



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%.

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

\$215.9M

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

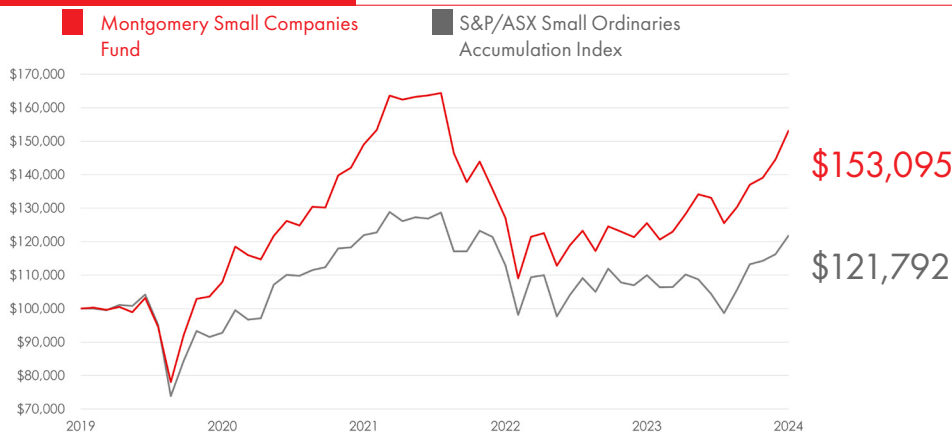
PERFORMANCE FEES

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 March 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%	5.93%	5.93%	4.79%	1.14%
3 months	0.00%	11.76%	11.76%	7.55%	4.21%
6 months	0.00%	15.05%	15.05%	16.71%	-1.66%
12 months	0.69%	25.46%	26.15%	13.83%	12.32%
3 years (p.a.)	2.81%	2.74%	5.55%	2.72%	2.83%
Since inception#	11.29%	41.81%	53.10%	21.79%	31.31%
Compound annual return (since inception)#	2.39%	7.47%	9.86%	4.45%	5.41%

Inception: 20 September 2019

Past performance is not indicative of future performance



TOP COMPLETED HOLDINGS* (TCH)

(as at 31 March 2024 showing top 5 of 48 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Life360	ASX:360	http://www.life360.com.au/
Bapcor	ASX:BAP	http://www.bapcor.com.au/
HUB24	ASX:HUB	http://www.hub24.com.au/
Lovisa	ASX:LOV	http://www.lovisa.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 95.02%

Total cash weighting 4.98%

TOP 3 CONTRIBUTORS AND DETRACTORS

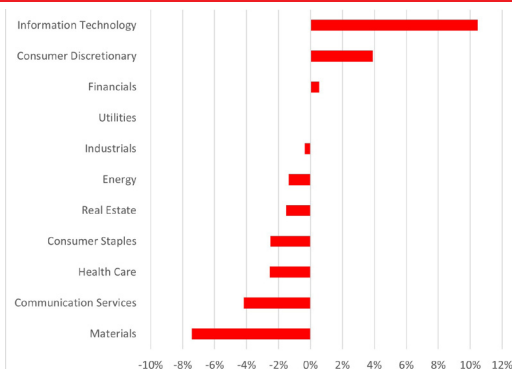
CONTRIBUTORS

Life360	Strong earnings, and positive outlook on new advertising business
Ramelius	Strong AUD Gold price suggests great margins and cashflow are coming
Webjet	Strong medium term outlook and short term profits

DETRACTORS

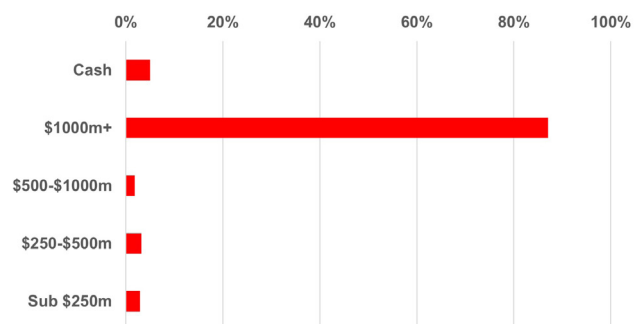
Audinate	Profits were taken from last month's winners
Aussie Broadband	Contract loss, downgrade and failed Superloop M&A
Pilbara Minerals	Profits were taken from last month's winners

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



Montgomery Small Companies Fund

MARKET CAPITALISATION EXPOSURE



CONTACT DETAILS

INVESTORS

Toby Roberts
t 02 8046 5017
e troberts@montinvest.com

David Buckland
t 02 8046 5004
e dbuckland@montinvest.com

ADVISERS, RESEARCHERS AND PLATFORMS

Scott Phillips
States – National
m 0417 529 890
e sphillips@montinvest.com

David Denby
States – VIC, SA & TAS
m 0455 086 484
e ddenby@montinvest.com

Michael Gollagher
States – QLD
m 0409 771 306
e mgollagher@montinvest.com

Dean Curnow
States – NSW, ACT & WA
m 0405 033 849
e dcurnow@montinvest.com

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 by 5.93 per cent, net of fees, in March versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which increased by 4.79 per cent. Since inception (20 September 2019), the Fund has increased by 53.11 per cent, outperforming the benchmark by 31.32 per cent, after all fees and expenses.

March was a strong month for markets and here in Australia, being the month after the February reporting season tends to be a month of consolidation. And so it proved, with many of February's winners being trimmed and some of the losers getting bought as investment teams play catch up with the reporting season data and meet to pore over the key messages from results season and tweak portfolio positioning accordingly. For those watching, small caps outperformed big caps in March, that's the first time since the big underperformance of small caps starting in December 2021/January 2022, that smalls have beaten bigs two months in a row (forgive us for selectively choosing to ignore the 0.01 per cent outperformance event in December 2023). We think investor confidence/appetite toward small caps is normalising.

The largest positive contributors for February included Life360 (ASX:360), Ramelius (ASX:RMS), and Webjet (ASX:WEB). Life360's results were delivered on 1 March, so missing the February reporting season we wrote up last month. Results were good, earnings came in ahead of expectations but it was the outlook that was responsible for lifting the shares 60.4 per cent in the month. Life360 is the owner of the Life360 app, popular with families as a way to monitor the location of members of a family group, especially young kids. Life360 has 1.8 million paying subscribers, but it also has another almost 60 million monthly active users that don't pay subscription fees for a scaled back "freemium" version of the product. Life360 announced its strategy to monetise this extensive user base via tailored advertising solutions. A well-trodden path to value creation for business models like Life360, and with such a large user base the value could be significant, and without much in the way of incremental upfront costs. The shares responded well to this optionality being pursued.

Gold stock Ramelius was up 28.7 per cent in the month, this was largely due to investors chasing Gold on the back of the trend of repricing hard assets that "benefit" from monetary debasement that follows periods of excessive money printing. Gold has performed very well in the past month, especially Gold denominated in Aussie Dollars where we have seen all time highs. Ramelius is an Aussie mid-tier Gold producer, that should be delivering strong margins and free cashflow at these high Gold prices. 1H results were strong, and investors expect further strong free cashflows as Ramelius is a strong beneficiary of these high AUD Gold prices.

Webjet held a well received investor strategy day during the month, articulating impressive longer-term growth and profit targets as well as re-affirming short term earnings guidance. Webjet's business is performing well, its WebBeds segment is rapidly growing its market share in a large fragmented market, taking advantage of the scale in its technology investments Webjet made during the COVID downturn period.

Webjet's an off cycle reporter, with its year end in March, and so we will get more news on this one in May when it reports its F24 results.

The largest detractors from performance included Aussie Broadband (ASX:ABB), Audinate (ASX:AD8) and Pilbara Minerals (ASX:PLS).

Aussie Broadband had a busy month. They completed a \$300 million acquisition of Symbio and also acquired 19.9 per cent of competitor Superloop's shares. Aussie Broadband bid for Superloop, offering 95c per share, but the bid was rejected by Superloop's board, considering it too low. The Fund had previously added Superloop to its holdings because we believed in the rationale of sector consolidation, value creation, and opportune timing. Additionally, we recognised Superloop's potential to play a significant role in consolidation and viewed it as undervalued within this context.

Superloop then won a contract with Aussie Broadband's biggest customer, Origin (ASX:ORG), which will see a significant portion of Aussie Broadband's subscriber base to migrate to Superloop. Aussie Broadband acknowledged the contract loss and suggested an earnings hit of around 15 per cent as a result. Aussie Broadband's shares dropped from c. \$4.40 to \$3.60 in response, revaluing its share based offer for Superloop down from 95c to 76c, meanwhile Superloop's shares lifted to north of \$1.30, a considerable premium to Aussie Broadband's offer. What a move by Superloop's board and management!

Despite the drop in Aussie Broadband's share price, the Fund saw a gain from Superloop, resulting in minimal overall impact on fund performance. We exited our Aussie Broadband position because we now doubt their ability to acquire Superloop and are sceptical of their optimistic view regarding the earnings impact of the contract loss. However, we continue to hold Superloop shares because its lower cost base and contract win now positions it for faster market share growth compared to Aussie Broadband. We anticipate positive earnings forecasts and valuation improvements for Superloop. While there may be further developments ahead, it currently appears that Superloop has the advantage in the competition among NBN resellers.

Audinate's share underperformed on no new news. Audinate was a big winner last month, up 40 per cent, and so we think it was a victim of winners being trimmed and cash being carried to some of the reporting season losers. Pilbara Minerals, which was another big winner in February experienced the same fate, although it had the usual accompanying narrative of the ups and downs of expectations of the Lithium price in the month. Here, there is evidence that prices appear to be bottoming, as supply exits and curtailments in response to low market price points appear to be having an impact, although there's been no major bounce in pricing observed, which probably weighed on the optimism seen in the prior month.

