



# 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

\$180.4M

#### 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

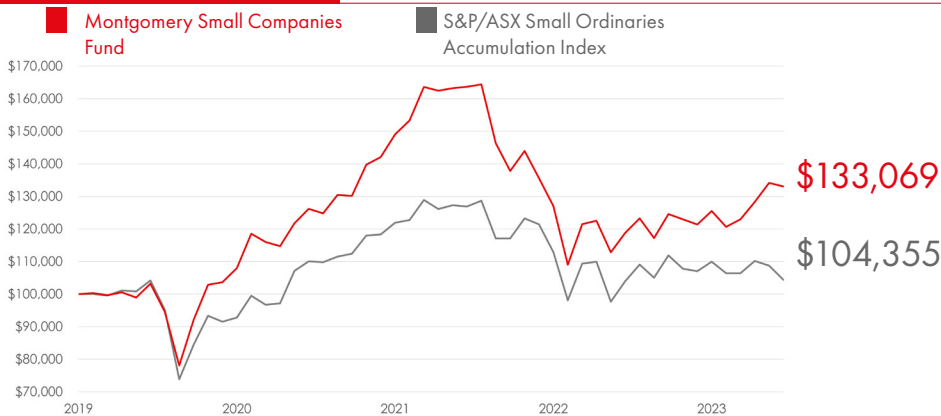
#### PERFORMANCE FEES

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 30 September 2023, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY SMALL COMPANIES FUND	S&P/ASX SMALL ORDINARIES ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	-0.80%	<b>-0.80%</b>	-4.04%	3.24%
3 months	0.00%	8.19%	<b>8.19%</b>	-1.94%	10.13%
6 months	0.69%	8.96%	<b>9.65%</b>	-2.47%	12.12%
12 months	0.75%	17.20%	<b>17.95%</b>	6.85%	11.10%
3 years (p.a.)	3.14%	1.55%	<b>4.69%</b>	2.57%	2.12%
Since inception#	11.29%	21.78%	<b>33.07%</b>	4.35%	28.72%
Compound annual return (since inception)#	2.69%	4.67%	<b>7.36%</b>	1.06%	6.30%

# Inception: 20 September 2019

Past performance is not indicative of future performance



## TOP COMPLETED HOLDINGS\* (TCH)

(as at 30 September 2023 showing top 5 of 48 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Bapcor	ASX:BAP	<a href="https://www.bapcor.com.au/">https://www.bapcor.com.au/</a>
Boss Energy	ASX:BOE	<a href="http://www.bossenergy.com/">http://www.bossenergy.com/</a>
HUB24	ASX:HUB	<a href="http://www.hub24.com.au/">http://www.hub24.com.au/</a>
IPH Limited	ASX:IPH	<a href="http://www.iphltd.com.au/">http://www.iphltd.com.au/</a>
Seven Group Holdings Ltd	ASX:SVW	<a href="https://sevengroup.com.au/">https://sevengroup.com.au/</a>

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

Total equity weighting 94.37%

Total cash weighting 5.63%

## TOP 3 CONTRIBUTORS AND DETRACTORS

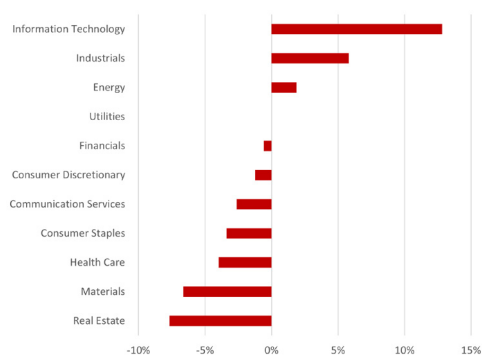
### CONTRIBUTORS

Aussie Broadband	Shares rallied on better NBN input cost outlook
Boss Energy	Shares rallied on strong spot Uranium commodity price moves
Seven Group Holdings	Shares rallied on no new news

### DETRACTORS

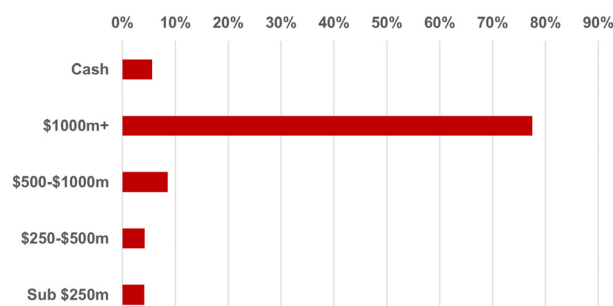
Life360	Shares declined on no new news
Allkem	Shares declined on weak spot Lithium commodity price moves
Praemium	Share declined on potential changes at key clients

## GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK



■ Montgomery Small Companies Fund

## MARKET CAPITALISATION EXPOSURE



## CONTACT DETAILS

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**PLATFORMS WE ARE ON:** Netwealth (IDPS and Super/Pension) ⊕ WealthO2/uXchange ⊕ BT Wrap ⊕ BT Panorama ⊕ HUB24 (IDPS and Super) ⊕ Ausmaq ⊕ Macquarie Wrap ⊕ Asgard ⊕ Praemium IDPS ⊕ Mason Stevens ⊕ FirstWrap ⊕ AMP North ⊕ MLC Wrap

# 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) declined 0.80 per cent, net of fees, in September while the benchmark, the S&P/ASX Small Ordinaries Accumulation Index, declined by 4.04 per cent. Since inception (20 September 2019), the Fund has increased by 33.07 per cent, outperforming the benchmark by 28.72 per cent, after fees and expenses.

The largest positive contributors for September included Aussie Broadband (ASX:ABB), Boss Energy (ASX:BOE) and Seven Group (ASX:SVW). Aussie Broadband offers consumer Broadband packages to its customers and the largest input cost are charges for access to the NBN network and fees for usage. Aussie Broadband shares lifted in response to news on the future price path for these NBN cost inputs – both are likely to fall and become more certain. Uranium developer Boss Energy shares rose as the Uranium spot price rallied materially, providing more support for the view that the supply demand balance in that commodity is now tightening. There has been a gap between primary demand and supply for multiple years post Fukushima, demand appears to be strengthening and primary supply needs to respond, and the price needs to move to levels to incentivise that. Boss Energy's mine is scheduled to enter production this quarter. Seven Group's shares continued to rally post its strong August results on no new news.

The largest detractors from performance included Life360 (ASX:360), Allkem (ASX:AKE) and Praemium (ASX:PPS). Life360's August results were stronger than expected causing its shares to rally some 12 per cent on the day to over \$9. Since then, the shares have been brought back to the pre-results level of closer to \$8, despite no stock specific news. Macroeconomic factors such as the rapid rise in bond yields, which we have seen this month impact sentiment for growth stocks such as Life360. Allkem's shares have declined on weak spot market Lithium pricing that has been observed for some time now. There are growing fears that the rate of electric vehicle (EV) demand growth in EU and U.S. is being impacted by weak macro factors there, and Chinese demand growth is slowing too. Praemium's shares have been soft as the market has observed key staff departures at one of its more significant wealth manager clients, with the implication that over time this could impact Praemium's growth drivers.

The portfolio is full of bottom-up stock specific investments that we think add up well for the macro and investing background we are in. Within that there is a skew towards growth companies, that we think look cheaply priced and away from real estate investment trusts (REITs) and economically sensitive sectors where earnings are tough to call and valuations unresponsive. The portfolio remains positioned in certain defensive and profitable high growth stocks that have the combination of relative earnings certainty or under-appreciated earnings power as the market has under-estimated the impact of cost cuts on earnings that don't materially impact the cadence of growth delivered. The portfolio's retained a neutral exposure to resources, but within that an overweight to energy which has aided performance.

