



GLENNON SMALL COMPANIES LTD

Investment Report & NTA

January 2018

Net Tangible Assets (NTA) as at 31/01/2018

Cumulative Dividends Paid (excluding franking)	\$0.078
NTA (before tax)	\$1.13
NTA (after tax)	\$1.08

Review of the Month

In January, the portfolio returned a positive return of (+1.44%), while the Small Ordinaries Accumulation Index had a negative return of (-0.54%). It was pleasing to see the portfolio **out-performing** and posting a positive return while the market pulled back.

In the broader market the S&P/ASX 300 Accumulation Index closed down (-0.4%) and the S&P Small Ordinaries Accumulation Index was down (-0.5%). Small Resources (-0.9%) underperformed the Small Industrials (-0.4%), giving back some of their recent strong gains. Weaker than expected inflation and a decline in building approvals will likely see the Reserve Bank of Australia continue to keep the RBA cash rate at 1.5% for much of 2018.

Stock Code	ASX:GC1
GC1 Share Price*	\$0.99
GC1 Market Cap	\$53m
GC1 Cash Weight	4.2%
Number of Holdings	35

** as of the 31st January 2018*

Top 5 Holdings

EHL	EMECO HOLDINGS LIMITED
TGP	360 CAPITAL GROUP
ATL	APOLLO TOURISM & LEISURE LIMITED
MAH	MACMAHON HOLDINGS LTD
NVL	NATIONAL VETERINARY CARE LIMITED

As we write, in early February we have seen significant volatility impact global markets. Australian Small Caps have not been immune to this volatility. We have taken the opportunity the volatility has created to top up some of our positions that have seen large movements in their share prices. Small cap resources have become better value. Of note the lithium battery material suppliers retraced gains in January, with Lithium companies Galaxy and Pilbara being sold off on news of supply increases in Chile. We continue to search for entry points into the resources sector and add to our exposures in lithium and cobalt. We will invest where we find attractively priced opportunities to supplement our existing exposures in mining service companies, MacMahon Holdings and Emeco.

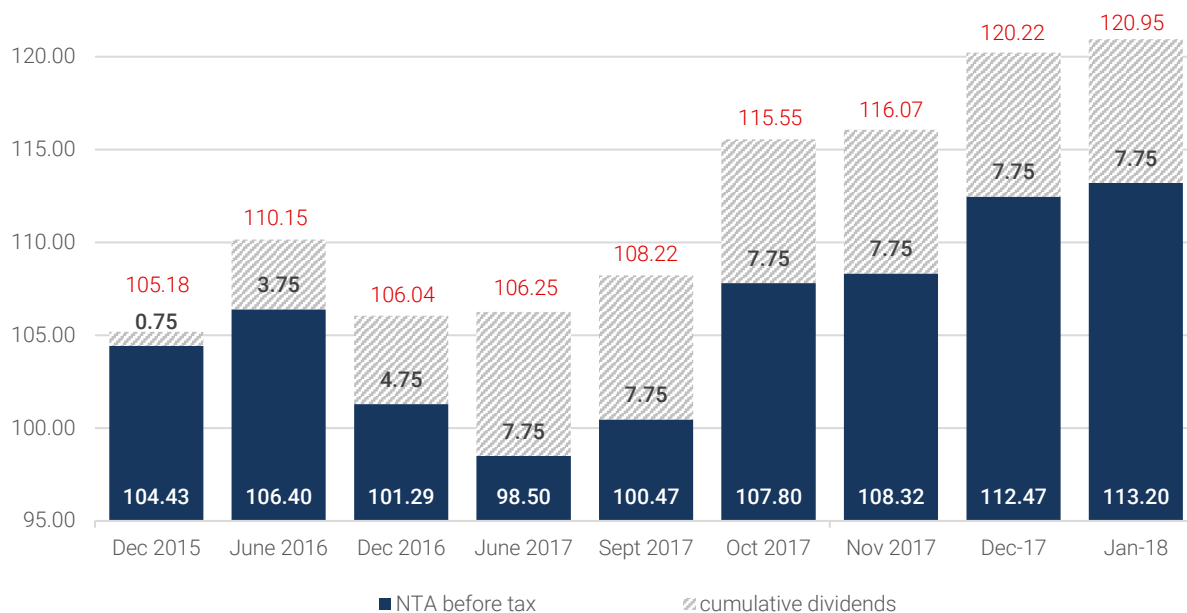
Companies that positively contributed to performance during the were Vita Group and Axsess Today. Vita Group was up (+24.0%) over January from an oversold position. The company is recovering from a challenging 2017 which saw the value of the company halve in terms of market capitalisation. Axsess today's shares were up 18.0% as the market starts to appreciate the growth in its business. Axsess today provides equipment finance solutions with a focus on hospitality and transport companies.

Experience Co was down (-12.0%) in January, the adventure tourism company was placed in a trading halt, pending an announcement about an incident at its New Zealand skydive business. MSL Solution was also a detractor from performance during the period. The shares fell (-9.6%) as the share register continues to find new owners after a change in outlook for the company.

Portfolio Outlook

As we move into February we have increased the cash levels in the portfolio and at this stage in the month the portfolio is continuing to outperform the market as the quality of the underlying businesses in the portfolio and our focus valuations has insulated us somewhat from stock specific risks and the extreme volatility of concept stocks and those high flying stocks that neither have earnings or any sound fundamentals on which to value them.

GC1 NTA + Dividends Paid



GC1 Cumulative Dividends

