

Glenmore Australian Equities Fund

Monthly performance update

April 2021

Fund Performance

Fund performance for April was +7.05% (after fees) versus the benchmark return of +3.92%. The Fund has delivered a total return of +121.60% or +22.53% p.a. (after fees) since inception in June 2017.

Fund Returns (after fees)

Period	Glenmore Fund	All Ords. Accum. Index
April 2021	+7.05%	+3.92%
1 Year	+58.27%	+33.89%
3 Year (p.a.)	+19.78%	+10.24%
Since Inception (p.a.)	+22.53%	+10.21%
Since inception (total)	+121.60%	+46.36%

Fund commenced on 6 June 2017

Fund Returns are for Main Series Units

Stock commentary

Mineral Resources (MIN) continued its recent strength rising +25.6% in April. During the month, MIN released its March quarterly production report and held an investor tour which highlighted the company's strong pipeline of growth projects. The production report actually had some negative news with MIN downgrading FY21 guidance for iron ore shipments by 11% to 17.4-18.0 million tonnes, due to haulage constraints (truck driver shortages due to unplanned border closures). Despite this, the continued rise of the iron ore price (up +13% in April) is more than making up for MIN's production issues, which in any case should be resolved over the next 12-18 months. In addition, the sharp increase in the Lithium price since Christmas has improved the prospects for MIN's Lithium projects (Wodgina and Kemerton). Clearly the medium term earnings outlook remains very positive for MIN and we continue to hold a favourable view on the stock. In addition, the investor tour highlighted MIN's ambitious growth plans in its Iron Ore business, where it is targeting production to increase from 20mtpa to ~90mtpa over the next 5 years, as well a doubling of the Mining Services business over the same time frame.

People Infrastructure (PPE) continued its recent strong performance, increasing +20.9% in the month, despite no specific news being released during the month.

Other positive contributors in April included: **Uniti Wireless (UWL)** +20.4%, **Pinnacle Investment Management (PNI)** +15.0%, and **APE (Eagers Automotive)** +12.0%. UWL and PNI did not release any specific news to drive their stock prices higher, however APE did issue a trading update stating pre tax profit for the March quarter of ~\$98m, driven by a continuation of strong market dynamics (demand exceeding supply) and benefits of APE's cost reduction program.

Coronado Global Resources (CRN) fell -33.9% in the month. CRN released a weaker than expected quarterly production report. Group EBITDA was just \$7m, vs expectations of \$15-20m. This was particularly soft, given CRN's US operations should have benefitted significantly from the strong coking coal price being enjoyed by US producers currently. In addition, the depressed level of the coking coal price for Australian miners continued to weigh on the stock price. Note as discussed in the March newsletter, we materially reduced our position in CRN, given the clear increasing balance sheet risk due to weakening coking coal prices. This action meant the fall in CRN's stock price in April had very minimal impact on Fund performance (-0.2%). Early in May, unsurprisingly given its weakening balance sheet, CRN did in fact announce some capital management initiatives including a US\$100m capital raising. We will continue to monitor the stock as it does look potentially very cheap assuming a recovery in coking coal prices, which frustratingly continue to remain very low.

Whitehaven Coal (WHC) declined -27.5% in April. The driver of the decline was a weaker than expected March quarter production report. Whilst the performance of WHC's main operating mine, Maules Creek was in line with expectations, the performance of its underground Narrabri mine was very disappointing, in terms of both output and cost of production. WHC said the issues were due to mining through an area of difficult geotechnical ground, which will continue to have to be worked through for the next 6-12 months. The overall impact from Narrabri's issues was that WHC had to revise down FY21 group production guidance down (from 21.4mt - 22.0mt to 20.6mt - 21.4mt) and cost of production up (from A\$69/t - A\$72/t to A\$73/t - A\$75/t). In addition to Narrabri's operation issues, WHC also reported realised coal prices that were below market expectations (15% below the average spot price in the quarter due to pricing lags in its contracts and lower quality coal from Narrabri, which attracted a discount to the benchmark price).

FUND INFORMATION

Name	Glenmore Australian Equities Fund	Fund Administrator	Apex Fund Services
Inception	6 June 2017	Fund Custodian	Sargon 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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