

Glenmore Australian Equities Fund

Monthly performance update

March 2022

Fund Performance

Fund performance for March was +12.52% (after fees) versus the benchmark return of +6.91%. The Fund has delivered a total return of +195.20% or +25.10% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
March 2022	+12.52%	+6.91%
1 Year	+42.60%	+15.37%
3 Year (p.a.)	+25.18%	+11.43%
Since Inception (p.a.)	+25.10%	+10.56%
Since inception (total)	+195.20%	+62.49%

Fund commenced on 6 June 2017

Fund Returns are for Main Series Units

Stock commentary

Stanmore Resources (SMR) rose +61.9% in March. SMR is a coal producer the fund initially invested in back in November 2021, following its acquisition of 80% stakes in two high quality producing coking coal mines from BHP, being South Walker Creek and Poirrel (both based in Queensland). The purchase price paid by SMR was US\$1.2B plus a potential extra US\$150m if coal prices exceed a threshold for the following two years. Interestingly, since this transaction was announced in November 2021, the stock market has been well aware that an equity raising would occur to fund the acquisition, however the stock price remained flat at ~\$1 per share (where it was before the deal), which in our view was an underreaction to what was a very positive announcement, despite the fact that SMR would have to raise significant equity to fund the purchase. Moving forward to early March 2022, SMR announced a ~A\$700m equity raising at \$1.10 per share, which the fund participated in. Following the completion of the raising (and funding for the deal now complete), SMR's stock price responded very positively in March, closing at \$1.73. Given the two mines acquired are relatively low cost operations with solid mine lives, they are both well positioned to generate strong cash flows even at lower coal prices, and hence we remain positive on SMR despite the strong rally in the stock price.

Uniti Group (UWL) rose +43.8% in the month. During the month, UWL received a number of takeover bids, with the first being a non-binding, conditional proposal at a price of \$4.50 cash per share from New Zealand Infrastructure group HRL Morrison & Co. This was then followed by a competing bid (also non-binding and conditional) from the Connect Consortium (Macquarie Infrastructure and Real Assets Holdings (MIRA) and PSP Investments) with a proposed price of \$5.00 cash per share. Late in the month, there was another bid from HRL Morrison, though this bid introduced Brookfield Infrastructure Group as a partner into the consortium. This bid was also \$5, however the Morrison/Brookfield consortium indicated they had made material progress in relation to both their diligence program and engagement with lenders, and that they had not identified anything that would indicate they will not be able to enter into a binding proposal for UWL. As with all takeover bid situations, there is always some risk that the bids fall over, however given the quality of UWL's assets and earnings stream, we remain confident a binding bid will materialise, and hence have maintained our holding.

Bowen Coking Coal (BCB) rose +25.7%. During the month, BCB continued to progress its portfolio of coal mines, with the key announcement being that the Broadmeadow East project received final approval from the Queensland State Government, which positions the mine to be in production by the June 2022 quarter. In addition, BCB also received State Environmental Approval for its Isaac River project, with remaining approvals expected by the September 2022 quarter.

Other positive contributors included **Strandline Resources (STA)** +30.4%, **Whitehaven Coal (WHC)** +29.3%, **DGL Group (DGL)** +23.4% and **Coronado Global Resources (CRN)** +22.7%.

Ardent Leisure Group (ALG) declined -16.6% in the month. Despite this, there was nothing released during the month by the company to point to the decline. Early in March, ALG announced its US based subsidiary Main Event had made a US\$26m acquisition of three stand alone family entertainment centres in Denver/Colorado Springs.

There were no other detractors of any materiality in the month.

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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