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

RECOMMENDED INVESTMENT TIMEFRAME
5 years

MINIMUM INITIAL INVESTMENT
$25,000

INCEPTION DATE
20 SEPTEMBER 2019

FUND SIZE
$106.1M

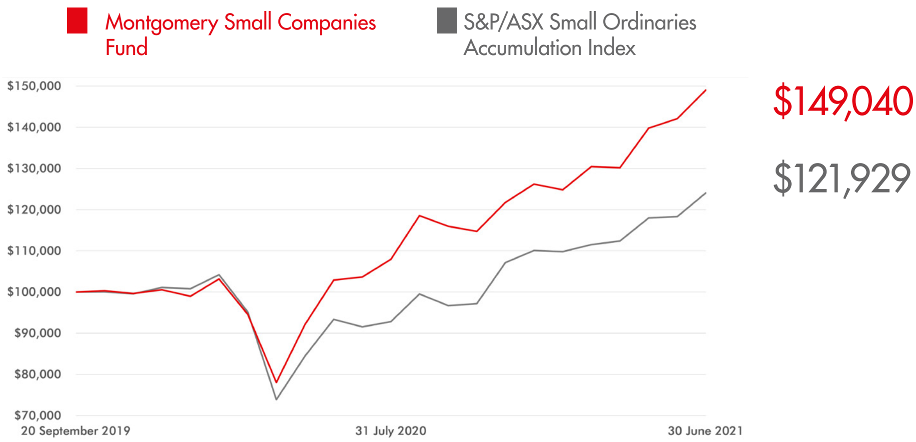
MANAGEMENT FEES AND COSTS
1.25% per annum*, which includes a management fee of 1.03% per annum.

*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



CONTACT DETAILS

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PORTFOLIO PERFORMANCE

(to 30 June 2021, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY SMALL COMPANIES FUND	S&P/ASX SMALL ORDINARIES ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	5.55%	-0.67%	**4.88%**	3.08%	1.80%
3 months	6.06%	8.43%	**14.49%**	8.50%	5.99%
6 months	6.25%	11.87%	**18.12%**	10.76%	7.36%
12 months	7.61%	36.21%	**43.82%**	33.23%	10.59%
Since inception#	7.89%	41.15%	**49.04%**	21.93%	27.11%
Compound annual return (since inception)#	4.37%	20.81%	**25.18%**	11.80%	13.38%

Inception: 20 September 2019

FUND COMMENTARY

The Montgomery Small Companies Fund (the Fund) returned 4.88 per cent, net of fees, in June versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which increased by 3.08 per cent. Since inception (20 September 2019), the Fund has increased by 49.04 per cent, outperforming the benchmark by over 27 per cent, after all fees and expenses.

The largest positive contributors for June included Aeris Resources (ASX:AIS), City Chic Collective (ASX:CCX) and Megaport (ASX:MP1). AIS rallied on the release of some encouraging exploration drill results from the Constellation copper deposit which is located just 45 kilometres from the company's existing Tritton copper mine and mill. We participated in the subsequent $50 million institutional placement at $0.175 per share, with the funds earmarked for accelerating the exploration and development pipeline. AIS represents an attractive play on the copper thematic with significant optionality from its suite of assets. CCX shares gained despite no new news, likely reflecting optimism around the highly successful vaccine rollout programs executed across the key US and UK markets. Unlike most other e-commerce peers, CCX was not a 'COVID-19 winner' since lockdowns drove a shift towards lower margin casual garment sales. We see the business as well placed to capitalise on the global economic reopening. MP1 surged as investors warmed to signs of improving sales execution and prospects for MP1's new product release "Megaport Virtual Edge", which opens up a significant market opportunity. MP1 is also on the cusp of achieving EBITDA breakeven, usually an important milestone for some institutional investors.

The largest detractors from performance included Cashrewards (ASX:CRW), Ramelius Resources (ASX:RMS) and Superloop (ASX:SLC). CRW shares continued to tumble, most likely attributable to tax-loss selling ahead of financial year-end. In early July, the company announced its long awaited strategic partnership with major shareholder, ANZ (ASX:ANZ), which will see 4.7 million ANZ consumer credit and debit card clients offered an enhanced 'Cashrewards Max' product from August. This has the potential to be a real game changer for CRW, materially lowering client acquisition costs and this should dramatically improve the unit economics of the business. From here, execution will be key. RMS gave back most of May's share price gains, largely driven by the gold price decline over June. Commodity prices can be volatile over the short-term, so we try not to focus too much on factors out of our control. SLC is a new investment for the Fund. The stock has been a perennial underperformer within a sector that we understand and like. The catalyst that led us to take a small position was the acquisition of Australia's largest independent internet service provider (ISP), Exetel. The $110 million transaction accelerates the utilisation of SLC's infrastructure by bringing across Exetel's more than 110,000 consumer and business customers, and brings with it some quickly realisable visible cost synergies.

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TOP COMPLETED HOLDINGS* (TCH)

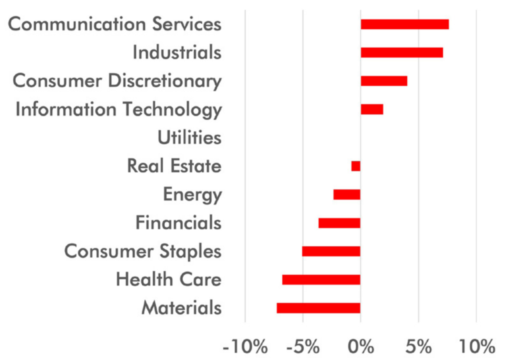
(as at 30 June 2021 showing top 5 of 48 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Aeris Resources	ASX:AIS	https://www.aerisresources.com.au/
Alliance Aviation Services	ASX:AQZ	https://www.allianceairlines.com.au/
City Chic Collective	ASX:CCX	https://www.citychiccollective.com.au/
Macquarie Telecom Group	ASX:MAQ	https://macquarietelecom.com/
Megaport	ASX:MP1	https://www.megaport.com/

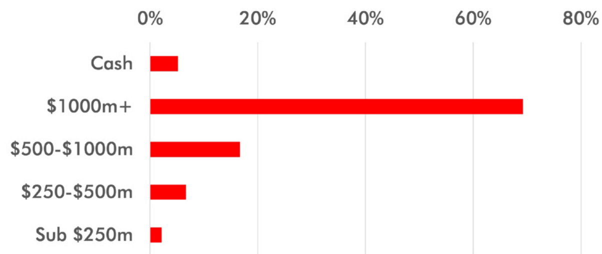
**Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.*

Total equity weighting	94.80%
Total cash weighting	5.20%

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



MARKET CAPITALISATION EXPOSURE



Montgomery Small Companies Fund

PLATFORMS WE ARE ON: Netwealth (IDPS and Super/Pension) uXchange BT Wrap BT Panorama HUB24 (IDPS and Super) Ausmaq Macquarie Wrap Asgard Praemium IDPS Mason Stevens

Market commentary

Global equities gained further ground in June, spurred on by the strong macroeconomic recovery currently underway, initially led by the US and China with the Eurozone now joining the party. Inflation remains a hot topic although investor fears appear to have eased somewhat after the Federal Reserve turned more hawkish in June, bringing forward its rate hike expectations by a year (now projecting two increases by 2023). This signals that policy makers are alive to the risks and do not intend to let inflation get out of control. After the initial sugar hit from stimulus cheques delivered in March 2020 and a highly successful vaccination rollout, the US economy is now seeing consumption shift from goods to services with similar patterns observed domestically. This places less pressure on global manufacturing supply chains, supporting the view that some inflationary elements are transitory and should normalise. The Australian economy continues to boom and surprise to the upside. Business conditions look as good as anytime in recent history, however cost headwinds exist, particularly across labour and commodities. Recent lockdowns aimed at containing the highly contagious Delta variant of COVID-19 are a minor set-back but ultimately should not derail the recovery. The silver lining is the Australian population will approach the vaccination with a greater sense of urgency and the country should be able to reconnect with much of the world within twelve months.

Goodbye FY21, Hello FY22

We continue to position the portfolio to take advantage of the opportunities that we see most clearly in front of us. We have no ideological bias toward value or growth, only to the best opportunities available at an acceptable level of risk. Today, alongside a core of structural growers and stable compounders the Fund has a healthy exposure to some cyclical sectors that should benefit from rising "re-opening" driven activity, particularly via overseas exposed stocks. For instance, in travel and retail we have invested in stocks that have greater exposure to overseas re-opening, as opposed to domestic activity, to make the most of the more dramatic change in activity overseas but to also de-couple the portfolio as much as possible from the torturous re-opening politics happening here in Australia. If we are going to take re-opening risk, we'd like it to be worthwhile and based on trends we can see and shaped by politics that are pro-opening.

FY21 is now behind us and was a good year for the Fund and our investors, delivering 43.82 per cent returns, net of all fees, but also comfortingly a healthy excess return of 10.59 per cent above our benchmark, whilst not accepting a level of risk that is materially different to that of the market. We thank you for your support and look forward to working hard for you in FY22 and beyond.

With the conclusion of the financial year the Fund paid a distribution of 7.8912 cents per unit. Accordingly, after ending FY21 with a unit price of $1.4904, we commence FY22 with a unit price of $1.4115.