

Glenmore Australian Equities Fund

Monthly performance update

September 2023

Fund Performance

Fund performance for September was -1.97% (after fees) versus the benchmark return of -2.82%. The Fund has delivered a total return of +186.14% or +18.06% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
September 2023	-1.97%	-2.82%
1 Year	+5.90%	+13.10%
3 Year (p.a.)	+17.35%	+10.74%
5 year (p.a.)	+13.78%	+6.79%
Since Inception (p.a.)	+18.06%	+7.84%
Since inception (total)	+186.14%	+61.33%

Fund commenced on 6 June 2017

Fund returns are for Main Series Units

Stock commentary

Stanmore Resources (SMR) increased +27.6% in the month. The stock was boosted by a strong rally in coking coal prices during the month (hard coking coal was up ~25%), despite subdued global steel markets. Also, the company was included in the ASX 300 index in September.

New Hope Corporation (NHC) was up +12.8%. During the month, NHC reported its FY23 result, where EBITDA of \$1.75B and NPAT of \$1.09B was reported. The company declared a final dividend of 21cps and a special dividend of 9cps, taking FY23 total dividends to 70cps. The result was materially boosted by strong thermal coal prices (average selling price of \$346/t) which is now well above current prices. Whilst the recent fall in thermal coal prices will likely see lower earnings in the next few years vs FY23's result, given NHC's low cost of production and increased production profile, we believe the company is well positioned to generate very significant free cash flow.

MMA Offshore (MRM) rose +4.5%. Early in the month, MRM announced its Platform Supply Vessel, "MMA Inscription" was awarded two contracts to provide LNG field support duties in Australia's Northwest. Revenue is expected to be ~\$12m with potential for an additional \$4.9m. Whilst the announcement was relatively small, we continue to believe

the outlook for day rates (a key revenue driver) for MRM's vessels is very positive.

Charter Hall Social Infrastructure REIT (CQE) fell -11.3%. In line with the broader property trust sector on the ASX, CQE fell due to the rise in bond yields in September (higher bond yields impact these stocks by making their distribution yields relatively less attractive). Despite the current headwinds in the form of high inflation and rising bond yields, CQE trades at a very significant discount (~35%) to its net tangible assets (NTA) per share of \$4.04.

During the month, a number of stocks that are exposed to consumer spending declined as sentiment weakened, despite no company specific announcements. These included theme park operator **Ardent Leisure (ALG)** -13.0%, car dealership group **Eagers Automotive (APE)** -12.9%, and furniture retailer **Nick Scali (NCK)** -11.4%. The key theme was investor expectations that continued interest rate rises will be needed to quell inflation, which in turn has negative implications for consumer spending.

US based listed fund manager **GQG Partners (GQG)** fell -11.3% in the month, as global equity markets declined materially in September (discussed below), despite a solid funds under management (FUM) update from the company.

Market commentary

Globally equity markets in September declined materially driven by rising bond yields. In the US, the S&P 500 fell -4.9%, whilst the Nasdaq declined -5.8%. In the UK, the FTSE 100 outperformed, rising +2.3%, due to its heavy resources and lower technology weightings.

In Australia, the All-Ordinaries Accumulation Index fell -2.8%. Energy was the best performing sector (brent crude oil rose +9.8%), whilst real estate and technology were the worst performing sectors, both impacted by rising bond yields. Small caps underperformed as investor risk appetite weakened, with the ASX Small Ords Accumulation Index falling -4.0%.

In bond markets, the US 10-year bond yield climbed +43bp to close at 4.54%. Its Australian counterpart saw the yield increase +46bp to 4.49%. The increase in bond yields was the main story for financial markets in the month and was driven by expectations that high inflation will be more persistent

and hence require more rate hikes from central banks over the next 6-12 months. The Australian dollar was flat, closing at US\$0.64.

We expect equity markets in Australia will remain in a holding pattern for the next few months with inflation data domestically and offshore likely to be key drivers of investor sentiment. Despite the current challenging economic conditions, the positive news is that these are increasingly being reflected in attractive valuations for listed companies. Hence, we are confident that patient investors taking a medium-term view will be well rewarded, particularly in the small/mid cap sectors on the ASX.

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	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				-0.25

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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