



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

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%.

APIR

FHT3726AU

PORTFOLIO MANAGERS

Gary Rollo
Dominic Rose

RECOMMENDED INVESTMENT TIMEFRAME

5 years

MINIMUM INITIAL INVESTMENT

\$25,000

INCEPTION DATE

20 SEPTEMBER 2019

FUND SIZE

\$226.9M

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

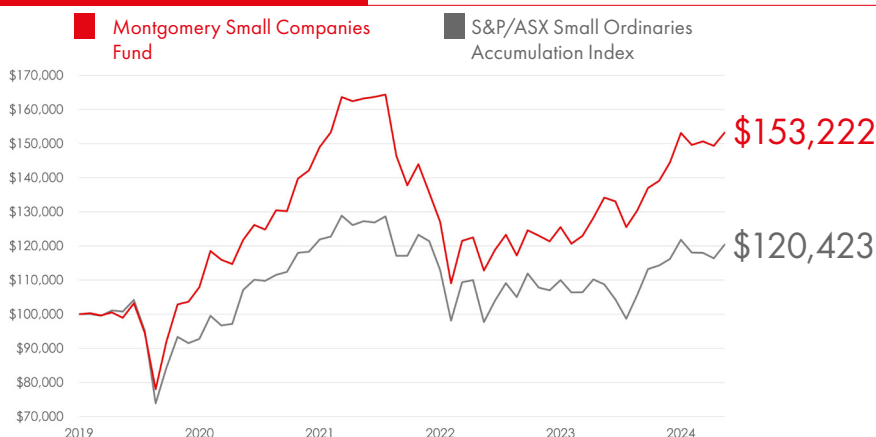
PERFORMANCE FEES

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 July 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%	2.60%	2.60%	3.49%	-0.89%
3 months	0.18%	2.22%	2.40%	2.00%	0.40%
6 months	0.19%	9.96%	10.15%	5.39%	4.76%
12 months	0.21%	19.25%	19.46%	9.29%	10.17%
3 years (p.a.)	0.83%	-0.86%	-0.03%	-0.64%	0.61%
4 years (p.a.)	2.57%	6.58%	9.15%	6.73%	2.42%
Since inception#	11.53%	41.69%	53.22%	20.42%	32.80%
Compound annual return (since inception)#	2.27%	6.90%	9.17%	3.90%	5.27%

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



TOP COMPLETED HOLDINGS* (TCH)

(as at 31 July 2024 showing top 5 of 49 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Bapcor	ASX:BAP	https://www.bapcor.com.au/
HUB24	ASX:HUB	https://www.hub24.com.au/
Ingenia Communities	ASX:INA	https://www.ingeniacommunities.com.au/
Lovisa	ASX:LOV	https://www.lovisa.com/
Telix Pharmaceuticals	ASX:TLX	https://www.telixpharma.com/

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

Total equity weighting 95.20%

Total cash weighting 4.80%

TOP 3 CONTRIBUTORS AND DETRACTORS

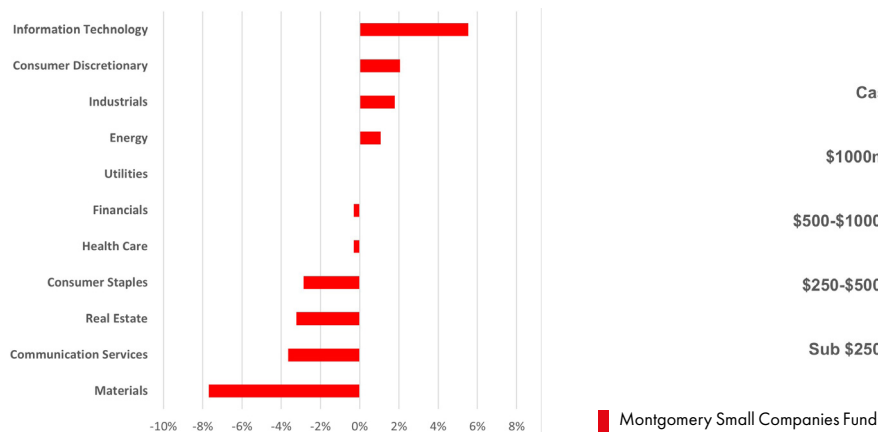
CONTRIBUTORS

Nick Scali	Positioned to benefit from improved domestic retail sales data
Pinnacle	Reported strong FY24 results and outlook
Technology One	Accelerating growth is capturing attention

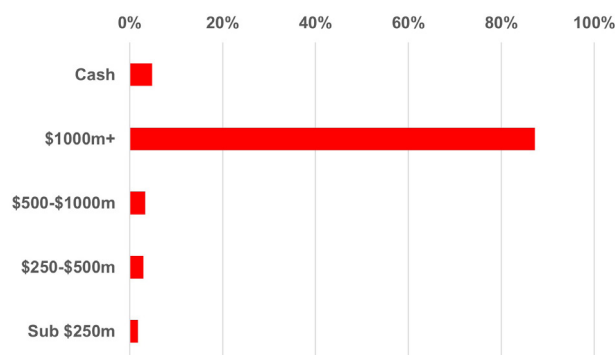
DETRACTORS

Boss Energy	Experiencing profit taking across the uranium sector
Capstone Copper	Experiencing profit taking across the copper sector
Superloop	Experiencing profit taking after a strong rally in the share price

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



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.



For the month of July, the Montgomery Small Companies Fund (the Fund) increased 2.60 per cent, net of fees, versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which increased by 3.49 per cent. Since inception (20 September 2019), the Fund has increased by 53.22 per cent, outperforming the benchmark by 32.80 per cent, after all fees and expenses.

The largest positive contributors for July included Nick Scali (ASX:NCK), Pinnacle (ASX:PNI), and Technology One (ASX:TNE).

Nick Scali had no specific new news in the month, but its shares responded to a raft of economic and market data that arrived, indicating that Australian retail spending had remained robust. Specifically, Australian Bureau of Statistics (ABS) retail sales data for July was better than expected, as consumers flocked to end-of-year sales from retailers that had largely had their inventory positions in hand, meaning sales were solid and implies margins will be too when we see the data at results season. Generally, investors are underweight the domestic retail sector on recession fears, and Nick Scali is a well-respected retailer that benefits from sentiment becoming more positive/less cautious towards the sector.

Pinnacle is a structural growth story, and also one of the early results reporters in reporting season, having reported its FY24 results on 01 August 2024. So, July share price performance had a lot to do with investors positioning into results. Pinnacle's results were expected to be good, but also its outlook was expected to be strong, boosted by the recent addition to Pinnacle's fund manager line up of London-based, Life-cycle Asset Management (Pinnacle has 25 per cent ownership). There are high expectations that this top-performing global equities manager can grow very quickly in a high-capacity segment of the market, which in turn, accelerates Pinnacle's revenue and profit growth.

Technology One is also a structural growth story. It's a stock that left the small cap index in the past year, but one we decided to hold onto as it began life as an ASX100 stock. The ASX100 has few growth investment opportunities like Technology One, its sustainable, scalable earnings growth profile sets it apart from most of the other investment options large cap managers have at their disposal. And so, it's no surprise that Technology One has positively re-rated since its index inclusion, as a new audience of investment managers like what they see, and are prepared to pay up for those scarce characteristics in their portfolios. In addition, Technology One is an example of a stock that has its growth rate accelerating as the benefits of investment in its UK operations start to pay off and new product launches drive top line growth.

The largest detractors from performance included Boss Energy (ASX:BOE), Capstone Copper (ASX:CSC) and Superloop (ASX:SLC).

Resource stocks have performed poorly in the last couple of months on fears of a global growth slowdown. The XSR, an index of the Small Resources stocks, fell 1.63 per cent in July, versus the index of Small Industrials rising some 5.05 per cent. Quite a contrast, as the Fund invests in a balanced way across the entire market, the losers in the portfolio this month had a skew to the resource stocks the Fund holds.

Boss Energy has been a regular feature in the top three winners and losers list over the past two years, as it's the Fund's chosen expression of exposure to the Uranium sector, which currently includes five stocks that represent around 2 per cent of the index. These stocks all see their share prices wax and wane on sentiment toward the market price for uranium, as well as stock level fundamentals. Boss Energy's shares see that volatility, which means we tend to report on it in this monthly on a regular basis, but the net impact from the sentiment shifts in the Uranium space on the portfolio are much, much lower as the Fund doesn't have a material exposure when compared to the index, although Boss Energy's regular appearances in our monthly probably suggests that it does!

Capstone Copper's shares are another example of resource stock underperformance playing out in the portfolio in the month. Capstone is a multi-asset copper producer with significant growth optionality. Its shares tend to do well in a rising copper price and economic growth sentiment backdrop, and the reverse in weakening conditions. And so, with no new stock-specific news (although Capstone has just published its quarterly report as we write this at the beginning of August), the stock's moves in July were based on sentiment toward resources and copper in particular, rather than any stock-specific news.

Superloop provided the market with a positive trading update early in July, the business is growing subscribers strongly, and earnings growth is better than previously guided. Good news. Except the market is a discounting mechanism and had already worked out that Superloop was doing well, reflected in the more than doubling of the share price year to date that investors have enjoyed. Investors have banked some of their gains in the month, and the shares marginally underperformed after a thumping run to the upside.

