

Glenmore Australian Equities Fund

Monthly performance update

April 2022

Fund Performance

Fund performance for April was +3.07% (after fees) versus the benchmark return of -0.81%. The Fund has delivered a total return of +204.25% or +25.40% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
April 2022	+3.07%	-0.81%
1 Year	+37.29%	+10.12%
3 Year (p.a.)	+23.67%	+10.20%
Since Inception (p.a.)	+25.40%	+10.19%
Since inception (total)	+204.25%	+61.17%

Fund commenced on 6 June 2017

Fund Returns are for Main Series Units

Stock commentary

Stanmore Resources (SMR) continued its strong performance in April, rising +36.6% in the month. The main driver of the outperformance was growing investor awareness of the stock's very cheap valuation metrics, once the earnings from the assets acquired from BHP (as discussed in the March newsletter) are factored into SMR's valuation. Whilst the acquisition was first announced in November 2021, due to a delayed settlement, the date that SMR actually took ownership was 3 May 2022, with the company now benefiting from the very strong cash generation from the two mines acquired from BHP. Whilst current coal prices are leading to very strong earnings, even at a conservative long term hard coking coal price of ~US\$150/t, we believe SMR can still generate EBITDA of A\$400m - \$500m, which compares favourably with its current market capitalisation of A\$2.2B.

DGL Group (DGL) increased +19.9%. During the month, DGL released a brief trading update, which showed the group continues to trade very positively. DGL guided for FY22 revenue of \$354m and EBITDA to be ~\$65m, both well ahead of market expectations. This was DGL's second upgrade to full year guidance, which points to continued strong earnings momentum across the group.

Bowen Coking Coal (BCB) rose +19.6%. During the month, BCB announced mining had commenced at its Bluff mine in

Queensland. Coal sales are on track to occur in the June quarter, with steady state production of 80-100k tonnes per month (~1mtpa on an annualised basis) targeted from July 2022.

COG Financial Services (COG) rose +18.4% in April. COG is a Sydney based financial services group, which is the largest asset finance broker in Australia (~18% market share of commercial assets financed). COG also owns 75% of Westlawn Finance, a well established lending/investment group, which potentially has strong synergies with COG's asset finance broking business. During the month, COG provided an earnings update for its 3Q FY22 results, which showed NPAT of \$5.8m, up +49% vs pcp, taking NPAT for FY22 to date to \$16.3m. Both segments of the group continue to perform very well, despite supply chain issues impacting the supply of new equipment. COG trades on an FY23 PE multiple of ~11x, which we view as attractive given its strong earnings growth prospects. We believe there is material scope for continued M&A in asset finance broking and lending growth from Westlawn.

Other positive contributors included **Whitehaven Coal (WHC)** +18.6%, **Coronado Global Resources (CRN)** +15.5%, and **Uniti Group (UWL)** +5.1%.

MA Financial (MAF) declined by -13.9% in the month. The company did not report any negative news during the month, and we believe the stock price decline was likely driven by MAF being sold off in line with many stocks in the funds management/wealth advisory sectors. At the time of writing, MAF recently held its Annual General Meeting, where it reiterated it was on track to grow CY22 EPS by 10%-20%.

Other detractors from performance included **Lifestyle Communities (LIC)** -11.0%, **Dicker Data (DDR)** -9.4%, and **Fiducian Group (FID)** -7.8%.

Market commentary

April was a mixed month for equity markets globally. The ASX materially outperformed its global peers again, with the ASX All Ordinaries Accumulation index falling -0.8%. Defensive sectors were the best performers (utilities, transport, and insurance). Technology was the worst performer on the ASX due to rising bond rates again impacting given its above average valuation metrics. A key M&A event during the month was the KKR (private equity firm) bidding for Ramsay

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

For more information, please contact Glenmore Asset Management on (03) 8375 9377 or 0409 002 391 or email info@glenmoream.com.au.

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