

Glenmore Australian Equities Fund

Monthly performance update

August 2024

Fund Performance

Fund performance for August 2024 was -3.70% (after fees) versus the benchmark return of +0.40%. The fund has delivered a total return of +248.71% or +18.80% p.a. (after fees) since inception in June 2017.

Period	Glenmore Fund	All Ords. Accum. Index
August 2024	-3.70%	+0.40%
1 Year	+19.47%	+14.74%
3 Year (p.a.)	+8.81%	+6.32%
5 year (p.a.)	+13.46%	+8.36%
Since Inception (p.a.)	+18.80%	+9.30%
Since inception (total)	+248.71%	+90.49%

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

Universal stores (UNI) rose +19.2%. UNI reported a strong full year result, with FY24 EBIT of \$47.1m, up +17% vs pcp. Groups sales were \$289m, up +9.7% vs pcp, whilst pleasingly, the company reported FY25 had started positively, with all three brands (Universal Stores, Perfect Stranger, and CTC) showing positive sales growth in the first seven weeks of FY25.

Fiducian Group (FID) increased +10.2%. FID produced another solid result, with FY24 revenue up +10% to \$60.6M, and NPAT up +17% to \$17.7m. Net inflows from advisers were \$281m, with just under 100% being invested in FID platform and FID multi-manager funds. Funds under management (FUM) for the group was \$5.2B at 30 June, which has increased to \$5.3B at 31 July, showing clear momentum in the business.

Mineral Resources (MIN) declined -26.0% in August. MIN reported its FY24 result (NPAT of \$158m, down -79% vs FY23, impacted by lower lithium and iron ore prices), which was below market expectations. To recap, MIN is a diversified resources company with three main divisions, mining services, iron ore mining and lithium mining. Mining services produced another strong result (EBITDA of \$550m, up +14%),

however iron ore and lithium were below expectations, with both materially impacted by lower commodity prices. Net debt was \$4.4B at balance date, which remains elevated, though should reduce as MIN's large scale, low cost Onslow iron ore mine moves towards its nameplate production rate of 35mtpa. Given the weaker earnings and capex requirements (~\$1.9B in FY25), MIN did not declare a 2H24 dividend.

Stanmore Resources (SMR) fell -19.1% in the month. Despite the stock price fall, SMR produced a solid 1H24 result, which was better than market expectations on costs and in line with regards to production. EBITDA for 1H24 was US\$366m, which was -32% lower than 1H23 due to lower coking coal prices. Positively, SMR surprised the market with a US\$4.4cps interim dividend, a reflection of its strong balance sheet and free cashflow generation. The main driver of the stock price in the month was negative sentiment towards resource stocks, in particular commodities exposed to steel making (coking coal and iron ore).

Austin Engineering (ANG) fell -18.2%. ANG produced a solid FY24 result, with NPAT of \$31m, at the lower end of previous guidance (\$31m-\$33m). With the result, ANG issued FY25 guidance for the first time: revenue of ~\$350m and underlying EBIT of ~\$50m, which was lower than market expectations of ~\$54m, which saw the stock sold off.

GQG Partners (GQG) declined -7.7%. GQG's 1H24 result was in line with expectations (1H24 revenue of NPAT of US\$201m, up +56% vs pcp). Operating costs were higher than expected, which we believe was due to the company adding staff aimed at growing funds under management (ie. Distribution) over the medium term. The stock has had a very strong run in the last 12 months (driven by strong investment performance and net inflows) with some investors likely taking profits following an in-line result.

Market commentary

Globally, equity markets were positive in August. In the US, the S&P 500 rose +2.3%, the Nasdaq increased +0.7%, whilst in the UK, the FTSE was flat (+0.1%). In Australia, the All Ordinaries Accumulation Index increased +0.4%. The top performing sectors on the ASX were technology and gold, whilst energy was the worst performer.

Reporting season on the ASX saw the vast majority of listed companies report their results for the six months to 30 June. Overall, we viewed it as a solid reporting season, albeit with less strong earnings “beats” than in previous reporting seasons. Large cap stocks materially outperformed small/mid cap stocks (which the fund has a strong exposure to), with the ASX Small Ordinaries index falling -2.0%. Resources and mining services stocks underperformed as sentiment towards Chinese economy continues to be weak. On the positive side, central banks both globally and in Australia appear on the cusp of cutting interest rates, which should be beneficial for economic growth, company earnings, and general investor sentiment towards equities.

In bond markets, the US 10-year bond rate fell -28 basis points (bp) to close at 3.86%, whilst its Australian counterpart fell -15 bp to 3.97%. The driver of lower bond rates was data showing economic growth in the US to be slowing. In currencies, the A\$/US\$ appreciated +2.2 cents to close at US\$0.68.

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	5.18	-8.24	5.57	3.61	-2.93	-0.12
2023	6.49	-3.45	-6.15	3.01	-6.42	1.42	5.79	1.96	-1.97	-7.43	8.14	10.47	10.30
2024	1.72	2.48	4.98	-0.96	1.12	1.02	3.38	-3.70					10.20

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, HUB24	APIR code	GNM0167AU

Contact details

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