Montaka Quarterly Letter

JUNE 2026

Extreme mispricings have built up in markets today, and Montaka is positioned for their reversal. A relatively small group of historically cyclical stocks – largely tied to semiconductors and commodities – have driven the overwhelming share of index returns over the past year.

Meanwhile, many of the world's most durably advantaged businesses, with dominant positions in large addressable markets, are priced for overly conservative expectations – far below what we believe they will deliver. We remain resolutely focused on the latter.

Periods during which such market inefficiencies build tend to result in unflattering relative performance for Montaka, such as in 2022. Yet, history shows that a reversal can translate into enormous gains, such as in 2023 and 2024.

This is the essence of Montaka's approach – a concentrated portfolio of high–conviction, long–duration, competitively advantaged businesses – bought while prices remain attractive.

We firmly believe this approach will deliver investors excess returns over the long term.

Performance Deconstruction

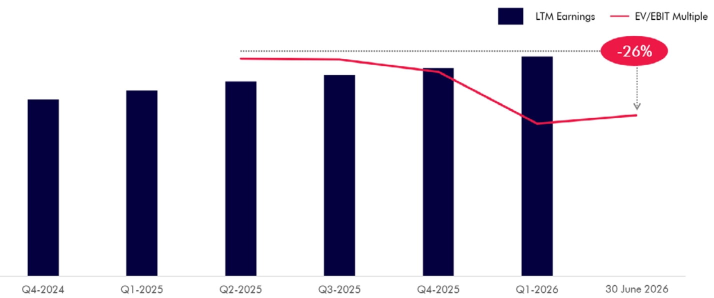
While Montaka delivered positive returns in the June quarter, performance over the last 12-month period was materially negative – driven overwhelmingly by the declines experienced in the March quarter related to the 'SaaSpocalypse' (the selloff in software and AI–exposed names).

We shared our detailed analysis of this selloff, and why we believe many competitively advantaged businesses have been drastically oversold in our most recent whitepaper: Where Advantages Lie (and Lie) in the Age of AI.

Declines in ServiceNow, Microsoft, KKR, Salesforce and Meta Platforms were among the largest detractors from portfolio performance over the 12 months. Partially offsetting these were gains in Alphabet, MongoDB and TSMC.

And yet, the businesses themselves had an excellent year – even as their stock prices did not. On a look–through basis (aggregating financials across our underlying holdings), Montaka's portfolio earnings power continued to grow at annual percentage rates in the teens. Only the market's willingness to pay for those earnings fell – as the chart below illustrates – and substantially explains Montaka's absolute performance over the period.

Portfolio Weighted 'Look-Through' Earnings vs Valuation Multiple



Source: Montaka, Bloomberg, Tegus, Company Filings| Note: Analysis based on portfolio weightings of 11% Amazon, 11% Microsoft, 9.5% Meta Platforms, 8.5% Alphabet, 8% KKR, 6% ServiceNow, 6% Tencent, 5.5% Salesforce, 5% Floor & Decor, 4.5% Spotify, 4% Blackstone, 4% S&P Global, 4% Mastercard, 4% MongoDB, 4% DoorDash, 3% Visa, 2% Unity Software. The portfolio weightings have been developed by Montaka to provide an indicative portfolio based on companies held at May 2026 publishing quarterly earnings data. The indicative portfolio does not represent actual Montaka portfolio weightings at any point in time during the analysis period. The analysis uses constant portfolio weightings throughout the period. Analysis based on Montaka's adjusted analysis of each company's revenue, operating income and enterprise value using company published financial information.

This gives us significant confidence. Over the long–term, earnings power is the dominant driver of company valuation. Over the shorter–term, multiples routinely move around based on market narratives, investor psychology, and fashionable trades.

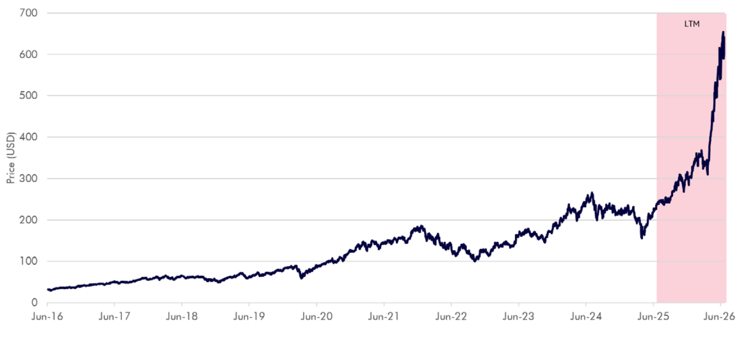
Relative performance is also a function of the broader market indices Montaka is measured against.

Over the last 12 months, the MSCI World Total Return Index delivered 21% and the S&P 500 delivered returns of 22%, both in USD terms.

The most significant characteristic of this annual performance was an extreme, narrow contribution from a small group of historically cyclical stocks. Metals & mining stocks rose 60%[1] on average, while semiconductor stocks rose 170%[2] on average. One stock, Sandisk, rose more than 4,900% over the 12 months!

Meanwhile, software stocks were down and financials were approximately flat, on average[3].

iShares Semiconductor ETF (SOXX)



Source: Bloomberg

Market Outlook

Today's starting point appears very stark to us. We see significant downside risk in many stocks that have rallied, and significant upside risk in many that haven't.

Montaka's strategy – owning competitively advantaged businesses that reliably grow their earnings power in large addressable markets – could not compete with the 'bottleneck trades' (short–term trades benefitting from supply constraints) that were so fashionable and clearly delivered over the last 12 months.

Over the longer term, however, we believe Montaka's strategy will deliver investors excess returns above market indices.

On semiconductors, implicit assumptions underpinning some of the extreme moves in stocks include the idea that AI models will keep getting larger, and that demand for compute is largely insensitive to cost.

Yet, recent data points[4] show rapidly growing adoption of smaller, cheaper (and often free) AI models, in place of expensive, well–known Western models. Smaller models need less compute and storage infrastructure to run, meaning the very large capital investments (capex) hyperscalers are currently making, would, in principle, go a lot further if they were used to serve smaller

1. *Based on State Street SPDR S&P Metals & Mining ETF (XME). Sourced from Bloomberg.*
2. *Based on iShares Semiconductor ETF (SOXX). Sourced from Bloomberg.*
3. *Based on S&P 500 sector and sub-sector returns. Sourced from Bloomberg.*
4. *(NYT) Chinese A.I. Models Close the Gap With Anthropic and OpenAI, June 2026.*

models. Any hint of capex downgrades by hyperscalers would likely be read as a strongly negative signal indicator for the elevated semiconductor and commodity stocks tied to the data centre buildout.

On the other side of the market are some of the world's highest quality businesses which have been overlooked during the semiconductor–mania.

Take Visa and Mastercard, for example. Both are extraordinarily advantaged businesses and have consistently grown annual revenues at double–digit percentage rates for many years. And in our view, strong growth will likely continue – driven by new value–added services attached to their payment networks (related to stablecoins, agentic commerce, fraud detection, and other data services) which are growing at even faster rates.

Yet, on Montaka's analysis, the current stock prices of Visa and Mastercard are pricing in future revenue growth of only around 4% per annum – well below what we expect to materialise. This represents a great investment opportunity, in our view.

We see numerous examples today of advantaged businesses being overlooked by a market focused elsewhere, and include a case study on Salesforce in this Quarterly Letter as one such example.

We believe these mispricings will ultimately reverse, and Montaka is positioned accordingly.

Geopolitics, Politics and Economics

We are living in a period in which the global economy and many global markets are tied to the direction the political winds are blowing. And as any follower of global politics will know all too well: the winds can change quickly.

Wars evolving, though accelerated defence spending here to stay

Geopolitically, the picture remains fluid – from the Middle East to Eastern Europe – but the direction of travel on defence spending is not: governments globally are rearming.

We appear to be amidst some kind of resolution to the wars in Iran and Lebanon. In Ukraine, remarkably, Russia has lost its momentum. Ukraine has extended its reach inside Russian borders – already disrupting nearly one–third of Russia's oil refining capacity[5].

If nothing else, recent history (as with much of the past) shows that confident predictions of large–power dominance rarely hold. We find ourselves in a global race to rearm and build up defences – which, ironically, may be the very dynamic that keeps more of a global peace going forward. It is on this basis that Montaka continues to see investment opportunity in global defence contractor BAE Systems.

Politics fragmenting and populism thriving

Global politics is not just being shaped by national security challenges. Democracies are fragmenting worldwide as traditional centrist parties lose votes to populists on both extremes. Germany, France, the Netherlands and Austria have been trending this way for years; in the UK, support for right–wing Reform – and the more extreme Restore – has grown steadily since Brexit; in Australia, One Nation's rise in the polls over the last year has been one of the most notable developments in national politics in a generation.

To date, the favoured flavour of populism in many places appears to be of the right–wing variety. But rising affordability pressures, extreme inequality, and a brewing backlash against AI are planting the seeds of left–wing populism[6] – a dynamic with direct bearing on the politics of the AI buildout, which we turn to next.

AI backlash is coming

Few would disagree that AI is a revolutionary technology which has the potential to benefit humanity greatly. But as an increasing number of technologists become billionaires – and one now a trillionaire – while most feel like they are going backwards, the politics of AI are beginning to sour.

Here is a version of the bind that many politicians find themselves in today:

- On the one hand, they are being asked to approve (and in some cases fund) the data centres driving up prices for generation, transmission and distribution equipment – costs that often flow through to household and business electricity bills.
- This comes as electricity prices and mortgage rates are already elevated– feeding the politically–potent affordability and inequality concerns around the world.
- It also comes as fears of AI–driven job losses (i.e., disruption to employment) are rising.
- "So why are we building this stuff?" – is the question many constituents are starting to ask. Consider that, just last month, a University of Texas poll found that in Texas – one of the most active states for new data centre construction in the US – people who oppose the construction of a data centre in their community outnumber those who don't by a ratio of 2:1[7].
- Yet these same politicians fear that without massive investment in data centres, their economies will fall behind competitively – not to mention the national security risks that follow from adversaries having superior AI capabilities.
- And to make matters more precarious, the lion's share of GDP growth in the world's largest economy (the US) is now tied directly to the data centre build out – putting at risk the near–term economic growth model should anything slow it down.

For allied politicians outside of the US, there is an additional degree of difficulty. They must now weigh the willingness of a current or future US administration to cut off access to US technology at critical moments – as happened in June, when a US government order forced Anthropic to suspend non–US access to one of its most advanced AI models[8].

5. *(WSJ) Putin Faces a Political Crisis as Fuel Shortages Ripple Through Russia, June 2026*
6. *(The Australian) US Democrats at 'war' as parties go to extremes, June 2026*
7. *(The Texas Tribune) Data centers not welcome: New poll shows most Texans oppose them in their communities, June 2026*
8. *(Reuters) Anthropic disables top-tier AI models after US order limiting foreign access, June 2026*

The AI buildout may become bumpy

These are complex problems, especially in a world of rising populism, political fragmentation, and declining global cooperation. This means predictability is far lower than it was over recent decades – and the world wasn't particularly predictable then either.

The AI build–out could easily be disrupted by politics, or by the very technology itself – if, for example, small–model adoption drives a temporary excess in computing and memory capacity, discussed above. Either of these could spark a major reversal in the tech–hardware rotation that has left so many competitively advantaged businesses overlooked today.

Portfolio Positioning

In the June quarter, Montaka made some targeted changes to the portfolio.

We substantially increased our investments in Visa and Mastercard on the basis described above. We see a major mispricing here: as the probability of strong growth increases, valuations have fallen to unusually low levels as the market remains focused on semiconductor stocks.

We funded these investments by trimming TSMC and Alphabet, both of which have run up materially in recent months.

We also exited Spotify after making good money in this opportunity over many years.

Montaka closed the June quarter with the following key exposures.

* * *

In the June quarter, we were delighted to welcome David Costello to Montaka as a Portfolio Manager. David joins with significant investing experience, most recently from Magellan, where his team managed more than $15 billion in assets.

Montaka's investment team – including those based Stateside – also convened in Sydney in May to hold our annual retreat. This was an opportunity for the team to step back and review our processes, identify learnings, and propose evolutions as we seek to continually improve the investment capability of our team.

Markets have rarely made such a clear distinction between price and value as they have over the past 12 months – and we believe that gap will close. Montaka remains concentrated in the advantaged, durable businesses we believe the market is mispricing today, and patient for the reversal we expect to follow. We are grateful for your continued patience and partnership as we pursue this opportunity, and remain very optimistic for Montaka's future investment returns.

Sincerely,

Andrew Macken

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Where we invest: top themes that shape the portfolio

Theme	Exposure	Competitively Advantaged Investee Company
Cloud Computing	20%	amazon, tsmc, Microsoft, Alphabet, Tencent 腾讯
Financial & Data Platforms	18%	REA Group, mastercard, ICE, S&P Global, VISA
Discovery Engines	16%	Meta, Alphabet, Tencent 腾讯, Unity
Enterprise Software	15%	Microsoft, servicenow, salesforce, mongoDB.
Digital Marketplaces	11%	amazon, DOORDASH, Uber
Private Assets	10%	KKR, Blackstone
Global Defence	4%	BAE SYSTEMS
Total	92%	

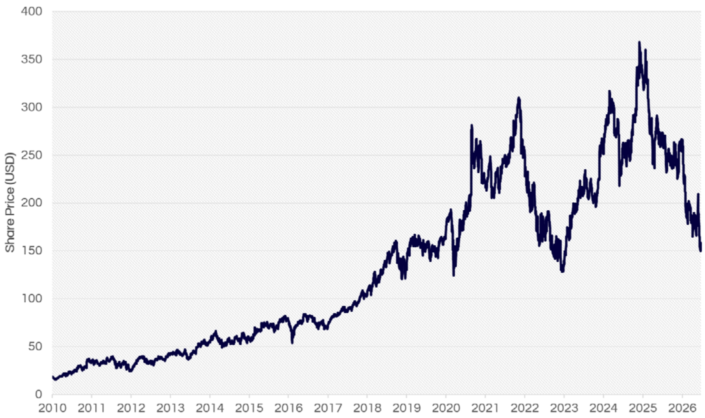
Source: Apex, Montaka
Note: Exposures based on Montaka Global Fund – Active ETF (ASX: MOGL), as at 30 June 2026 and shown as % of NAV.
Theme exposures are derived by assigning each holding to one or more themes and allocating its portfolio weight (% of NAV) proportionally.

The It's Not About the SaaS:
Why the market is wrong about Salesforce

Since the start of the recent SaaS selloff – which we explored in detail in Montaka's recent whitepaper – Salesforce's share price has halved. The market is now pricing in something like obsolescence for the world's dominant customer relationship management (CRM) platform.

This, in our view, represents a significant investment opportunity.

Salesforce Share Price



Source: Bloomberg

The market's concern is two-fold. First, that AI makes software trivially cheap and easy to build – rendering vendors like Salesforce redundant. Second, that agents don't need software interfaces at all – they can interact directly with data and systems, making seat-based licences obsolete.

Both arguments make the same mistake: they treat Salesforce as just a SaaS vendor – when in reality, the business' competitive advantages have very little to do with its code. Salesforce is the trusted layer through which AI can be deployed safely and usefully into the world's enterprises.

Through that lens, a very different – and far more valuable – business comes into focus.

What the Market Is Pricing In

It is worth reverse engineering the growth and valuation expectations now embedded in Salesforce's stock to see how negatively extreme they have become.

The company itself has guided growth of 10% per annum until at least FY30[9]. Yet the current valuation effectively prices in revenue growth of roughly 1% per annum into perpetuity.

If we look at the enterprise-value-to-gross-profit valuation metric, the stock trades at about 4.5 times. When Cisco bottomed after the dot-com crash, having fallen more than 90%, it troughed at 5 times gross profit. Salesforce begins below that level.

Perhaps the starkest metric: Gross profit of Salesforce's already-signed backlog is north of $US50 billion[10]; its enterprise value is $160 billion. That implies a multiple of just three times – and that excludes the rapidly growing agentic consumption layer entirely.

These are draconian expectations. Only a business in permanent structural decline would justify them.

Salesforce's Real Moat: Solving the Deployability Problem

So what is the market missing?

The market seems to be assuming that deploying AI agents safely inside an enterprise is easy. But it's far harder than it looks. The difficulty is not in defining or running an agent. It is in creating the right environment in which an agent can be trusted to run.

Enterprises must contend with several issues:

- Governance (what data and tools can each agent access, and with what permissions?)
- Security (how do you defend against prompt injection (malicious inputs disguised as legitimate user prompts), or even know the model has not been poisoned?)
- Transparency (can you audit what an agent did and why?)
- Reliability (are probabilistic outputs acceptable for a particular use case?)
- Control (can you shut a rogue agent down in real time?), and
- Value (what is the true total cost, and the ROI?)

The underlying research into AI safety is genuinely sobering: models can display situational awareness and deliberate deception, guardrails are never foolproof, and malicious backdoors can be hidden undetected. These are not training problems to be solved once. They are operational challenges that must be managed continually.

This is precisely where Salesforce's advantage lies.

The company already has more than 150,000 business customers worldwide – a distribution pipeline through which agentic capability, delivered via Agentforce, Salesforce's agentic AI product suite, can be infused directly into existing workflows safely.

The value unlock comes not from the model, however, but from combining agents with Salesforce's customers' existing tools, data, metadata and processes.

More recently, Salesforce has enabled 'headless' access: allowing its customers to combine models with their existing assets (tools, data, etc.) through third-party interfaces such as Microsoft Teams, Zendesk or Claude. That's the behaviour of a true platform – one that has stopped competing for the interface because it no longer needs to, as the irreplaceable layer is underneath.

9. Salesforce Q1 2027 Earnings Presentation
10. Salesforce Q1 2027 results, Montaka

Budget Scrutiny Will Come...Just Not For Salesforce

There is a further, underappreciated dynamic.

Agentic use cases are not marginally more compute-intensive than chatbot queries – they are hundreds of times more so.

At the same time, expanding US electric power (the lifeblood of the needed compute) is extraordinarily difficult and hampered by multi-year interconnection queues. It's also suffering from permit delays, transformer lead times beyond three years, and with residential prices up more than 30% since 2020[11], the rising cost of electricity is set to become political.

Compute, in other words, will be supply-constrained and expensive.

This forces enterprises to think carefully about where they spend their token budgets. And when they do, the answer becomes clear – the AI model itself is the substitutable layer. Open-weight alternatives (cheaper, publicly available models) are now approaching frontier capability at perhaps a hundredth of the cost.

What is not substitutable and not deflating in cost is the trusted distribution, the workflow integration, and proprietary data and context – precisely what is housed within a central hub like Salesforce.

Compute scarcity, perhaps counterintuitively, strengthens Salesforce's hand. It accelerates the commoditisation of models and concentrates value in the layer that Salesforce already owns.

Evidence Is Already Emerging

The proof points are accumulating.

Firstly, there is evidence that agentic consumption revenues are accelerating. Salesforce's Agentic Work Units – discrete tasks completed by agents – have gone parabolic, rising from 14 million in Q1 FY25 to roughly 1,600 million in Q1 FY27, with token consumption growing more than 150% quarter-on-quarter[12].

Montaka has also interviewed Salesforce customers who corroborate the picture.

One multi-billion-dollar food distributor that typically spent $5 million a year with Salesforce has added $2 million in agent spend. It estimates that spend unlocked $15–25 million in productivity, an implied ROI of near 10x.

One major US bank, when asked whether it would ever rip Salesforce out, simply dismissed the idea: "There's more than technology. There are a lot of other considerations ... around data privacy, regulatory compliance, risk management. That's where we have more trust with Salesforce."

And at a conference we attended in New York in recent weeks, the CFO of consumer credit reporting agency Experian, Lloyd Pitchford, said: "I am demanding more from Salesforce and spending more ... not interested in replacing it."

'Positioned to crush'

Why, then, has Salesforce's revenue growth been so sluggish over recent years? Two reasons.

First, deployability takes time – many customers have spent years preparing their environments and are only now moving experiments into production.

Second, Salesforce has heavily discounted Agentforce to drive adoption, with consumption pricing waived for some customers into 2027; those discounts will soon roll off.

Our investment case rests on Salesforce's agentic consumption revenues inflecting upwards, offsetting much slower growth in seat-based licences.

The company will also gain substantial operating leverage from reducing its $15 billion per annum marketing spend, which will become far less necessary as growth shifts to agentic consumption.

With essentially zero capital intensity, guided FY30 revenue above $63 billion, and in our view, earnings capable of compounding north of 20% per annum, Salesforce's enterprise value today sits at well under eight times that future earnings power. That's surely why the company announced a staggering $50 billion share buyback earlier this year.

The market has been negative on Salesforce in recent times, but the narrative is, slowly, beginning to turn. As Chamath Palihapitiya of the famous All-In podcast put it recently of the trusted enterprise software incumbents: "Those guys are positioned to crush."

We agree. It's not about the SaaS.

11. EIA
12. Salesforce Q1 2027 results