



GLENNON SMALL COMPANIES LTD

Investment Report & NTA

November 2017

Net Tangible Assets (NTA) as at 30/11/2017

Cumulative Dividends Paid (excluding franking)	\$0.0775
NTA (before tax)	\$1.0832
NTA (after tax)	\$1.0398

Review of the Month

The portfolio returned 0.43% (gross of tax and fees), with the Small Ordinaries Accumulation Index returning 3.9% during the month of November.

Our aversion to the Small Resources sector continued to hurt our relative performance with the sector up significantly in the last three months. The -25% pull back in the iron ore price in the past 2 months highlights the volatility of resource pricing and reinforces our view towards the sector. We continue to position the portfolio in solid industrial companies that meet our core requirements of a sustainable business, superior growth prospects and undervalued.

This month has seen property investment group, 360 Capital, move to our top holding for the month of November. 360 Capital

is a real estate investment and funds management group specialising in active management of real estate and related assets. As a result of the deployment of the groups capital into Asia Pacific Data Centre Group, we expect forecast earnings to rise to 5.5c per security. We also forecast that TGP will be able to maintain fully franked dividends of 5.5c for FY18 providing a healthy distribution to GC1.

We have also increased our holding in CML Group, as we have taken into account the current interest rate environment creating a strong platform for quality finance companies. We recently spoke about opportunities stemming from pressure in residential property markets and debt servicing levels allowing smaller credit providers to perform well. CML Group provides a strong proxy for taking advantage of these trends.

Glennon Capital has maintained the view that the resources sector does not currently offer value, however we continue to hold core positions in quality mining services companies including Emeco Holdings and Macmahon Holdings who act as a proxy to the resources sector. Emeco Holdings has moved to second position in our top holdings, following a rights issue to shareholders which saw our position increase to 7.3% of the portfolio at month end.

We recently commented on our holding in Alliance Aviation and where we see value in the company, having increased it to a Top 5 position during the month. We also view Alliance Aviation as a resources proxy, given its core business as a fly-in, fly-out service to Australian mines. The company offers diversification in its revenue, and we see it as a quality company in its mix of growth and value.

Our largest detractor for the month was PMP Limited, which saw a downgrade during the month of 30% to earnings. We have been exiting the position prior to the announcement yet were impacted by the fall of ~36% during the month. We have since exited the position.

Stock Code	GC1
GC1 Share Price*	\$0.955
GC1 Market Cap	\$45
GC1 Cash Weight	5.51%
Number of Holdings	35

** as of the 30st November 2017*

Top 5 Holdings	
TGP	360 Capital Group
EHL	Emeco Holdings
NVL	National Veterinary Care
MAH	Macmahon Holdings
AQZ	Alliance Aviation

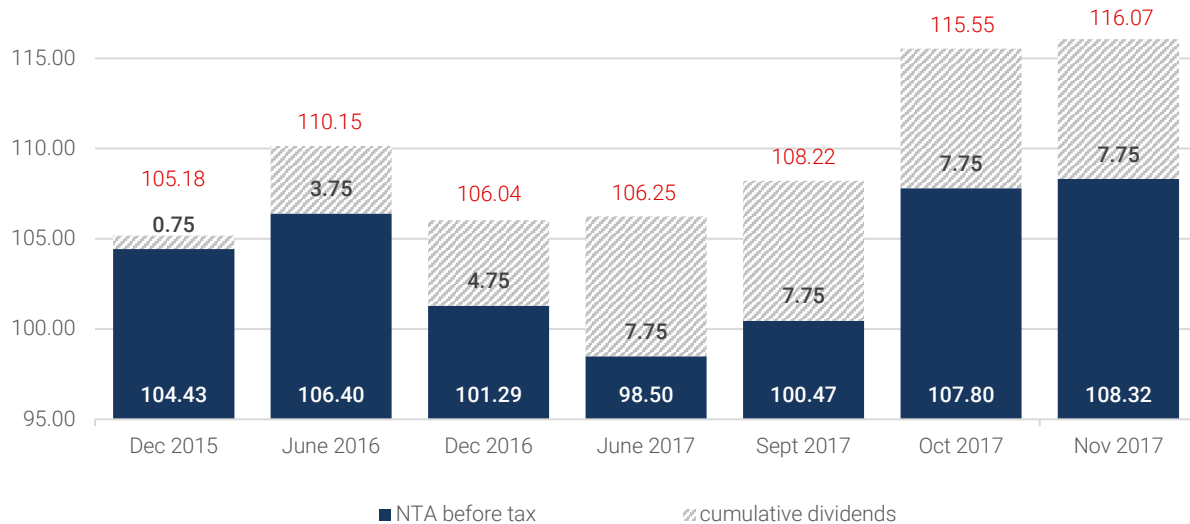


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GC1 NTA + Dividends Paid



GC1 Cumulative Dividends

