

Glenmore Australian Equities Fund

Monthly performance update

June 2023

Fund Performance

Fund performance for June was +1.42% (after fees) versus the benchmark return of +1.94%. The Fund has delivered a total return of +170.60% or +17.78% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
June 2023	+1.42%	+1.94%
1 Year	+6.11%	+14.76%
3 Year (p.a.)	+20.23%	+11.39%
5 year (p.a.)	+14.03%	+7.32%
Since Inception (p.a.)	+17.78%	+8.30%
Since inception (total)	+170.60%	+62.40%

Fund commenced on 6 June 2017

Fund returns are for Main Series Units

Stock commentary

Pacific Current (PAC) rose +11.3% in June. During the month, PAC announced it had sold its investment in Proterra Investment Partners Asia to Australian based Challenger Funds Management for US\$8.3m. PAC will retain its interest in the broader Proterra business.

Eagers Automotive (APE) increased +9.2% in the month. APE announced it has acquired an additional 31% ownership stake in Electric Vehicle Dealer Group, the exclusive national retail joint venture for Chinese EV manufacturer BYD. Cost of the investment was \$70m (\$50m cash and \$20m APE shares), with the investment taking APE's stake in BYD to 80%. Given the sales growth potential of the BYD brand in Australia, we believe this agreement could deliver significant earnings for APE over the coming years.

Mineral Resources (MIN) rose 1.0% in June. During the month, MIN issued a mixed business update. On the positive front, the company announced a gas discovery at the North Erregulla Deep-1 gas well, located in the Perth Basin. MIN also announced some pleasing early drilling results of a major exploration program at its Mount Marion lithium mine, confirming material exploration potential to increase the size of the deposit. On the negative, MIN lowered production guidance at its Wodgina lithium mine for FY23 which is now expected to be at the lower end of guidance 150-170k

tonnes. Cost guidance was also increased from \$850-900/t to \$925-975/t.

Retail Food Group (RFG) was flat during the month. During June, RFG issued a much awaited trading update stating that whilst FY23 earnings guidance for EBITDA to be in the range of \$26-29m would be maintained, it is now likely to fall at the lower end (previous guidance was the upper end). RFG attributed this to the deterioration in trading conditions for retailers, given the large number of successive interest rate rises, as well as general cost of living pressures on the Australian consumer. Year to date domestic network sales grew +8.5% in FY23 vs pcp, however in the second half, domestic network sales growth moderated to +2.2% in the 21 week period. Whilst the next 6-12 months of trading will continue to be challenging, RFG trades on a very low PE multiple of ~7x, and holds an attractive portfolio of brands across food and beverage sector.

Ardent Leisure (ALG) fell -9.1% in the month. There was nothing specific announced by the company in June, however it is likely continued investor concern around general cost of living pressures impacting patronage and spend at ALG's entertainment theme parks was the main driver of the stock price weakness.

Market commentary

Globally equity markets were positive in June. In the US, the S&P 500 rose +6.5%, the Nasdaq was up +6.6%, whilst in the UK, the FTSE 100 appreciated +1.2%. The strength in the US indices was again driven by mega cap technology stocks. In Australia, the All Ordinaries Accumulation Index rose +1.94%. Materials and Financials were the top performing sectors, whilst Healthcare underperformed (driven by a negative earnings update from index heavyweight CSL). On the ASX, large cap stocks outperformed small caps, continuing a trend that has been in place for the last 18 months. We believe this trend will reverse once there is more clarity over the number of interest rate hikes required by the RBA to reduce inflation to its targeted 2-3% range, which should see small/mid caps on the ASX perform strongly vs large caps.

Bond yields in both Australia and the US increased, with the Australian 10 year bond rate rising +42bp to close at 4.02%, whilst its US counterpart rose +22bp to 3.88%. In both cases, increased investor expectations of "higher inflation for

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
Domicile	Australia	High water mark	Yes
APIR code	GNM0167AU	Distributions	Annually

Contact details

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