

# Montgomery Small Companies Fund

Monthly investment report

February 2026

## Fund overview

The Montgomery Small Companies Fund (the Fund) invests in a portfolio of 30 to 50 Australian and New Zealand high-quality, undervalued small and emerging companies with strong growth potential.

## Fund facts

<b>Investment manager:</b>	Montgomery Lucent Investment Management
<b>Objective:</b>	To outperform the S&P/ASX Small Ordinaries Accumulation Index over a rolling 5-year period.
<b>Benchmark:</b>	S&P/ASX Small Ordinaries Accumulation Index
<b>Portfolio managers:</b>	Gary Rollo, Dominic Rose
<b>Investment style:</b>	Agnostic
<b>Investment timeframe:</b>	5 years recommended

<b>Inception:</b>	20 September 2019
<b>Minimum initial investment:</b>	\$25,000
<b>Fund size:</b>	\$274.06 million
<b>Management fees and costs:</b>	1.20% pa*
<b>Distributions:</b>	Yearly
<b>Performance fee:</b>	17.94% outperformance of benchmark**
<b>Unit prices:</b>	<a href="http://montinvest.com/our-funds/montgomery-small-companies-fund/">montinvest.com/our-funds/montgomery-small-companies-fund/</a>

\*Includes the Responsible Entities fees, Montgomery Lucent's fees, custody fees, ordinary and abnormal expenses and any indirect costs. This is an estimate as expenses may vary.

\*\*Please read the Product Disclosure Statement for details.

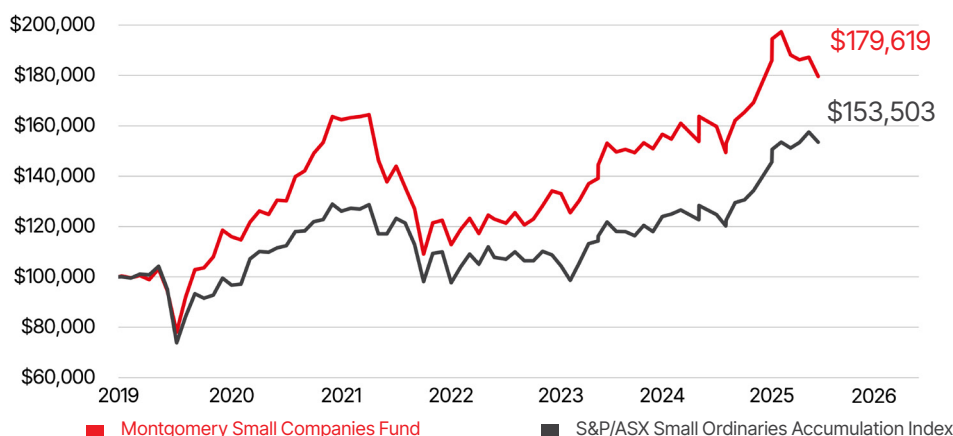
## Portfolio performance (after all fees)

	1 month	3 months	6 months	12 months	3 years (p.a.)	5 years (p.a.)	Since inception#	Compound annual return (since inception)
Montgomery Small Companies Fund	-4.06%	-4.53%	-3.39%	12.46%	13.45%	6.61%	79.62%	9.52%
S&P/ASX Small Ordinaries Accumulation Index	-2.57%	1.53%	5.42%	23.05%	12.51%	6.60%	53.50%	6.88%
Out/under performance	-1.49%	-6.06%	-8.81%	-10.59%	0.94%	0.01%	26.12%	2.64%

# Inception: 20 September 2019, past performance is not indicative of future performance

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 and assume distributions are reinvested.

## Performance



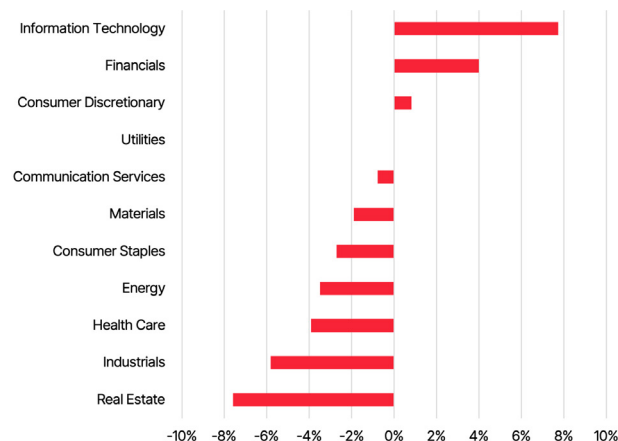
## Top 5 holdings

Company name	ASX Code
Codan	CDA
Greatland Resources	GGP
Megaport	MP1
NRW Holdings	NWH
Vault Minerals	VAU
Cash weight	8.63%
Weighted average market capitalisation	\$4.68 bn

## Top 3 contributors and detractors

Contributors	
Elevra Lithium	Shares rebounded on Lithium price strength
NRW Holdings	Earnings supported by strong mining activity
Superloop	Strong share price response to fundamentals
Detractors	
Megaport	Foreign exchange headwinds
Nick Scali	Short-term outlook weighed on sentiment
ZIP Co	Typical growth trade-offs occurred

## Sector weights relative to benchmark



## Fund commentary

The Montgomery Small Companies Fund (the Fund) returned -4.06 per cent (net of fees) in February underperforming the benchmark, which returned -2.57 per cent. Since inception, the Fund has delivered a total return of +79.62 per cent (9.52 per cent p.a.), outperforming the benchmark's +53.50 per cent (6.88 per cent p.a.).

### Key contributors

#### Elevra Lithium (ASX:ELV)

Elevra Lithium's shares rebounded somewhat on commodity (Lithium) price strength and its February results clarified the outlook. The combination reminding investors of the future cashflow potential and its significance in provisioning a self-funding scenario for its internal growth projects.

#### NRW Holdings (ASX:NWH)

NRW Holdings beat 1H26 earnings expectations and raised guidance, supported by strong mining activity in WA and QLD. Its order book remains robust and continues to grow, reflecting positive commodity prices and healthy miner balance sheets. Management is executing well, delivering solid margins and unlocking growth opportunities through Fredon, its recently acquired electrical contracting business.

#### Superloop (ASX:SLC)

Superloop shares had weakened amid headlines about rising competition from Telstra and Aussie Broadband's increased deal activity. However, when it comes to delivering organic growth, strong margins, solid cash flow and disciplined cost management in the telco sector, Superloop stands out – a strength reflected in the recent share price response.

### Key detractors

#### Megaport (ASX:MP1)

Megaport beat 1H earnings expectations and delivered strong 19 per cent annual recurring revenue growth, but shares fell due to new foreign exchange headwinds and higher costs to support future growth.

In a market shifting away from growth stocks, investors focused on foreign exchange and spending rather than the progress of Megaport's growth strategy.

#### Nick Scali (ASX:NCK)

Investors focused on Nick Scali's short-term trading outlook rather than progress on its medium-term UK store rollout. Concerns that strong 1H26 results pulled demand forward, combined with worries about domestic interest rates, weighed on sentiment and pushed the share price lower despite the company's longer-term growth opportunity.

#### ZIP Co (ASX:ZIP)

Zip Co's earnings slightly missed expectations but triggered a sharp share price fall. Weakness was centred in its U.S. Buy Now, Pay Later (BNPL) business, where strong growth came with higher costs and rising bad debts from newer customers and products. These are typical growth trade-offs, yet investors sold. At ~8x earnings, Zip still offers strong growth and structural BNPL tailwinds.

### Outlook

History shows the Fund normally performs well through results seasons, as it's a period of time where company fundamentals, which we focus on, are the key determinant of share prices. Not this season we'd argue. We made some errors (we usually do) and got a lot right too, but the market did not reward these in its normal fashion.

Instead, the market's attention was captured by the narrative of AI disintermediation risk and the dramatic repricing of the U.S. software sector. The Australian market, lacking adequate volume of software stocks on which to express this angst, let its fears out more broadly, derating many quality growth stocks, software exposed or not.

The Fund is overweight quality growth stocks, which we believe offer the best small-cap opportunities. This focus contributed to underperformance over the past month and recent months. During this time, we have trimmed some of our winners, added to positions we believe were undervalued, and reassessed stocks where our investment thesis has changed. While the market may overreact to artificial intelligence (AI) fears, we have carefully reviewed the portfolio, seizing attractive opportunities while avoiding areas we see as overhyped.

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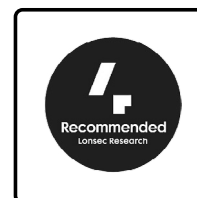
## Platform availability

- Asgard
- BT Panorama
- CFS Edge
- DASH
- HUB24
- Macquarie Wrap
- Mason Stevens
- Insignia eXpand
- Netwealth
- North
- Praemium
- Powerwrap

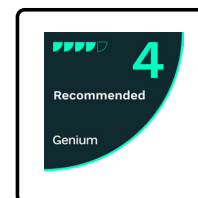
## Ratings



Zenith  
Recommended



Lonsec Research  
Recommended



Genium  
Recommended



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[rogermontgomery.com](http://rogermontgomery.com)

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