

Glenmore Australian Equities Fund

Monthly performance update

September 2018

Fund Performance

Fund performance for September was -0.46% (after fees) versus the benchmark return of -1.06%. The Fund has delivered a total return of +50.04% since inception in June 2017.

Fund Returns (after fees)

| Period | Glenmore Fund | All Ords. Accum. Index |
|------------------------|---------------|------------------------|
| September 2018 | -0.46% | -1.06% |
| Financial Year to date | +6.88% | +1.86% |
| Calendar Year to date | +16.72% | +5.99% |
| Since inception # | +50.04% | +14.57% |

Fund commenced on 6 June 2017

Below is commentary on several stocks currently held by the Fund. Note September is a much quieter month in terms of news flow, given all the companies in the Fund reported their results in August. Since reporting season has concluded, we have now met with the vast majority of companies held by the Fund, and generally speaking we have made only minimal changes to the composition of the portfolio.

Mastermyne (MYE) was up +18.6% in September. During the month, MYE announced the restart of its contract with South32 (S32) relating to roadway development services at S32's Illawarra Coal operation. This contract had previously been deferred by S32. The contract term is 2 years and will deliver ~\$18m of revenue per annum. With the announcement, MYE said this contract secures the upper end of MYE's recent FY19 guidance, and hence leaves the company well positioned to exceed FY19 guidance (revenue \$230-250m, EBITDA \$20-23m).

Alliance Aviation (AQZ) was up +10.7% in the month. During the month, AQZ announced a three-year contract extension with United States luxury tour provider, Tauck. Since commencement in 2014, the tours have grown materially in a short space of time, providing some earnings diversification from AQZ's core mining exposure. AQZ said the first year of this contract extension will see a minimum of 70 charter flights operated.

Other positive contributions in the month came from **Jumbo Interactive (JIN)**, **Pinnacle Investments (PNI)** and **Bravura Solutions (BVS)**.

Navigator Global Investments (NGI) fell -7.6% in the month despite no news flow. NGI's FY18 result released in August had been in line with expectations, however in August, long

term NGI investor, Delaware Street Capital, sold down 13m shares in August (taking its stake in NGI from 16% to 8%) which has potentially caused some negative sentiment towards the stock.

Emeco Holdings (EHL) fell -5.5% in September. Despite the decline in stock price, there was no material news flow released in the month. During September, EHL announced it refinanced its A\$40m debt facility with a new three-year A\$65m facility. Our discussions with EHL and other mining services companies indicate trading conditions remain positive, with the recovery in mining activity continuing, and we remain positive on the stock.

Following reporting season, we continue to meet with the management teams of a large number of potential investments for the Fund and remain very optimistic that any volatility in equities markets in the future will create some attractive buying opportunities. Currently the Fund is ~16% cash, and hence is well positioned.

Market commentary

In Australia, the ASX All Ordinaries Accumulation Index fell -1.1% in September. Sector wise, Energy and Materials were the strongest performers, whilst Healthcare, Consumer Discretionary and Utilities were the main underperformers. Globally, the major indices outperformed Australia, with most delivering positive returns (S&P500 +0.6%, FTSE 100 +1.2%, Euro Stoxx 50 +0.3%).

Australian economic data released in September was solid, with 2Q GDP and employment data in line with expectations. On the flipside, house prices continue to trend lower, which has the potential to impact consumer confidence and retail spending.

In commodities, the oil price rose again (Brent +7% to US\$83/barrel), while bulk commodities were mixed (thermal coal -5% to US\$113/t, coking coal +10% to US\$204/t, iron ore +5% to US\$69.50/t). The AUD/USD was flat at US\$0.72 in the month, however the growing interest rate differential between the US (where rates are rising) vs Australia (rates are flat) is likely to continue to pressure the local currency.

Thank you for your interest in the Fund, as always, I 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 | | | | 16.72 |

FUND INFORMATION

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|-------------------------------|---|---------------------------|---|
| Name | Glenmore Australian Equities Fund | Fund Administrator | Apex Fund Services |
| Inception | 6 June 2017 | Fund Custodian | AET Corporate Trust Pty Limited |
| 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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