

Glenmore Australian Equities Fund

Monthly performance update

December 2023

Fund Performance

Fund performance for December was +10.47% (after fees) versus the benchmark return of +7.44%. The fund has delivered a total return of +216.43% or +19.12% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
December 2023	+10.47%	+7.44%
1 Year	+10.30%	+12.99%
3 Year (p.a.)	+15.29%	+8.85%
5 year (p.a.)	+19.51%	+10.64%
Since Inception (p.a.)	+19.12%	+8.90%
Since inception (total)	+216.43%	+75.31%

Fund commenced on 6 June 2017

Fund returns in the table above are for main series units. Please note returns for certain series of units may differ slightly from the main series due to the timing of your investment.

Stock commentary

The fund had a large number of positive contributors in December, with most of the stocks rallying on improved investor sentiment combined with cheap valuations, rather than any company specific news flow. To recap, the cheap valuations are a result of material stock price underperformance of a wide range of ASX small/mid cap stocks over 2022 and 2023. High inflation and rising interest rates were the main reasons for this underperformance. Hence, there was limited news to discuss relating to stocks in the fund for December, however January and February this year will no doubt see a large number of trading updates and half year results which will provide clear evidence on the health of the various companies in the portfolio.

Despite the strong performance of the fund in November and December, we continue to believe the fund holds many significantly undervalued stocks which provides confidence for fund performance over the next 12-24 months.

Retail Food Group (RFG) increased +14.8% in December. During the month, RFG announced the completion of the Beefy's Pies acquisition and that it had drawn down \$5.0m of the recently established \$20m debt facility with Washington Soul Pattinson.

GQG Partners (GQG) rose +12.9%. During the month, GQG issued a funds under management (FUM) update, showing group FUM increased +8.4% to the end of November to US\$113B, which has positive implications for earnings going into 2024. For the first 11 months of 2023, GQG achieved net inflows of \$9.0B, which compares very well vs its peer group. GQG trades on an FY24 PE multiple of ~11x and a dividend yield of ~9%, which in our view is compelling value for what is a very well run global funds management business, whilst noting there is key man risk around founder Rajiv Jain.

Other stocks that contributed to fund performance albeit with no specific news flow included: **Duratec (DUR)** +26.3%, **MMA Offshore (MRM)** +18.0%, **Mineral Resources (MIN)** +14.4%, **Nick Scali (NCK)** +12.1%, and **Alliance Aviation Services (AQZ)** +11.0%

There were no stocks that detracted materially from fund performance in the month.

Market commentary

Globally equity markets performed strongly in December. In the US, the S&P500 rose +4.4%, the Nasdaq was up +5.5%, whilst in the UK, the FTSE100 increased +3.8%. Bond markets were a big driver in sentiment towards equities in the month, where bond yields continued to fall as inflation data softened, which in turn has implications for future monetary policy. In the US economy, many bond investors now believe we have seen the peak in interest rates, with prospects for rate cuts in 2024 now a possibility. In Australia, we believe it is more realistic to expect rates to stay at current levels until there is clear evidence that inflation is falling to targeted levels.

In the US, the 10-year bond rate fell -42 basis points to close at 3.84%. For context, the bond yield has fallen ~1% from its October highs where it reached just under 5%, which is a very material decrease. In Australia, the 10-year government bond fell -45 basis points to close at 3.96%. The AUD/USD exchange rate appreciated 2 cents to close at US\$0.68, as investor risk appetite increased.

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
2017						1.29	1.52	7.03	3.05	5.32	3.81	3.66	28.55
2018	3.47	-0.30	-2.80	0.04	4.68	4.01	1.35	5.94	-0.46	-8.70	-2.06	-3.26	0.97
2019	2.84	9.77	2.72	6.88	2.54	5.21	7.71	-0.76	2.60	-1.07	-1.65	-1.67	40.28
2020	3.05	-9.44	-29.34	16.63	9.64	1.43	1.41	11.52	0.54	1.66	10.37	3.96	13.43
2021	0.53	-1.61	1.34	7.05	1.00	6.15	3.21	10.38	0.74	0.65	0.51	4.13	39.07
2022	-7.62	-1.12	12.52	3.07	-4.11	-12.59	9.78	5.18	-8.24	5.57	3.61	-2.93	-0.12
2023	6.49	-3.45	-6.15	3.01	-6.42	1.42	5.79	1.96	-1.97	-7.43	8.14	10.47	10.30

FUND INFORMATION

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

Contact details

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