

The Montgomery Fund

Monthly investment report

August 2026

Fund overview

The Montgomery Fund's portfolio will typically comprise 25-35 high-conviction stocks listed on the ASX. The Fund employs an active, bottom-up investment approach focused on fundamental analysis and high-quality companies.

Fund facts

Investment manager:	Montgomery Investment Management Pty Ltd	Investment timeframe:	5 years recommended
Sub-investment manager:	Australian Eagle Asset Management Pty Ltd appointed 12 September 2022.	Inception:	17 August 2012
Objective:	To outperform the index over a rolling 5-year period.	Minimum initial investment:	\$25,000
Benchmark:	S&P/ASX 300 Accumulation Index	Fund size:	\$231.51 million
Portfolio managers:	Sean Sequeira, Alan Kwan	Management fees and costs:	1.36% pa*
APIR code:	FHT0030AU	Distributions:	Half-yearly. View a history of our website here .
Investment style:	Agnostic	Performance fee:	15.38% outperformance of the benchmark**
		Unit prices:	montinvest.com/our-funds/the-montgomery-fund/

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

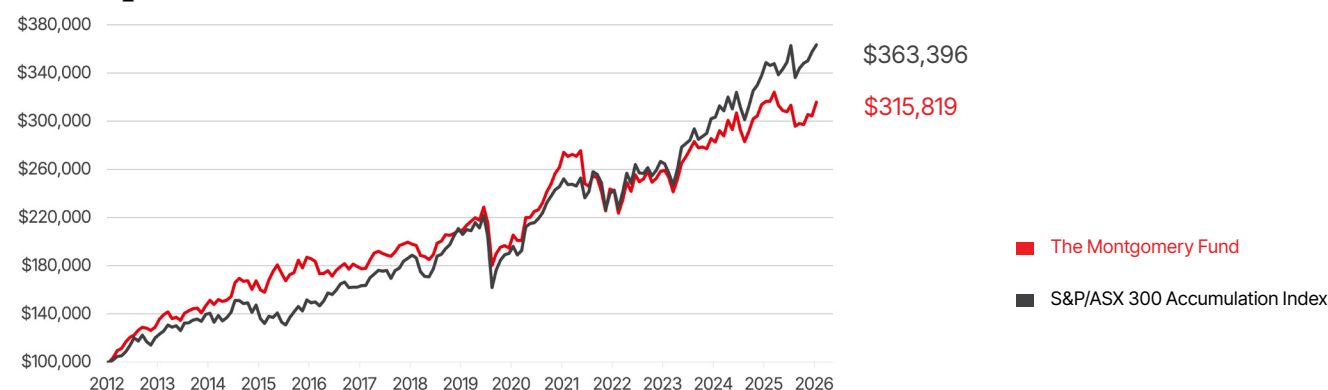
** Please read the Product Disclosure Statement for details.

Portfolio performance

	1 month	3 months	6 months	12 months	3 years (p.a.)	5 years (p.a.)	Since inception [#]	Compound annual return (since inception)
The Montgomery Fund	3.74%	6.28%	0.83%	-0.19%	6.82%	2.87%	215.82%	8.54%
S&P/ASX 300 Accumulation Index	1.62%	4.40%	0.19%	4.25%	11.16%	7.59%	263.40%	9.63%
Out/under performance	2.12%	1.88%	0.64%	-4.44%	-4.34%	-4.72%	-47.58%	-1.09%

Inception: 17 August 2012, 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.

Fund performance



Fund commentary

Pleasingly, The Montgomery Fund returned 3.74 per cent after fees in August 2026, materially outperforming the S&P/ASX 300 Accumulation Index for the month by 2.12 per cent.

Outperformance was driven by overweight healthcare, particularly CSL, and resources positions. Resource holdings benefited from strength in gold, lithium and diversified miners. The result highlights the benefit of maintaining exposure to high-quality companies, particularly after a long period in which 'quality' has played second fiddle to AI-driven 'momentum'. Selective resource exposure where earnings growth and commodity support have improved also contributed to August's result.

Portfolio changes

The Fund increased positions in ASX Ltd (ASX:ASX), BHP Group Ltd (ASX:BHP), Cochlear Ltd (ASX:COH), CSL Ltd (ASX:CSL) and PLS Ltd (ASX:PLS).

The Fund decreased exposure to Life360 Inc. (ASX:360), Aristocrat Leisure Ltd (ASX:ALL), Commonwealth Bank of Australia Ltd (ASX:CBA), Fortescue Ltd (ASX:FMG), Iluka Resources Ltd (ASX:ILU), National Australia Bank Ltd (ASX:NAB), QBE Insurance Group Ltd (ASX:QBE), Transurban Group Ltd (ASX:TCL).

Galan Lithium (ASX:GLN)

The Fund initiated a small position in Galan Lithium Ltd (ASX:GLN), a lithium developer transitioning into production at its flagship Hombre Muerto West (HMW) lithium brine project in Argentina.

We were attracted to Galan Lithium's exposure to a recovering lithium market and its transition from development toward production and cash flow. The HMW project is a large, high-grade, high-purity lithium brine resource in Argentina, with a premium lithium chloride concentrate grading around 6 per cent lithium, equivalent to approximately 32 per cent LCE, and an estimated operating cost of US\$3,263/t LCE, placing it firmly in the lowest quartile of production costs.

Recent operational progress has also improved the investment case, with Galan completing wet commissioning at HMW and producing first processed lithium chloride during the June 2026 quarter. In our view, this creates a meaningful change in the company's quality profile, as the market begins to recognise Galan's graduation from developer to producer.

The Fund exited its small position in Weebit Nano Ltd (ASX:WBT) as the risk-reward trade-off deteriorates amid heightened volatility across the AI theme and a material sell-off in semiconductor-related equities. While the company continues to progress toward commercialisation, the timing and scale of future revenue remained uncertain due to customer delays. The share price has become more dependent on broader AI sentiment.

Contributors

CSL Ltd (ASX:CSL) – CSL continued its outperformance since July, with the FY26 result revealing strong progress in its turnaround strategy. The core plasma business posted high-single-digit growth, while Seqirus gained market share. Despite interim management in place, CSL has already achieved US\$176 million in cost efficiencies.

Evolution Mining Ltd (ASX:EVN) – Evolution Mining rose alongside a bounce in the gold price. The FY2026 result revealed record cash flow generation, supported by rising gold and copper prices, operational improvement and a stronger balance sheet.

PLS Ltd (ASX:PLS) – PLS followed the lithium price higher as management announced a robust FY26 result, driven by higher lithium prices, production growth and operational improvements. PLS also declared a five cents per share fully franked dividend but retained the majority of free cashflow for future capital expenditure and balance sheet flexibility.

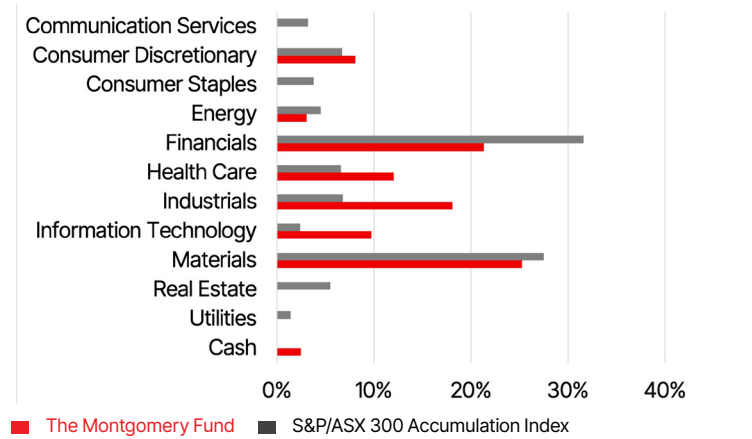
Detractors

Life360 Inc. (ASX:360) – Life360 fell after a strong run into its 2Q2026 result, with the market already pricing in a positive update. While monthly active user growth returned to around 20 per cent and monetisation continued to improve, the result was not enough to prevent profit-taking after recent outperformance.

QBE Insurance Group Ltd (ASX:QBE) – QBE fell after its result revealed early signs the insurance cycle may be moderating, with premium rate momentum decelerating. While underwriting profitability remains strong, the market is becoming more cautious about extrapolating future margin expansion as the cycle matures.

Wesfarmers Ltd (ASX:WES) – Wesfarmers underperformed despite reporting strong underlying growth as the market began to price in short-term expectations of slowing consumer activity. The conglomerate's diversified operations provide a strong platform for compounding earnings through the cycle.

Industry exposure



Top 10 holdings

Company Name	ASX Code	Weight (%)
BHP Group Ltd	BHP	6.30
ASX Ltd	ASX	6.14
Brambles Ltd	BXB	6.00
Commonwealth Bank of Australia	CBA	5.12
PLS Group Ltd	PLS	5.08
Aristocrat Leisure Ltd	ALL	4.80
Rio Tinto Ltd	RIO	4.70
Worley Ltd	WOR	4.53
CSL Ltd	CSL	4.52
Cochlear Ltd	COH	4.46
Cash		2.47
Weighted average market capitalisation		\$74.41bn

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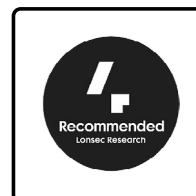
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Platform availability

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

Ratings

Zenith
RecommendedLonsec Research
Recommended

Read our insights at
rogermontgomery.com

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Important information

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