



# GLENNON SMALL COMPANIES LTD

## Investment Report & NTA

December 2017

### Net Tangible Assets (NTA) as at 31/12/2017

<b>Cumulative Dividends Paid (excluding franking)</b>	\$0.0775
<b>NTA (before tax)</b>	\$1.1247
<b>NTA (after tax)</b>	\$1.0683

### Review of the Month

The portfolio returned 3.8%, outperforming the ASX Small Ordinaries Accumulation Index (+3.2%) despite resource stocks once again strongly outperforming small industrials (ASX Small Resources +8.9%).

Glennon maintains its aversion to resource stocks on the belief most of these investments have run ahead of the underlying fundamentals. We do continue to search for entry points to the strongest thematic – such as lithium, cobalt, rare earths and gold – and will invest if appropriate. In the meantime, we maintain a proxy exposure via mining-related industrials such as Alliance Aviation, MacMahon Holdings and Emeco. Alliance was again a standout with a share price gain of 15.2% while MacMahon returned 4.6% and Emeco had a breather after six consecutive positive months. We increased our holdings in Alliance and Emeco in recent months.

Our biggest holding, 360 Capital Group, returned 3.96% after upgrading its distribution forecasts. Other key positive contributors included Apollo Tourism (+11.1%), National Veterinary Care (+6.6%), Webjet (+10.1%), Shine Corporate (+12.3%) and Think Childcare (+8.6%).

We recently introduced a new stock to the portfolio, BWX Limited, taking advantage of a share price slump early in December. The stock rapidly rebounded, denying us the ability to get to quite where we wanted but we managed to accumulate a decent position nonetheless. The stock put on 20% through December since we started buying. BWX is a manufacturer, marketer and distributor of natural beauty products – primarily skin and cosmetics. Unlike most of the topical health and beauty stocks that have been grabbing the headlines, its future is not tied just to China. It has some exposure to that market but through acquisition and organic growth it has developed a strong presence in the US and Canada to add to its number one position in Australia via the brand Sukin. The acquired companies will give Sukin a strong entry point into Nth America while BWX will be able to distribute the number one US natural skincare and cosmetic brands it now owns into Australia and possibly China.

During the month we slightly reduced our holding in National Vet as it headed towards our valuation targets and took advantage of the increased position we accumulated in Vita Group during November (+5.2%).

Apart from a relative non-participation in the resource sector's outperformance we also lost ground through financier Axesstoday (-7.4%), healthcare services company Paragon Care (-3.6%) and Service Stream (-3.3%) which downgraded on the back of NBN rollout delays.

<b>Stock Code</b>	ASX:GC1
<b>GC1 Share Price*</b>	\$0.96
<b>GC1 Market Cap</b>	\$51m
<b>GC1 Cash Weight</b>	2.9%
<b>Number of Holdings</b>	35

*\* as of the 31<sup>st</sup> December 2017*

### Top 5 Holdings

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

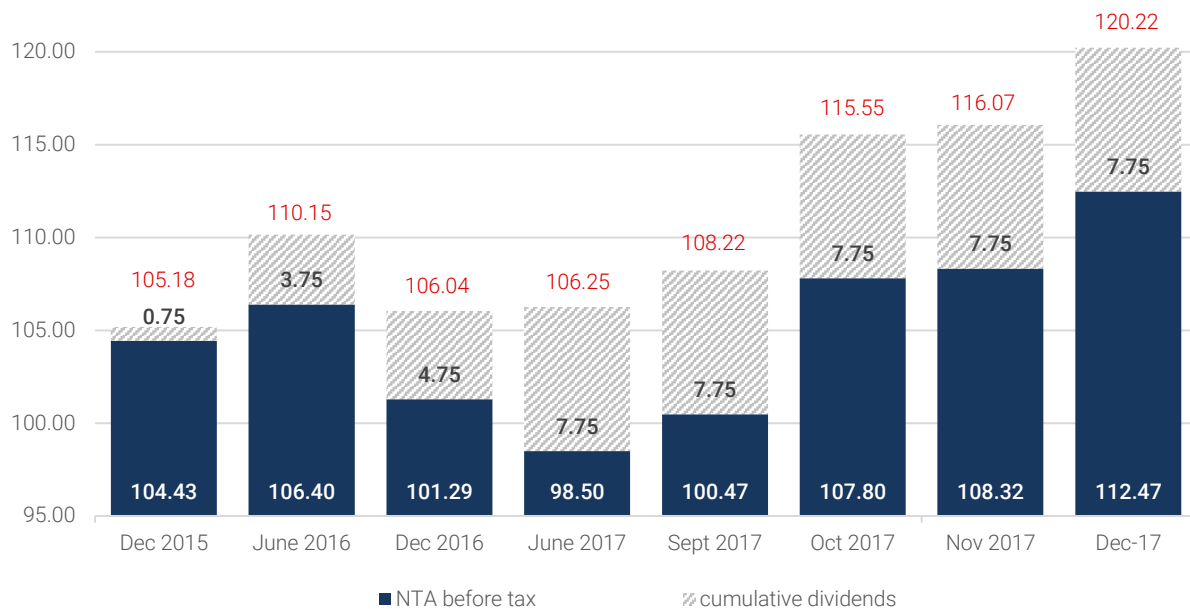


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### GC1 NTA + Dividends Paid



### GC1 Cumulative Dividends

