

Glenmore Australian Equities Fund Monthly performance update January 2024

Fund Performance

Fund performance for January 2024 was +1.72% (after fees) versus the benchmark return of +1.07%. The fund has delivered a total return of +221.86% or +19.17% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
January 2024	+1.72%	+1.07%
1 Year	+5.36%	+7.29%
3 Year (p.a.)	+15.74%	+9.13%
5 year (p.a.)	+19.25%	+10.01%
Since Inception (p.a.)	+19.17%	+8.96%
Since inception (total)	+221.86%	+77.19%

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

Whitehaven Coal (WHC) rose +13.3% in January. During the month, WHC released its 2Q FY24 production report, which was in line with our expectations. Group FY24 production guidance was maintained, with strong output from WHC's open cut mines (in particular Maules Creek) expected to offset lower production from its Narrabri mine. In light of the recent acquisition of the Daunia and Blackwater mines from BMA, WHC revised its FY24 expected capex lower to \$400-450m from \$460-470m reflecting a re prioritisation of capex. WHC said the BMA transaction is expected to close in April 2024, which was slightly ahead of expectations.

MMA Offshore (MRM) increased +11.2% in the month despite no company specific news flow, however, we believe the earnings outlook for the company remains very positive.

GQG Partners (GQG) rose +10.3% in January. GQG released a strong December 2023 funds under management (FUM) update, showing FUM increased from US\$113B (end of November) to US\$121B. GQG continues to trade on a very attractive valuation and has a strong outlook for new inflows in 2024 given its outstanding track record across its various global equity funds.

Pacific Current Group (PAC) rose +7.4%. Late in January, PAC released its quarterly funds under management (FUM) update, which was ahead of our expectations. PAC reported group FUM of A\$227B at 31 December 2023, up +6% over the December 2023 quarter. Gross commitments were A\$1.6B in the quarter, with PAC's private capital boutiques (Pennybacker, Victory Park, and ROC Partners) being particularly strong. ASX listed GQG Partners (GQG) increased its FUM by +14% in the quarter (to recap, PAC owns a 4% stake in GQG, which has a market cap of ~\$5.8B). PAC's guidance for FY24 is for total new commitments of A\$2-5B. Given A\$2.6B was delivered in the first half, the company is well placed for a strong FY24. PAC trades on an FY24 PE multiple of ~13x which is very attractive in our view given the robust earnings outlook.

Mineral Resources (MIN) declined -14.4%. MIN reported its 2Q FY24 production report, which was in line with our expectations. Pleasingly, FY24 volume and cost guidance were unchanged for all of MIN's operations. The key driver of the stock price weakness in the month was continued softness in the lithium price, with the spot price now trading at ~US\$850/t, down ~85% in the last 12 months (admittedly from extremely elevated levels). It should be noted at current lithium prices, many high cost producers are now unprofitable and are halting production, so in our view the bulk of the price declines have now played out. Importantly all of MIN's lithium mines (Wodgina, Mt Marion and Bald Hill) are still profitable at current lithium prices. Also, in positive news, the development of MIN's Onslow iron ore project in WA (which will deliver MIN a very material step up in earnings) is on track and targeted for first production in mid-2024. The capital cost is expected to fall within MIN's budget. Onslow will triple MIN's iron ore production and at much lower cost than its current operations, whilst also delivering a strong earnings contribution to MIN's mining services business. This will also see the contribution of MIN's lithium division reduce to ~40% of group EBITDA.

Duratec (DUR) declined -12.3% despite no company specific news in the month, giving back some of its strong gains in November and December last year.

Market commentary

Globally equity markets performed strongly in January. In the US, the S&P 500 increased +1.6%, the Nasdaq rose +1.0%, whilst in the UK, the FTSE100 declined -1.3%.



In Australia, the ASX All Ordinaries Accumulation Index rose +1.1%. Energy and Financials were the best performing sectors, whilst resources was the weakest performer, as sentiment towards the Chinese economy weakened.

Inflation data both domestically and offshore continues to moderate, which in our view indicates the bulk of the heavy lifting by central banks in terms of interest rate hikes has now been done. The US economy appears to be ahead of Australia in terms of getting on top of inflation, hence we expect the US will see interest rate cuts before Australia over the next 12-18 months. In bond markets, following two months of very material declines in bond yields, January saw a slight increase as economic data pointed to a still strong global economy (despite the aggressive tightening by central banks). In the US, the 10-year bond rate climbed +17 basis points (bp) to close at 4.01%, whilst in Australia the 10-year bond rate rose +6 bp to also finish at 4.01%.

As always, February is a very busy month with the vast majority of the fund's holdings reporting results for the six months to 31 December 2023. The upcoming reporting season will provide visibility into how the companies are performing operationally. Whilst we have seen a recovery in equity markets in recent months, we continue to be very optimistic about the outlook for small/mid cap stocks on the ASX given their cheap valuations and material underperformance over the last two years.

To reiterate, our focus in 2024 will be identifying quality businesses trading on attractive valuations, where we believe material earnings upside exists.

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 (%)

Worthly performance by calendar year (70)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ост	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
2024	1.72												1.72



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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