

## Glenmore Australian Equities Fund

### Monthly performance update

### January 2023

#### Fund Performance

Fund performance for January was +6.49% (after fees) versus the benchmark return of +6.44%. The Fund has delivered a total return of +205.48% or +21.78% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
January 2023	+6.49%	+6.44%
1 Year	+15.14%	+10.54%
3 Year (p.a.)	+17.64%	+6.35%
5 year (p.a.)	+18.09%	+8.61%
Since Inception (p.a.)	+21.78%	+9.26%
Since inception (total)	+205.48%	+65.15%

# Fund commenced on 6 June 2017

Fund returns are for Main Series Units

#### Stock commentary

**Retail Food Group (RFG)** rose +31.3% in the month. RFG continued to outperform, after rising +21.2% in December. In our view, this was driven by growing investor awareness of RFG's cheap valuation, following the announcement on 23 December 2022, that the ACCC investigation into misconduct by previous RFG management had been finalised. Whilst the stock is no longer nearly as cheap as it was before the ACCC announcement, we met with RFG management during the month, and continue to see a positive earnings outlook for the business. This is driven by initiatives such as the expansion of the international division (in particular Gloria Jean's Coffees), and an increase in number of franchisees (in particular Donut King, Crust and Gloria Jeans drive thru outlets). RFG currently has ~700 franchisees however with the ACCC investigation now behind it, we believe the company is well positioned to grow this key metric which should be supportive for earnings going forward.

**Pinnacle Investment Management (PNI)** rose +19.1%. Early in the month, PNI announced six Affiliates earned performance fees for the December 2022 half of \$3.0m (at 100% level), which was well down on the pcp of \$18.8m. The smaller figure for 1H23 was impacted by several strategies which outperformed their benchmark during the period but had entered the half below their high-water mark. PNI's stock

price rally in January was also likely boosted by the recovery in equity markets, with the ASX All Ords rising +6.4%.

**Stanmore Resources (SMR)** increased +15.9% in January. There was no news released, however the company was likely assisted by a ~12% increase in the hard coking coal price. The stock continues to look attractive based on its free cash flow generation, cheap valuation metrics and low cost of production.

Other positive contributors included **Ardent Leisure (ALG)** +14.9%, **Strandline Resources (STA)** +10.7%, and **MA Financial (MAF)** +9.7%.

**Bowen Coking Coal (BCB)** fell -12.1%. Wet weather in Queensland (where BCB's mines are located) caused some production issues and also at the Dalrymple Bay Coal Terminal (DBCT) where BCB exports coal through. BCB issued an ASX release stating that whilst the rain had caused some operational issues, the impact was not overly severe and that mining has recommenced at Broadmeadow East and Bluff, the latter which has been assisted by water management initiatives.

**Whitehaven Coal (WHC)** fell -10.8%. The main driver in the month for the stock price was the -35.2% fall in the thermal coal price, albeit from very elevated levels. Operationally, during the month, WHC released its December 2022 quarterly production report, which was in line with market expectations. With the report, WHC said it expects 1H23 EBITDA of \$2.6B (vs \$0.6B in the pcp).

#### Market commentary

Equity markets were stronger in January, as investor sentiment shifted toward a potential soft landing (ie. inflation moving back to acceptable target levels without a severe economic downturn). In the US, the S&P 500 rose +6.2%, the Nasdaq was up +10.7%, whilst in the UK, the FTSE 100 increased +4.3%. On the ASX, the All Ordinaries Accumulation Index rose +6.4%, with consumer discretionary and technology sectors outperforming, whilst utilities underperformed, as investors chased cyclical and higher risk exposure.

In bond markets, the US 10 year bond rate fell -31 basis points to close at 3.52%, whilst in Australia, the 10 year yield was broadly flat at 3.55%.



**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>Domicile</b>	Australia	<b>High water mark</b>	Yes

**Contact details**

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