

## Glenmore Australian Equities Fund

### Monthly performance update

### August 2023

#### Fund Performance

Fund performance for August was +1.96% (after fees) versus the benchmark return of -0.74%. The Fund has delivered a total return of +191.88% or +18.69% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
August 2023	+1.96%	-0.74%
1 Year	-0.88%	+8.93%
3 Year (p.a.)	+18.34%	+10.51%
5 year (p.a.)	+14.13%	+7.17%
Since Inception (p.a.)	+18.69%	+8.45%
Since inception (total)	+191.88%	+66.01%

# Fund commenced on 6 June 2017

Fund returns are for Main Series Units

#### Stock commentary

**Nick Scali (NCK)** rose +16.9% in August. NCK, an Australian based furniture retailer, reported a strong FY23 result, with NPAT of \$101.5m, up +26% vs pcp and ~5% ahead of market expectations. Despite the well documented headwinds for consumer spending, NCK produced an impressive result, with gross margin increasing by 250bp to 63.5% (margin improvement was realised at the recently acquired sofa chain Plush, as well as reduced freight costs). In terms of its network, NCK currently has 64 Nick Scali and 43 Plush stores, with long term targets of at least 86 Nick Scali and 90-100 Plush stores.

**Premier Investments (PMV)** increased +16.1% in the month. During the month, PMV announced it has commenced a review to assess the optimal operating and capital structure for the group, with a particular focus on the Peter Alexander, Smiggle and Apparel brands. The announcement created excitement amongst investors given that a breakup of the various PMV businesses in some way may lead to a higher market rating than is currently being attributed to the group as a conglomerate. Whilst the possibility of a breakup is clearly an interesting scenario for PMV, we believe given the complexities of the review, any final decision is likely to take some time. PMV will report its full year results in late September where the company is likely to provide more detail on the review.

**HUB24 (HUB)** increased +14.7%. HUB reported a better than expected FY23 result, with underlying NPAT for FY23 was \$58.8m, up +64%, whilst the key Platforms division produced EBITDA of \$85.1m, up +37%. Funds under administration (FUA) increased to \$64.5B (mid-August), with HUB providing a revised platform FUA target range of \$92-100B by FY25. The number of active advisers using HUB's platform rose +15% to 4,011. Given HUB's strong financial position, the company announced a share buyback (up to \$50m) and declared a full year dividend of 32.5 cps (+63%).

**Retail Food Group (RFG)** declined -7.4%. RFG reported an FY23 result that was broadly in line with expectations. Underlying EBITDA was \$26m, which was at the bottom end of recently revised guidance of \$26-29m. Divisionally, domestic coffee and Café/Bakery produced strong results, whilst QSR and international franchising produced softer results. RFG said FY24 trading to date has been solid with revenue up on a "same store sales" basis but down across the group due to outlet closures during FY23. RFG is expanding its US business, where it plans to move from 47 to ~100 stores (over 3 years) via large scale multi-site operators, which should assist earnings growth, albeit FY24 will see upfront costs.

#### Market commentary

Globally equity markets in August were broadly weaker. In the US, the S&P 500 fell -1.8%, whilst the Nasdaq declined -2.2%. In the UK, the FTSE 100 fell -3.4%. Impacting investor sentiment was weaker than expected Chinese economic data (eg. Industrial output and credit growth), which saw commodity prices fall during the month.

In Australia, the All Ordinaries Accumulation index fell -0.7%. Consumer discretionary was the top performing sector (driven by better than feared results), whilst utilities and staples (ie. more defensive sectors) underperformed. August saw the majority of listed companies report their results for the six months to 30 June, which provided an excellent health check on how these companies are trading in the current economic environment.

In terms of the macro environment, data in August pointed to a continued reduction in inflationary pressures both in Australia and overseas. This in turn, should mean the bulk of

heavy lifting in terms of interest rate rises needed to bring inflation down to targeted levels, has now been done.

We viewed the August reporting season on the ASX as broadly better than had been feared. Many companies are seeing significant cost pressures (eg. wages, energy, rent, interest expense), however these issues were well known going into reporting season. Interestingly, the consumer discretionary sector performed well despite bearish expectations by investors. Whilst economic conditions remain challenging, it is important to remember the stock market is forward looking, hence we continue to believe the correct approach is invest in quality businesses and take a medium-term view, particularly given inflation data is now pointing to a clear decline from the very high levels of 6-12 months ago.

Thank you for your interest in the fund, as always, I would welcome any questions, and am available for those interested in discussing an investment.

#### Monthly performance by calendar year (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2017</b>						1.29	1.52	7.03	3.05	5.32	3.81	3.66	<b>28.55</b>
<b>2018</b>	3.47	-0.30	-2.80	0.04	4.68	4.01	1.35	5.94	-0.46	-8.70	-2.06	-3.26	<b>0.97</b>
<b>2019</b>	2.84	9.77	2.72	6.88	2.54	5.21	7.71	-0.76	2.60	-1.07	-1.65	-1.67	<b>40.28</b>
<b>2020</b>	3.05	-9.44	-29.34	16.63	9.64	1.43	1.41	11.52	0.54	1.66	10.37	3.96	<b>13.43</b>
<b>2021</b>	0.53	-1.61	1.34	7.05	1.00	6.15	3.21	10.38	0.74	0.65	0.51	4.13	<b>39.07</b>
<b>2022</b>	-7.62	-1.12	12.52	3.07	-4.11	-12.59	9.78	5.18	-8.24	5.57	3.61	-2.93	<b>-0.12</b>
<b>2023</b>	6.49	-3.45	-6.15	3.01	-6.42	1.42	5.79	1.96					<b>1.75</b>

**FUND INFORMATION**

<b>Name</b>	Glenmore Australian Equities Fund	<b>Fund Administrator</b>	Apex Fund Services
<b>Inception</b>	6 June 2017	<b>Fund Custodian</b>	Certane Corporate Trust Pty Ltd
<b>Structure</b>	Wholesale Unit Trust	<b>Fund Auditor</b>	Pitcher Partners
<b>Investor Eligibility</b>	Wholesale or 'sophisticated' investors only	<b>Fund Manager</b>	Glenmore Asset Management
<b>Subscription Frequency</b>	Monthly	<b>Management Fee</b>	1.2%
<b>Redemption Frequency</b>	Monthly	<b>Performance Fee</b>	20.0%
<b>Unit pricing</b>	Monthly	<b>Benchmark</b>	S&P/ASX All Ordinaries Accumulation Index
<b>Distributions</b>	Annually	<b>High water mark</b>	Yes
<b>Platform availability</b>	Netwealth	<b>APIR code</b>	GNM0167AU

**Contact details**

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