



# 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

\$255.5M

#### 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

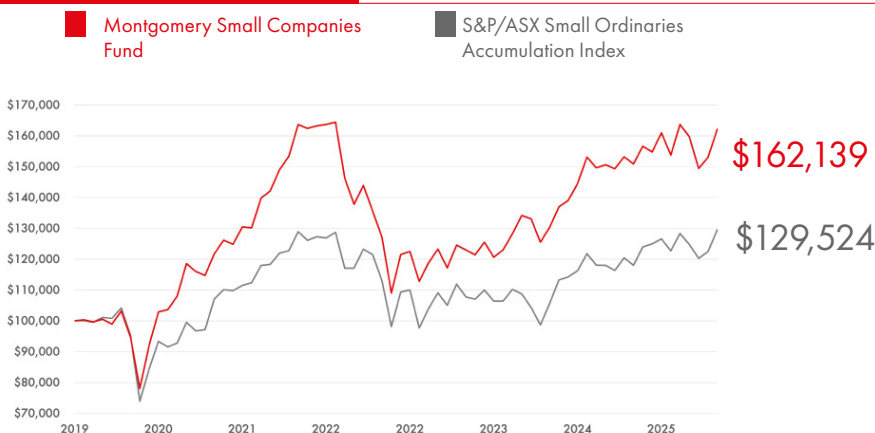
#### PERFORMANCE FEES

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/](http://www.montinvest.com/our-funds/montgomery-small-companies-fund/)

### PERFORMANCE GRAPH



### PORTFOLIO PERFORMANCE

(to 31 May 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%	5.96%	<b>5.96%</b>	5.76%	0.20%
3 months	0.00%	1.52%	<b>1.52%</b>	3.83%	-2.31%
6 months	0.00%	0.73%	<b>0.73%</b>	2.31%	-1.58%
12 months	0.18%	7.46%	<b>7.64%</b>	9.76%	-2.12%
3 years (p.a.)	1.00%	7.47%	<b>8.47%</b>	4.68%	3.79%
5 years (p.a.)	2.15%	7.37%	<b>9.52%</b>	6.77%	2.75%
Since inception#	11.53%	50.61%	<b>62.14%</b>	29.52%	32.62%
Compound annual return (since inception)#	1.93%	6.93%	<b>8.86%</b>	4.65%	4.21%

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



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## TOP COMPLETED HOLDINGS\* (TCH)

(as at 31 May 2025 showing top 5 of 45 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Life360	ASX:360	<a href="https://www.life360.com/">https://www.life360.com/</a>
Genesis Minerals	ASX:GMD	<a href="https://genesisminerals.com.au/">https://genesisminerals.com.au/</a>
Megaport	ASX:MP1	<a href="https://www.megaport.com/">https://www.megaport.com/</a>
Nick Scali	ASX:NCK	<a href="https://www.nickscali.com.au/">https://www.nickscali.com.au/</a>
Pinnacle Investment Management	ASX:PNI	<a href="https://pinnacleinvestment.com/">https://pinnacleinvestment.com/</a>

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

Total equity weighting	96.69%
Total cash weighting	3.31%

## TOP 3 CONTRIBUTORS AND DETRACTORS

### CONTRIBUTORS

Boss Energy	Share price rose as Trump administration is supportive of U.S. Nuclear
Life360	Share price rose as quarterly results and outlook beat expectations
Megaport	Continues to outperform on no new news

### DETRACTORS

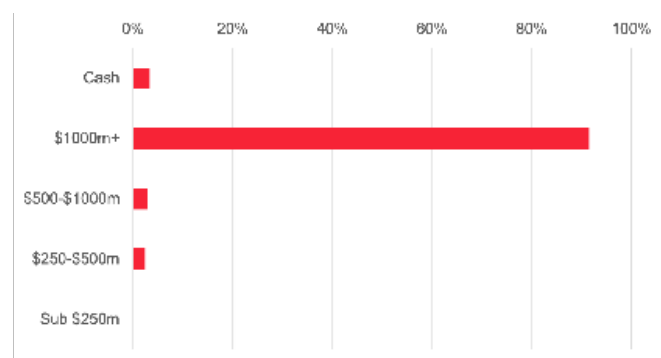
Alliance Aviation	Weak execution and asset sales delay
Breville	U.S. consumer slowdown is possible
Collins Foods	Shift in growth priorities

## GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



■ Montgomery Small Companies Fund

## MARKET CAPITALISATION EXPOSURE



## CONTACT DETAILS

### INVESTORS

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### ADVISERS, RESEARCHERS AND PLATFORMS

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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 May, the Montgomery Small Companies Fund (the Fund) increased 5.96 per cent, net of fees, versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which returned 5.76 per cent. Since inception the Fund has returned (after all fees and expenses) 8.86 per cent p.a. relative to its benchmark which has returned 4.65% over the same period.

Markets have continued to recover from their April lows around U.S. Tariff “Liberation Day.” The Small Ordinaries Index closed May slightly above its pre-Liberation Day highs, recorded in mid-February.

The largest positive contributors for May included Boss Energy (ASX:BOE), Life360 (ASX:360) and Megaport (ASX:MP1).

President Trump added to his long list of market moving announcements in late May by issuing executive orders that seeks to support the U.S. Nuclear energy industry. Uranium miner Boss Energy, like other Uranium stocks, responded positively. Boss Energy has had a sequence of supportive events occur in the past few months including first quarter calendar year 2025 results and outlook being better than expected, de-risking of the ramp up of production at its Honeymoon project, Uranium spot price responding positively to supply constraints observed at key producers and Trump’s proclamation noted above. Fundamentals for Boss Energy and the Uranium market look good. Boss Energy is currently the most shorted stock on the ASX, with short positions peaking at 26 per cent in April. Despite this, the share price has rallied around 40 per cent, driven by positive industry developments and evidence that short sellers are beginning to cover their positions. Short interest has since eased to 21 per cent – still a notably high level.

In early May Life360 delivered its best quarterly result since listing in our view, and the shares responded very well up 52 per cent for the month. Life360’s quarterly financials beat expectations and this boosted its growth rate and outlook. The market cheered the higher-than-expected rate of growth in the core subscription business, together with the prospect of future strong scalable growth from its fledgling advertising business.

Megaport has had no new news yet the stock climbed 18 per cent in May. This is a stock that has probably been a beneficiary of investor re-positioning away from areas directly impacted by the Trump Tariff announcements towards those with a clearer growth runway such as Megaport’s end market of corporate enterprise technology expenditure. In addition, market sentiment around artificial intelligence (AI) theme related stocks improved, as Microsoft and Nvidia’s quarterly earnings announcements assuaged market concerns that spend on AI capacity build remains strong, Megaport is seen as a beneficiary of this AI buildout.

The largest detractors from performance included, Alliance Aviation (ASX:AQZ), Breville (ASX:BRG) and Collins Foods (ASX:CKF).

Alliance Aviation hosted an Investor Day in May, providing updated earnings and cashflow guidance for financial year 2025 that disappointed market expectations. Earnings were impacted by the significant rainfall events on Australia’s East Coast, that saw Alliance Aviation’s home port of Brisbane Airport closed for flooding for four days. Schedule disruption from damage to aircraft from bird strikes and a catering truck being accidentally driven into an Alliance Aviation aircraft didn’t help. Alliance Aviation’s plan to sell assets it bought well through the market downturn is also taking longer than expected, impacting cashflow and debt levels. The earnings events are largely one-off in nature, the asset sales are timing related as observed by Alliance Aviation’s financial year 2026 net debt guidance being materially better than market expectations. This stock remains cheap, but management execution has been disappointing and the company is slow to address investor concerns on debt levels.

Management’s plan to address these concerns is credible and we’d expect a re-rating when asset sales are done and confidence in management is restored through improved earnings delivery and execution.

Coffee machine maker Breville’s shares rose 2 per cent in May, but underperformed the market’s 5.76 per cent rise, and that was enough to see it on the underperformer list for the month. Breville is a business that will see its earnings impacted in financial year 2026 if the proposed tariff structures remain in place. Breville’s management are front of foot, and hosted calls in April to discuss the proposed tariff’s impact on earnings, which has seen consensus cut its earnings outlook through April and May. All rear-view mirror type stuff. Since then, we have seen Breville’s competitors’ comment that the end market remains strong. Nothing to see here is our view.

Collins Foods, the fast-food KFC franchise operator shares fell 6 per cent in May as investors digested the balance of new news from its April “Strategy” day. There was no trading update – which the market would like to have seen, and there has been a shift on where Collins Foods may prosecute its growth ambition. Collins Foods’ business in Europe was previously focused on growing in the Netherlands, but market conditions there appear to have become less supportive whilst in Germany, a significantly larger opportunity, now appears to be open for growth following a change in the master franchisor in that market. In the short run, the market appears more concerned with the near term earnings impact of a weaker Netherlands market than the future growth optionality in Germany and so the shares were weaker through May.

