecasts. Neither Fundhost nor Montgomery guarantees the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither Fundhost nor Montgomery, including their employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. Past performance is not indicative of future performance.

The Montgomery Small Companies Fund (the Fund) increased 1.54 per cent, net of fees, in January versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which increased by 0.90 per cent. Since inception (20 September 2019), the Fund has increased by 39.10 per cent, outperforming the benchmark by 24.84 per cent, after all fees and expenses.

January's small cap market performance was a combination of continued strength in Industrials (approximately 75 per cent of the Small Ordinaries index), rising 1.87 per cent and weakness in Resources (the other 25 per cent), falling 1.96 per cent. The global and domestic macro data released in the month broadly demonstrated that inflation forces are diminishing, whilst levels remain elevated but, on a trajectory, lower, supporting the view that we have seen the peak in interest rates and the next move in rates is likely down. Consequently, stocks in sectors that benefit from the move to a lower rate environment broadly performed well.

The largest positive contributors for January included Alliance Aviation (ASX:AQZ), Boss Energy (ASX:BOE), and Megaport (ASX:MP1). Alliance Aviation shares continued their recent rally post the management update at its November Annual General Meeting, and subsequently the CEO buying shares in very late-December didn't hurt. Alliance Aviation reports in early February, the market is expecting to see improved financials as the investments observed over the past two years in the fleet and associated costs to support that get put to work and deliver earnings. As we have mentioned before, Alliance Aviation is a cheap stock with plenty of earnings growth ahead if and when management execute. Boss Energy shares surged in the month in response to a weakening supply outlook in the primary Uranium market, as major producer Kazatomprom signalled significant production problems. Boss Energy's Honeymoon mine is progressing through commissioning to first production this quarter, which is nice timing. Megaport's 2Q24 quarterly results were released in January, and the stock popped 28 per cent on the day. The market liked that confidence of growth remained alongside fiscal discipline to deliver a better than expected EBITDA outcome for the quarter. We note that the data here was almost a mirror image of the release Megaport provided for their 1Q24, where the market took a different view, selling the shares down 17 per cent. Whilst the market may not know how to value Megaport on a quarter-to-quarter basis, the big picture here is that this is a business facing off a large, fast growing market, with a competitively positioned product, very scalable economics, and now a management team with a track record of strong sales execution – that's a potentially strong value creating proposition.

The largest detractors from performance included Gold Road (ASX:GOR), Arcadium Lithium (ASX:LTM) and Impedimed (ASX:IPD). Gold Road shares responded to weak 2Q production and F24 production outlook in Gold Road's quarterly report. Gold Road is a long-life gold producer, owning 50 per cent of the Goldfields operated Gruyere mine. The problem is availability of skilled labour, resulting in lower than expected ore and waste movements, reducing access to high grade ore in the pit. This is the second "labour availability" problem Gold Road have experienced this year, reflecting the labour market tightness issue in the mining sector and no doubt some management execution failings too. Nevertheless, Gold Road remains a long-life asset, with the ore in place, and there's no reason we can see today that operational efficiencies can't be restored. Arcadium Lithium's share price weakness in the month reflected that observed in the Lithium commodity pricing and also seen in many other Lithium stocks. Impedimed's shares reacted poorly to its quarterly earnings report that showed no progress on revenue growth. It's early days to assess progress of the recently changed management and board at Impedimed, the new CEO only started on January 10th, so had zero time in the business for the quarter ended December. Impedimed is an early stage company (where we have a very small position), a new management team has been brought in to responsibly grow revenue and control costs, we have yet to hear the detailed plans of how they intend to progress those priorities, but consider the new team to be sufficiently credentialed to get the job done and open up the strong long term opportunity.

The February earnings season is almost upon us, and as always, we are looking forward to the raft of new information on which to assess the operational performance of the Fund's investments and those stocks we track as potential opportunities. Reporting season usually throws up some new ideas and opportunities around some short-term share price moves that often occur. The Fund is currently positioned with an overweight to faster growing businesses that we see as cheap for the growth on offer and an under-weight to more cyclical sectors where we see earnings uncertainty.

