



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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RECOMMENDED INVESTMENT TIMEFRAME

5 years

MINIMUM INITIAL INVESTMENT

\$25,000

INCEPTION DATE

20 SEPTEMBER 2019

FUND SIZE

\$27.5M

MANAGEMENT FEE

1.23% per annum, which includes a management fee of 1.03% per annum. Both figures are GST inclusive and net of RITC.

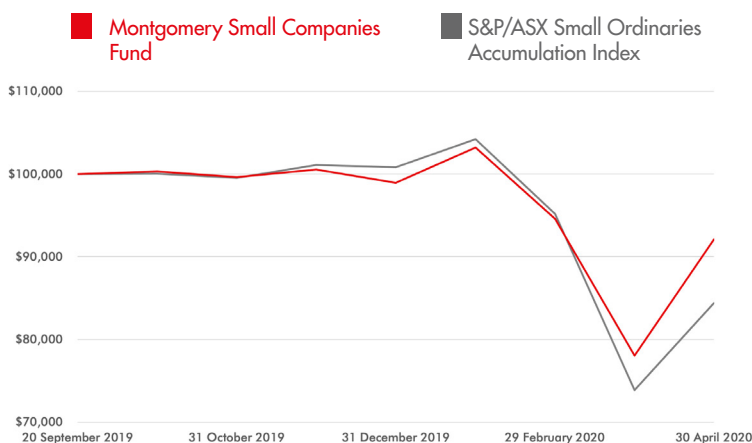
PERFORMANCE FEES

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

INVESTORS

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

ADVISERS, RESEARCHERS AND PLATFORMS

Scott Phillips (NSW)
e sphillips@montinvest.com
Dean Curnow (NSW, ACT, WA)
e dcurnow@montinvest.com
David Denby (VIC, SA)
e ddenby@montinvest.com
Michael Gallagher (QLD)
e mgallagher@montinvest.com

PORTFOLIO PERFORMANCE

(to 30 April 2020, after all fees)

	INCOME	CAPITAL GROWTH	MONTGOMERY SMALL COMPANIES FUND	S&P/ASX SMALL ORDINARIES ACCUM. INDEX	OUT/UNDER PERFORMANCE
1 month	0.00%	17.99%	17.99%	14.27%	3.72%
3 months	0.00%	-10.76%	-10.76%	-19.00%	8.24%
6 months	0.00%	-7.58%	-7.58%	-15.20%	7.62%
Since inception#	0.00%	-7.92%	-7.92%	-15.60%	7.68%

Inception: 20 September 2019



FUND COMMENTARY

The Montgomery Small Companies Fund (the Fund) delivered a return of 17.99 per cent, net of fees, in April versus the benchmark, the S&P/ASX Small Ordinaries Accumulation index, which increased by 14.27 per cent. Since inception (20 September 2019), the Fund has fallen 7.92 per cent, whilst outperforming the benchmark by 7.68 per cent.

The largest positive contributors to performance included Appen (ASX:APX), Infigen Energy (ASX:IFN) and Macquarie Telecom (ASX:MAQ). Appen rallied as management reaffirmed earnings guidance, highlighting the defensive nature of end markets as major tech players continue to invest in AI projects to remain at the forefront of the innovation curve. Despite no new news, Infigen shares rebounded strongly in April having been heavily sold off over the previous few months. Macquarie Telecom's strong share price performance may be attributed to growing investor awareness of accelerating demand for data centre services, material expansion potential and a cheap valuation relative to its peers.

The largest detractors from performance included GTN Limited (ASX:GTN), Janus Henderson (ASX:JHG), and Red 5 (ASX:RED). GTN shares declined after management warned the company would fall short of FY20 consensus expectations due to disruptions caused by the COVID-19 pandemic. Janus Henderson underperformed in April as investors prepared for a soft March quarterly update. Their result ultimately came in well ahead of expectations; earnings estimates have subsequently been upgraded; and the share price recovered. Red 5's share price flat-lined as investors digested the recent capital raise.

Market commentary

Global equity markets staged an impressive comeback in April following the

record March selloff. Investor sentiment improved as the growth in COVID-19 cases decelerated across some of the hardest hit regions in Europe and the US, leading investors to shift their gaze to the plan for gradually re-opening shuttered economies. Beaten up cyclicals like retail and materials broadly outperformed more defensive sectors such as healthcare and staples while oil prices stunningly collapsed in the face of cratering demand and global storage reaching full capacity. April also saw a wave of capital raisings (almost \$5 billion in domestic small caps) as companies restored their balance sheet positions against a more challenging macro backdrop.

Outlook

We expect equity markets to remain volatile, as investors grapple with the near term deluge of COVID-19 impacted company earnings updates, the shape of the recovery cushioned by extraordinary monetary and fiscal support, punctuated with fears of a second wave of infections, and hopes around a vaccine.

Volatile markets are a target rich environment for active managers as the scope for individual mispriced investment opportunities is large. This is what we see today, and we are working as hard as ever to take advantage. Today our portfolio has a strong core of stocks well placed for a COVID-19 world, choc-a-bloc full of growing telecoms, connectivity, data centre stocks, as well structural growth stocks that are growing well today and competitively positioned to grow more strongly tomorrow. We have steadily invested our cash pile since 23 March, and exited April with 13 per cent cash. It's been good to have some dry powder to take advantage of the many discounted capital raises and the opportunities in crushed cyclical stocks as they arise. Flexibility is key. We endeavour to protect capital when required, but to go on the offensive when conditions avail themselves and we expect this to continue to drive our performance in markets like these.

TOP COMPLETED HOLDINGS* (TCH)

(as at 30 April 2020 showing top 5 of 45 holdings, in alphabetical order)

COMPANY NAME	TICKER	COMPANY WEBSITE
Appen	ASX:APX	https://appen.com/
Infigen Energy	ASX:IFN	https://www.infigenenergy.com/
Macquarie Telecom Group	ASX:MAQ	https://macquarietelecom.com/
Megaport	ASX:MP1	https://www.megaport.com/
NEXTDC	ASX:NXT	https://www.nextdc.com/

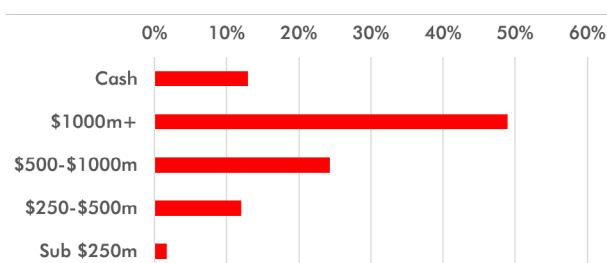
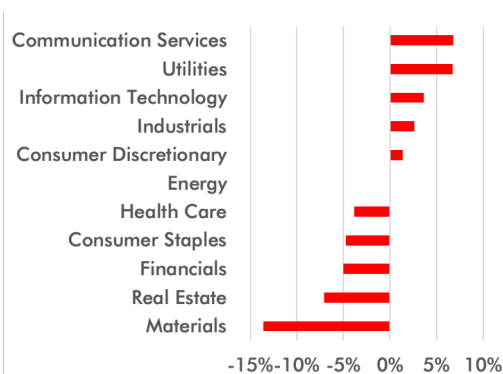
*Top Completed Holdings are businesses we own but are not actively buying or selling at the time of writing.

Total equity weighting 87.01%

Total cash weighting 12.99%

GICS SECTOR WEIGHTS RELATIVE TO THE BENCHMARK

MARKET CAPITALISATION EXPOSURE



Montgomery Small Companies Fund

PLATFORMS WE ARE ON: N/A

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. 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.

