

Glenmore Australian Equities Fund

Monthly performance update

February 2024

Fund Performance

Fund performance for February 2024 was +2.48% (after fees) versus the benchmark return of +1.17%. The fund has delivered a total return of +229.83% or +19.34% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
February 2024	+2.48%	+1.17%
1 Year	+11.83%	+11.31%
3 Year (p.a.)	+17.32%	+9.03%
5 year (p.a.)	+17.62%	+8.98%
Since Inception (p.a.)	+19.34%	+9.03%
Since inception (total)	+229.83%	+79.26%

Fund commenced on 6 June 2017

Fund returns in the table above are for main series units. Please note returns for certain series of units may differ slightly from the main series due to the timing of your investment.

Stock commentary

Pilbara Minerals (PLS) increased +18.3% in the month. PLS is a WA based lithium producer, with the key asset being the 100% owned Pilgangoora mine, which is 120km from Port Hedland. The mine is particularly attractive given its low cost of production, long mine life, and potential for production to be increased over the medium term. PLS reported 1H24 EBITDA of \$415m, which was slightly below market expectations, due to higher than expected costs. Note, EBITDA in 1H23 was \$1.8B, which was a function of very high lithium prices, which have since fallen to much lower levels. Despite the lower prices, PLS recorded a 55% EBITDA margin in 1H24. Net cash on hand was very healthy at \$1.6B, which positions PLS well to fund its growth capex, where it is targeting production of 1mtpa (over the next 2-3 years) vs ~650ktpa currently.

Nick Scali (NCK) rose +18.0% in February. NCK is an Australian based furniture retailer, which reported a better than expected 1H24 profit result. Whilst NPAT for the half was \$43.0m, down -29% vs 1H23, this was above its previous guidance range (\$40m-\$42m) and ~5% above consensus forecasts. Sales in 2Q rebounded strongly, whilst gross margins for the half increased by +360 basis points (bp) to 65.6%. Sales in 2H24 have commenced positively, with NCK

appearing to be taking market share in what is still a subdued furniture market. NCK trades on a PE multiple of ~14x and should benefit as consumer spending gradually improves over the next 12-18 months.

GQG Partners (GQG) rose +16.5%. GQG released its full year FY23 result, which was ~3% ahead of consensus expectations. FY23 NPAT was US\$283m, up +19% vs FY22, driven by net flows of US\$10.0B and positive equities markets (particularly in the 2H of 2023). GQG paid a 4Q 2023 dividend of US\$0.026 per share, representing a 90% payout ratio. Closing FUM for the year was US\$121B, up +37% vs pcp. Despite its consistent operational performance, GQG continues to trade of cheap valuation metrics (FY24 PE multiple of 11x and dividend yield of 8.5%).

MA Financial (MAF) was down -18.3%. MAF reported a full year FY23 result that was ~8% below market expectations. FY23 EBITDA was \$81.6m (down -24%), whilst NPAT was \$41.6m (down -32%). On the cost side, the result was impacted by MAF investing for growth in areas such as MA Money, the expansion of the Private Credit business in the US, and new distribution channels in Singapore. The asset management division, which contributes ~80% of group EBITDA, saw EBITDA fall 21%, largely due to a -82% decline in performance fees (note FY22 benefited from material performance fees in the hospitality division). More positively, management fees (which are largely recurring), increased +22% to \$153m. MAF said investments in various growth initiatives will continue into 2024 (which surprised the market), which will impact EPS by ~6 cents per share, albeit should benefit earnings from FY25 onwards.

Lifestyle Communities (LIC) fell -14.0%. LIC delivered a below expectations result, with 1H24 NPAT of \$20.8m vs \$25.2 in 1H23 (down -17%), impacted by lower home settlements (124 vs 141 in pcp). Annuity revenue (a key metric) increased by +16% due to more homes under management. LIC said FY24 settlements were expected to be flat vs FY23 (356) and reiterated its 3 year settlement guidance of 1,400 to 1,700 new home settlements between FY24-26. With the result, LIC surprised the market by announcing a \$275m equity capital raising to de-gear the balance sheet, which LIC said was required given the weak macro environment for home settlements and its desire to acquire further land sites for future developments.

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
Distributions	Annually	High water mark	Yes
Platform availability	Netwealth	APIR code	GNM0167AU

Contact details

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