

Montgomery Small Companies Fund

Monthly investment report

September 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

Investment manager:	Montgomery Lucent Investment Management	Inception:	20 September 2019
Objective:	To outperform the benchmark over a rolling 5-year period.	Minimum initial investment:	\$25,000
Benchmark:	S&P/ASX Small Ordinaries Accumulation Index	Fund size:	\$256.82 million
Portfolio managers:	Gary Rollo, Dominic Rose	Management fees and costs:	1.20% pa*
Investment style:	Agnostic	Distributions:	Yearly
Investment timeframe:	5 years recommended	Performance fee:	17.94% outperformance of benchmark**
APIR code:	FHT3726AU	Unit prices:	montinvest.com/our-funds/ montgomery-small-companies-fund/

*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.

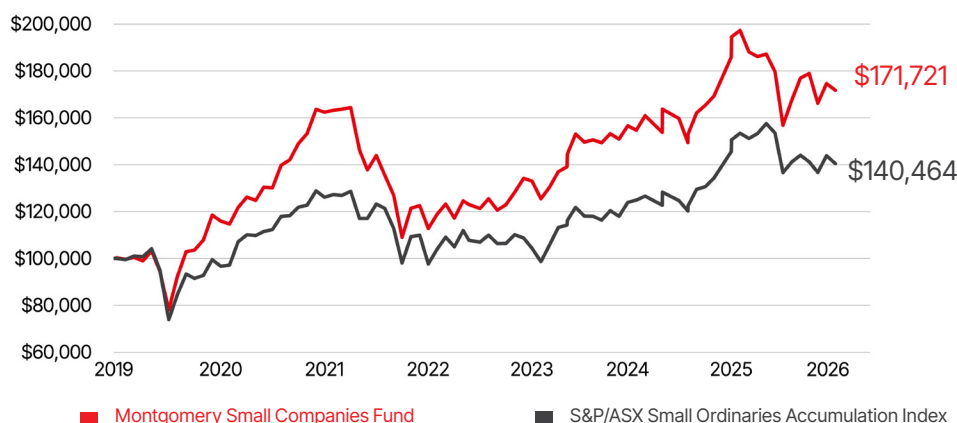
Portfolio performance (after all fees)

	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	-1.66%	-4.05%	9.46%	-11.74%	8.87%	1.12%	71.72%	8.00%
S&P/ASX Small Ordinaries Accumulation Index	-2.34%	-0.53%	2.77%	-6.74%	10.41%	2.18%	40.46%	4.95%
Out/under performance	0.68%	-3.52%	6.69%	-5.00%	-1.54%	-1.06%	31.26%	3.05%

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



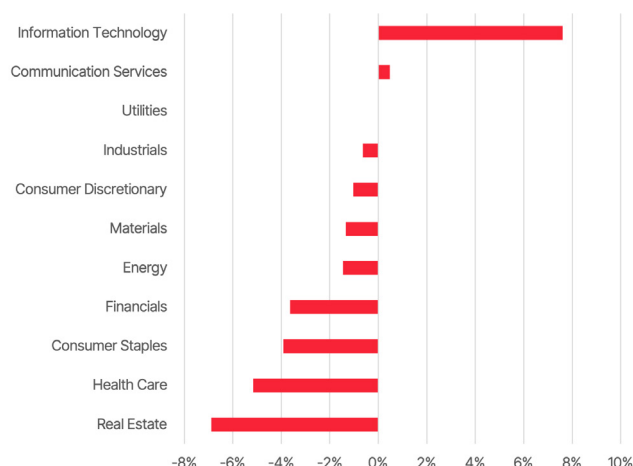
Top 5 holdings

Company name	ASX Code
Genesis Minerals	GMD
Megaport	MP1
NRW Holdings	NWH
Sandfire Resources	SFR
Ventia Services Group	VNT
Cash weight	9.66%
Weighted average market capitalisation	\$4.13 bn

Top 3 contributors and detractors

Contributors	
Codan	Strong profit upgrade driven by accelerating demand for drone technologies
Ingenia Communities	Shares benefited from a sweetened private equity takeover bid
Megaport	Shares rallied following major contract wins and a substantial profit upgrade
Detractors	
Elevra Lithium	Shares declined amid weaker lithium prices and concerns over global supply
Genesis Minerals	Shares declined alongside broader gold sector weakness and falling bullion prices
Zip Co	Shares declined amid rising interest rate concerns and broader sector weakness

Sector weights relative to benchmark



Fund commentary

The Montgomery Small Companies Fund (the Fund) returned -1.66 per cent (net of fees) in September, outperforming the benchmark which returned -2.34 per cent. Since inception, the Fund has delivered a total return of 71.72 per cent (8.00 per cent p.a.), outperforming the benchmark's 40.46 per cent (4.95 per cent p.a.).

Key contributors

Codan (ASX:CDA) +40.2 per cent

Codan's shares jumped following a strong profit upgrade, with first half of financial year 2027 net profit after tax expected to reach at least \$160 million (57 per cent ahead of prior consensus) driven by accelerating demand for drone technologies within conflict regions. Revised financial year 2027 estimates appear conservatively cast, presenting further upside potential.

Ingenia Communities (ASX:INA) +32.2 per cent

Private equity player Warburg Pincus LLC made an all-cash bid for Ingenia, attempting to thwart Ingenia's current takeover proposal for Peet (ASX:PPC). After two sweetened bids, the Ingenia Board agreed to grant the private equity suitor non-exclusive due diligence which may or may not lead to an acceptable proposal.

Megaport (ASX:MP1) +24.8 per cent

Megaport shares rallied strongly following a positive update featuring three major contract wins and a substantial profit upgrade. With demand for artificial intelligence (AI) compute continuing to outstrip supply, Megaport remains our top AI exposure given its shorter lead times, lower capital expenditure requirements, robust balance sheet, and attractive valuation relative to peers.

Key detractors

Elevra Lithium (ASX:ELV) -31.5 per cent

Elevra shares continued to sell off on no new news, likely reflecting weaker lithium prices and souring lithium sector sentiment around global supply concerns into a potentially more challenging macro backdrop. We see these concerns as overdone with Elevra our preferred play considering its strategic North American project location.

Genesis Minerals (ASX:GMD) -12.3 per cent

Genesis Minerals shares surrendered a portion of last month's strong gains, tracking broader weakness across the gold sector as bullion prices pulled back (gold fell 6 per cent in September).

ZIP Co (ASX:ZIP) -18.8 per cent

Broad concerns over rising global interest rates and their impact on economic growth and employment weighed heavily on the buy-now-pay-later (BNPL) sector, dragging Zip shares down with it. Although recent updates indicate solid growth and improving bad debt levels, investors remain cautious.

Outlook

Global equities delivered mixed performance over September as the end of the August corporate reporting season shifted market attention toward macroeconomic pressures – namely, surging global bond yields, rising oil prices, and persistent inflation. This environment heightened investor anxiety, particularly across rate-sensitive sectors such as consumer discretionary, housing, materials, and non-bank financials.

The US Federal Reserve delivered a widely anticipated 25 basis point interest rate hike, the first in three years, and updated dot plots signalling one additional increase for 2026. Outlook commentary emphasised economic resilience alongside entrenched inflationary pressures.

Domestically, the Reserve Bank of Australia (RBA) raised the cash rate by 25 basis points to a 15-year high. RBA guidance remained hawkish, stressing that inflation remains elevated and economic growth must moderate and unemployment rise for inflation to return to its target band. Australian small caps performed broadly in line with large caps during the month. However, Small Industrials (-2.1 per cent) outperformed Small Resources (-4.8 per cent), weighed down by a stronger US dollar and softening prices across bulk, precious, and base metals.

Looking forward, domestic markets will focus on the interplay between tight monetary policy, a weakening housing market, labour market dynamics and inflation metrics. Additionally, the upcoming October–November Annual General Meeting season will offer critical company-level trading updates and forward guidance.

Portfolio strategy remains aligned to capitalise on the disconnect between small cap earnings growth and relative valuations. While rising global interest rates continue to present headwinds, current market pricing reflects an overly pessimistic outlook for high-quality structural growers. Positioning remains balanced with overweight exposures to undervalued growth companies and select resources, offset by underweights in rate-sensitive sectors like Consumer Discretionary and real estate investment trusts (REITs).

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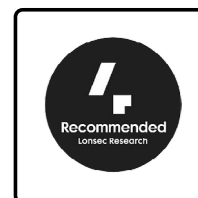
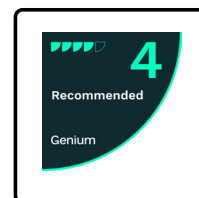
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- BT Panorama
- CFS Edge
- DASH
- HUB24
- Macquarie Wrap
- Mason Stevens
- Insignia eXpand
- Netwealth
- North
- Praemium
- Powerwrap

Ratings

Zenith
RecommendedLonsec Research
RecommendedGenium
Recommended

Read our insights at
rogermontgomery.com

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