

Glenmore Australian Equities Fund

Monthly performance update

March 2021

Fund Performance

Fund performance for March was +1.34% (after fees) versus the benchmark return of +1.84%. The Fund has delivered a total return of +107.00% or +20.90% p.a. (after fees) since inception in June 2017.

Fund Returns (after fees)

Period	Glenmore Fund	All Ords. Accum. Index
March 2021	+1.34%	+1.84%
1 Year	+72.42%	+41.13%
3 Year (p.a.)	+17.11%	+10.09%
Since Inception (p.a.)	+20.90%	+9.34%
Since inception (total)	+107.00%	+40.84%

Fund commenced on 6 June 2017

Fund Returns are for Main Series Units

Stock commentary

Note, March was a much quieter month for the portfolio in terms of company announcements and news flow, after the busy February reporting season.

People Infrastructure (PPE) increased +18.4% in the month, as the stock continued to re rate following a solid 1H21 result released in February combined with an attractive valuation. Whilst the resignation of CEO David Cuda in February was a negative surprise, former CEO and substantial shareholder Declan Sherman has returned to the role on an interim basis, who we view as a solid (albeit short term) replacement. We believe PPE's FY21 earnings guidance of EBITDA in the range of \$35-37m continues to look conservative and remain very positive on the stock.

Whitehaven Coal (WHC) rose +16.1% in March. During the month, WHC advised it had some minor issues with its shiploading at the Port of Newcastle and also flagged some weather related issues at the Port which reduced vessel movements (and hence WHC's coal exports). Taking these factors into account, WHC updated its FY21 guidance, which saw modest changes to production and slight reduction to forecast coal sales (from 19-20mt to 18.5-19.0mt). Also boosting sentiment for the stock was the thermal coal price (Newcastle Port) which increased +13% in the month, which continues to dramatically outperform the hard coking coal price (used for steelmaking).

Other positive contributors in March included: **Moelis Australia (MOE)** +11.0%, **Fiducian Group (FID)** +9.0%, **Collins Foods (CKF)** +8.8%, and **Eagers Automotive (APE)** +5.5%.

Coronado Global Resources (CRN) continued its recent underperformance, falling -17.0% in March. As was the case in February, the continued weakness in the hard coking coal price was the main driver, which in turn is creating concern around CRN's balance sheet, given at current prices, CRN is losing A\$20-30m per month. Whilst losses of this magnitude are not unexpected for a miner near the bottom of the cycle, the issue is one of duration, if it continues for a period of several months, it is realistic to expect CRN to consider some initiatives aimed at reducing balance sheet pressure. Note during the month we reduced our holding in CRN, given the increased balance sheet risk and also in favour of other stocks that in our view offered a superior risk/return profile (eg. UWL, AQZ and PPE).

Alliance Aviation Services (AQZ) fell -7.5% in the month. Whilst there was no fundamental negative news released, CEO Scott McMillan did sell \$2.2m worth of stock in March (~13% of his total holding), which may have impacted sentiment. Despite this, we remain very confident on the earnings prospects for AQZ. On a positive note, AQZ recently renewed material contracts with Santos (five years) and BHP Iron Ore (two years).

There were no other material detractors to performance in March.

Market commentary

Markets globally were stronger in March. On the ASX, the All Ordinaries was up +1.8%, whilst in the US, the S&P 500 rose +4.2%, the Nasdaq +0.4%, and in the UK, the FTSE 100 was up +3.6%. In Australia, the better performing sectors included Utilities, Consumer Discretionary and Financials, whilst Materials (weaker commodity prices) and Technology underperformed. Interestingly large caps outperformed, with the ASX 50 up +1.8% vs a +0.2% rise in the Small Ords. The key US 10 year bond rate continued to rise, increasing +31bp to close at 1.74% (vs 0.92% at 31 December 2020). This increase impacted valuations of technology stocks globally, particularly those stocks trading on elevated PE multiples. Domestically, the Australian 10 year bond yield actually fell slightly, as the RBA maintained its Quantitative

Easing program. The Australian dollar fell by -1% to close at US\$ 76c.

Overall, we are very positive on the prospects for equities generally and our portfolio holdings more specifically. The recent reporting season highlighted a number of interesting stocks across a range of sectors and with a positive backdrop (recovering global growth, low interest rates, increased rollout of the vaccine) we believe the outlook for the next 12-18 months remains positive.

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										0.24

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

Contact details

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