

Glenmore Australian Equities Fund

Monthly performance update

March 2023

Fund Performance

Fund performance for March was -6.15% (after fees) versus the benchmark return of -0.17%. The Fund has delivered a total return of +176.78% or +19.07% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
March 2023	-6.15%	-0.17%
1 Year	-6.24%	-1.05%
3 Year (p.a.)	+32.10%	+17.23%
5 year (p.a.)	+16.51%	+8.78%
Since Inception (p.a.)	+19.07%	+8.48%
Since inception (total)	+176.78%	+60.78%

Fund commenced on 6 June 2017

Fund returns are for Main Series Units

Stock commentary

Retail Food Group (RFG) fell -25.3% in March. During the month, RFG announced a \$25m capital raising priced at \$0.08 per share (a -12% discount to the last closing stock price). The company also entered into a new \$20m debt facility with Washington H. Soul Pattinson, itself an 8% shareholder in RFG. There was no specific acquisition or initiative to increase earnings for the equity funds raised, which undoubtedly disappointed the market, with RFG stating the funds would be used to “reset and strengthen the company’s balance sheet and provide capital to pursue core business and inorganic growth opportunities”. Despite the 15% earnings per share dilution from the raising, with the stock having fallen materially in the month, RFG trades on an FY23 PE multiple of 9x, and has a solid earnings outlook across its portfolio of brands.

GQG Partners (GQG) declined -12.1% in March. To recap, GQG is a US based fund manager with four main strategies specialising in global listed equities. Early in March, GQG released its monthly funds under management (FUM) update, which showed group FUM fell slightly (-1.3%), whilst more positively, net inflows for the first two months of 2023 were US\$3.0B, a very strong result. Whilst the investment performance of GQG’s funds underperformed in the first quarter of 2023, performance over longer time frames is still well ahead of benchmark. GQG continues to look attractively

priced, trading on an FY23 PE multiple of ~11x and a dividend yield of 8.5%.

MA Financial (MAF) fell -11.0% in the month. MAF didn’t release any company specific news during the month, with the weakness in the stock price most likely driven by general negative sentiment towards financial services/asset management stocks.

Other negative contributors in the month included **Ardent Leisure (ALG)** -9.4%, **Peoplein (PPE)** -7.9%, and **Lifestyle Communities (LIC)** -6.7%.

MMA Offshore (MRM) rose +2.2% in the month. MRM is a provider of vessels, marine and subsea services to the offshore oil and gas, defence/maritime and offshore wind sectors. The company has a fleet of 18 vessels that operate internationally. MRM’s main revenue stream is leasing vessels with day rate and utilisation rate being the key earnings variables. After a tough cyclical downturn of depressed activity from its client base, MRM is now benefitting from stronger demand, which has seen its key metrics (day rate, utilisation rate, earnings) all rapidly improving. During the month, MRM announced it was awarded three contracts supporting offshore windfarms in Taiwan, which will add \$30m of revenue. With both oil and gas and offshore wind sectors having positive outlooks for the next 2-3 years at least, we believe the earnings outlook for MRM is very promising, combined with an attractive valuation (slight discount to net tangible assets and an FY23 EV/EBITDA multiple of ~6x).

Market commentary

Globally equity markets were generally stronger in March. In the US, the S&P 500 rose +3.5%, the Nasdaq was up +6.7%, whilst in the UK, the FTSE 100 declined -3.1%. In Australia, the ASX All Ordinaries Accumulation Index fell slightly, declining -0.2%. Top performing sectors were Gold, Materials, and Communication Services, whilst Real Estate and Financials underperformed, impacted by the negative sentiment driven by US banking issues (discussed below). Small cap industrials, in particular, underperformed (which the fund has a strong exposure to), with the ASX Small Industrial Accumulation Index falling -3.0%.

Noteworthy news during the month was the collapse of several northern hemisphere banks including Silicon Valley

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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