

Glenmore Australian Equities Fund

Monthly performance update

July 2022

Fund Performance

Fund performance for July was 9.78% (after fees) versus the benchmark return of +6.34%. The Fund has delivered a total return of +180.0% or +22.05% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
July 2022	+9.78%	+6.34%
1 Year	+14.18%	-2.60%
3 Year (p.a.)	+14.42%	+4.90%
5 year (p.a.)	+22.18%	+8.41%
Since Inception (p.a.)	+22.05%	+8.23%
Since inception (total)	+180.0%	+50.48%

Fund commenced on 6 June 2017

Fund Returns are for Main Series Units

Stock commentary

Pinnacle Investment Management (PNI) increased +42.4% in July. During the month, PNI provided a market update, stating that ten affiliates had crystallised performance fees for FY22 totalling \$57.1m, PNI's share being \$16.4m. Whilst this news was obviously positive in the sense it shows outperformance across a number of PNI's funds, the strong rally in PNI's stock price in July was in our view more driven by improving investor risk appetite to equity market linked growth stocks.

MA Financial (MAF) rose +36.7%. MAF did not release anything company specific during July, however, as was the case with PNI, the company benefitted from improving risk appetite towards growth stocks, particularly in the asset management sector. Both PNI and MAF commenced July from a starting point of very cheap valuations, following material sell offs during 1H of 2022.

Eagers Automotive (APE) rose +28.9%. During the month, APE issued a market update for 1H22, stating underlying profit before tax would be ~\$195, slightly higher than previous guidance given in May of \$183m-\$189m. This was a solid effort in our view, given 1H22 was a period where APE continues to face ongoing supply constraints, which are impacting its ability to deliver new vehicles, albeit these supply constraints have resulted in elevated profit margins.

Other positive contributors included **Whitehaven Coal (WHC)** +28.3%, **Bowen Coking Coal (BCB)** +26.5%, **Lifestyle Communities (LIC)** +24.1%, **Strandline Resources (STA)** +21.2%.

Coronado Global Resources (CRN) fell -14.8% in July. During the month, CRN released its June quarter production report, which was slightly below market expectations, driven by wet weather in Queensland and challenging geological conditions in the US. CRN increased cost guidance for CY22 by ~15% due and said it expects saleable production to be at the low end of the guidance range of 18-19 million tonnes.

Market commentary

After a very challenging finish to FY22, July was a strong month for equities globally. In the US, the S&P 500 rose +9.1%, the Nasdaq was up +12.4%, whilst in the UK, the FTSE was more muted, rising +3.5%. Domestically, the ASX All Ordinaries Accumulation Index rose +6.3%. The top performing sectors on the ASX were technology (assisted by falling bond yields), whilst resources were the worst performer, driven by weaker commodity prices. Unsurprisingly, small caps outperformed large caps as investor risk appetite materially improved. In our view the key driver of the rally in July was investor expectations around inflation (and hence interest rate hikes) beginning to moderate as commodity prices eased, and with central banks now well underway with raising rates, investors potentially can see some light at the end of the tunnel with regards to the current restrictive monetary policy. During the month, the Federal Reserve (US central bank) increased the Fed Funds Rate by 75 basis points (bp) to a range of 2.25% - 2.50%, whilst the RBA increased the cash rate by 50bp to 1.35%. Whilst these are quite material increases, they were largely expected by investors, with consensus that there will be more such hikes over the course of 2022.

Commodity prices were broadly weaker in July, driven by fears around an economic slowdown, particularly in China. Iron ore, crude oil and copper all fell -4%, whilst gold declined -2%. Thermal coal outperformed, rising +6%.

In the bond market, notably the key US 10 year bond yield fell -36 basis points (bp) to close at 2.70%, whilst the Australian 10 year bond yield fell 60 bp to close at 3.1%. The

movements of both in July were a function of some early signs that inflationary pressures have started to ease.

As most of our readers would be aware, August will be a very busy month for the Fund, with the vast majority of our holdings reporting their results for 1H22. Some key themes we will be monitoring are cost pressures and how companies are dealing with them, as well as any impact on demand and/or revenue from recent central bank interest rate increases. As has been the case in the previous years, we are optimistic that reporting season can provide some excellent new investment ideas for the Fund.

Thank you for your interest in the fund, as always, I would welcome any questions, and 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	-8.70	-2.06	-3.26	0.97
2019	2.84	9.77	2.72	6.88	2.54	5.21	7.71	-0.76	2.60	-1.07	-1.65	-1.67	40.28
2020	3.05	-9.44	-29.34	16.63	9.64	1.43	1.41	11.52	0.54	1.66	10.37	3.96	13.43
2021	0.53	-1.61	1.34	7.05	1.00	6.15	3.21	10.38	0.74	0.65	0.51	4.13	39.07
2022	-7.62	-1.12	12.52	3.07	-4.11	-12.59	9.78						-2.52

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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