



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

\$248.6M

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

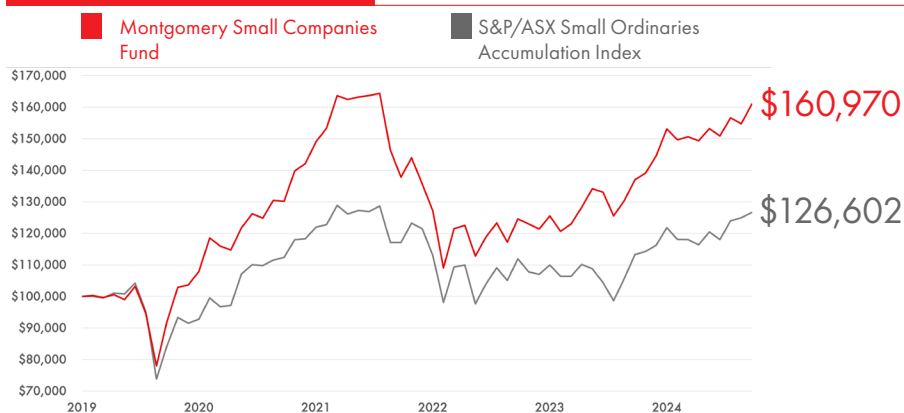
PERFORMANCE FEES

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 30 November 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%	4.02%	4.02%	1.32%	2.70%
3 months	0.00%	6.68%	6.68%	7.29%	-0.61%
6 months	0.18%	6.68%	6.86%	7.28%	-0.42%
12 months	0.20%	23.31%	23.51%	19.88%	3.63%
3 years (p.a.)	0.78%	-1.34%	-0.56%	-0.08%	-0.48%
5 years (p.a.)	2.20%	7.67%	9.87%	4.60%	5.27%
Since inception#	11.53%	49.44%	60.97%	26.60%	34.37%
Compound annual return (since inception)#	2.12%	7.47%	9.59%	4.64%	4.95%

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



TOP COMPLETED HOLDINGS* (TCH)

(as at 30 November 2024 showing top 5 of 50 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Life360	ASX:360	https://www.life360.com/
Gold Road Resources	ASX:GOR	https://www.goldroad.com.au/
HUB24	ASX:HUB	https://www.hub24.com.au/
Pinnacle Investment Management	ASX:PNI	https://www.pinnacleinvestment.com/
Zip Co	ASX:ZIP	https://zip.co/

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

Total equity weighting	94.38%
Total cash weighting	5.62%

TOP 3 CONTRIBUTORS AND DETRACTORS

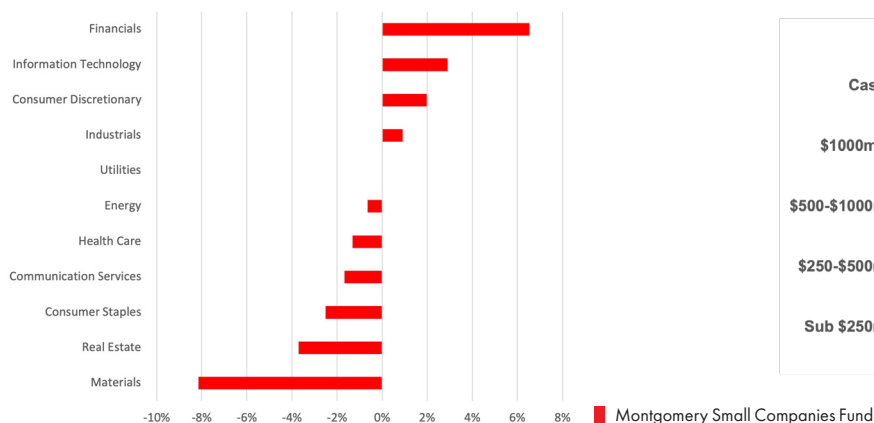
CONTRIBUTORS

HUB24	Shares rallied on positive outlook at Strategy Day
SGH	Shares rallied on positive outlook at the Annual General Meeting
TechnologyOne	Shares rallied after strong FY24 result

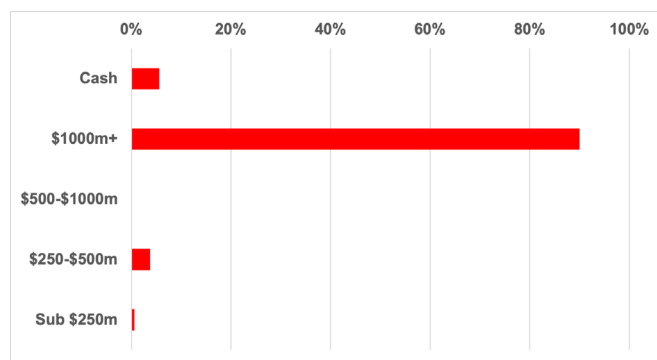
DETRACTORS

GQG Partners	Shares fell on Adani Group news
Ramelius Resources	Shares fell on gold sector sentiment
Vault Minerals	Shares fell on gold sector sentiment

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



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 November, the Montgomery Small Companies Fund (the Fund) increased by 4.02 per cent, net of fees, versus the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, which increased by 1.32 per cent. Since inception (20 September 2019), the Fund has increased by 60.97 per cent, outperforming the benchmark by 34.37 per cent, after all fees and expenses.

Global equities rallied in November with the Republican's clean sweep across Congress in the U.S. Federal election widely seen as positive for markets; a clear mandate paves the way for promised tax cuts and a lighter regulatory touch. Earlier in the month, the U.S. Federal Reserve cut interest rates by a further 25 basis points (0.25 per cent) (as expected) citing the need to balance the priorities of fighting inflation and supporting the labour market. In Australia, the Reserve Bank held rates steady although a more hawkish outlook saw market expectations for a rate cut pushed out well into 2025. Higher for longer rates were blamed on government spending with public sector employment and wages keeping the Central Bank in restrictive territory. Health care and financials were the best performing sectors within the Small Ordinaries Index during the month whilst technology and resources underperformed.

The largest positive contributors for November included HUB24 (ASX:HUB), SGH (ASX:SGH) and TechnologyOne (ASX:TNE).

HUB24 shares maintained their impressive run with the challenger wealth platform reiterating a strong growth outlook at the November Strategy Day. Product innovation is anticipated to drive further market share gains from legacy platform providers, average platform balances across existing adviser clients continue to grow as these relationships mature, whilst buoyant equity markets also remain supportive of platform flows. Valuation has certainly re-rated over the past year, however, we remain attracted to the strong earnings power of the business and leverage to structural tailwinds.

SGH (formerly Seven Group Holdings, (ASX:SVW) shares rallied after the industrial services company reiterated its FY25 earnings guidance (high single digit earnings before interest & tax growth) at the November Annual General Meeting. Management called out a solid medium-term outlook for its Caterpillar (NYSE:CAT) dealership business, WesTrac, underpinned by strong machine rebuild activity and a capital sales order book described as being one of the strongest in 10 years. Demand for SGH's equipment hire business, Coates, remains resilient overall, with strong activity in the Western and Northern regions of Australia helping offset project delays in the Eastern and Southern states. The Boral earnings turnaround story continues with pricing discipline and operational efficiency initiatives driving strong margin improvement against a backdrop of stable concrete market activity.

TechnologyOne, a leading provider of enterprise software to the government and education sectors, delivered a strong FY24 result with pre-tax earnings growing 18 per cent over the period, landing comfortably ahead of guidance (of 12-16 per cent growth) and consensus expectations. Result highlights included strong recurring revenue growth driven by Australia and New Zealand cross-sell, new business wins and accelerating growth in the UK, coupled with strong cash generation. Management expects these trends to continue and reiterated their medium-term targets. We believe TechnologyOne is executing the growth strategy well with the recent multiple rerating better reflecting the long growth runway and balance sheet optionality.

The largest detractors from performance included GQG Partners (ASX:GQG), Ramelius Resources (ASX:RMS) and Vault Minerals (ASX:VAU).

GQG Partners, a boutique investment firm specialising in global and emerging market equities, share price faced heavy selling pressure after news reports that the founder and Chairman of the Adani Group (amongst other executives), one of the firm's larger portfolio holdings, was charged with securities fraud in the U.S. GQG Partners noted that the firm is monitoring the situation and confirmed exposure to the Adani

Group was less than 10 per cent of assets. GQG Partners also announced a \$100 million share buy-back commencing 6 December 2024. The key risks for GQG Partners are potential reputational damage, investment underperformance and client outflows. Early analysis suggests that, indeed, some outflows likely occurred immediately after the Adani Group news broke, although the GQG Partners' Emerging Markets fund, which had the largest exposure to the Adani Group, managed to outperform its benchmark by circa 1 per cent in November despite this headwind. Whilst near-term uncertainty around flows and performance still exists, we ultimately expect GQG Partners' clients to remain focused on the firm's long-term track record of strong outperformance. With the stock trading on a circa 9x P/E and 10 per cent dividend yield, we feel much of this risk is already in the price.

Ramelius Resources and Vault Minerals are both Australian gold producers; their share prices were sold off during November along with the gold sector more broadly (gold was the worst performing sector within the Small Ordinaries Index for the month), tracking the 3.7 per cent fall in the gold price on USD strength post-election. Notwithstanding short-term share price volatility, the outlook for Australian gold producers remains positive in our view; cash generation is very strong thanks to the high USD denominated gold price and moderating inflationary pressures on the sector's AUD denominated operating cost bases. Further, consolidation activity looks to be heating up, as seen with Northern Star Resources' (ASX:NST) recent scrip bid for De Grey Mining (ASX:DEG).

