GLENMORE ASSET MANAGEMENT

Glenmore Australian Equities Fund
Monthly performance update
September 2017

Fund Performance

Fund performance for September was +3.05% (after fees) versus the benchmark +0.13% as measured by the RBA Cash Rate (converted to monthly basis).

September was a much quieter month than August in terms of news flow as investors digested company results released in reporting season. Given the vast amount of information that is released in a short space of time, stock prices will often take some time to react to results (both positively and negatively). In September, a number of the Fund's holdings that had strong results in August saw share price appreciation as investors warmed to their prospects and trading outlooks.

Fund Returns (after fees)

Period	Glenmore	Benchmark
September 2017	3.05%	0.13%
Calendar Year to date #	13.42%	0.50%
Since inception #	13.42%	0.50%

Benchmark is the RBA Cash Rate.
Fund commenced on 6 June 2017

Below is commentary on several stocks currently held by the Fund.

Mastermyne (MYE) rose 29.6% in September. MYE is a Queensland based mining services business focussed on the coal industry. Following a very challenging few years due to the downturn in mining capex, MYE reported a much improved FY17 result in August, which saw a return to profitability in the second half of FY17. Of note, MYE reported a tendering pipeline in excess of $970m across its target markets. On the 12th of September, MYE released a trading update, guiding for FY18 revenue of $165m - $185m and EBITDA of $10m - $12m, both of which would be material improvements vs what was achieved in FY17. During the month, MYE undertook at $6m placement to fund growth opportunities as the mining capex environment continues to recover. The placement was done at a stock price of $0.60 (which the Fund participated in). MYE ended the month at $0.70.

HUB24 (HUB) rose 20.0% in the month. HUB is an investment and superannuation platform business used by financial advisers and stockbrokers to handle their client's portfolio administration requirements. The platform is enjoying very strong growth in inflows, having achieved a compound annual growth rate in funds under administration (FUA) of 95% in the last 4 years. Key drivers of the strong inflows include a high level of functionality vs competing platforms, and a continued shift of advisers (and hence FUA) away from the big four banks and AMP towards independent, non-aligned platforms such as HUB, Netwealth, OneVue and Praemium.

To recap, HUB reported a strong FY17 result in August, with revenue of $62m (up 45% vs FY17) and EBITDA of $5.1m (vs a loss of $0.8m in FY17).

Fiducian Group (FID) rose 12.5% in September. FID is a diversified financial services company, with three main revenue streams: financial planning, investment platform administration and funds management. There was no company specific news released in September, however in August, FID released another strong result with FY17 NPAT of $8.7m, up 24% vs FY16. Key highlights included funds under administration (FUA) up 20% to $5.7B, as well as further decline in the cost to income ratio. The company has been a very consistent performer, having achieved double digit EPS growth in 14 of the 18 years it has been listed on the ASX. Despite recent stock price appreciation, FID trades on an FY18 PE multiple of 15x, has a strong balance sheet, with good prospects for continued EPS growth.

Other positive contributors to Fund performance included: NRW Holdings (NWH) +12.2%, Appen (APX) +11.7% and Alliance Aviation Services (AQZ) +5.9%.

Detractors from Fund performance included APA Group (APA), Moelis Australia (MOE), Sydney Airport (SYD) and Pinnacle Investments (PNI) – however none were overly material, with no specific news flow released during the month.

Market commentary

The ASX200 Accumulation Index was essentially flat in September. Sector wise, healthcare and energy performed well, with negative contributions coming from telco's, utilities and materials.

The Australian economy remains quite subdued, with 2Q GDP coming in below expectations. As expected, the Reserve Bank of Australia left interest rates unchanged at 1.5%. Unemployment was steady at 5.6%.

Globally, equity markets were mixed in the month. The S&P500 was up +1.9%, the FTSE was down -0.8% and the Shanghai Composite fell -0.4%. Commodity prices declined, with iron ore down sharply (-20.0%), coking coal -9.0%, copper -4.0%, while oil bucked the trend, rising +10.0%.

In the US, the Federal Reserve flagged its intention for a further interest rate hike and to initiate a program to wind back its balance sheet (quantitative tapering). This commentary coincided with improved US economic data points, such as the ISM manufacturing gauge hitting a 13 year high.

Thank you for your interest in the Fund, as always, I am available for a discussion for those interested in discussing an investment.