



GLENNON SMALL COMPANIES LTD

Investment Report & NTA

February 2018

Net Tangible Assets (NTA) as at 28/02/2018

Cumulative Dividends Paid (excluding franking)	\$0.078
NTA (before tax)	\$1.1633
NTA (after tax)	\$1.0946

Review of the Month

February was a volatile month for Australian Smaller companies. We saw a sharp sell-off early in the month with the market experiencing its largest one day fall in 2 years as the index fell (-6.3%) in the first week after concerns about interest rate rises in the US. The market subsequently recovered most of the falls however the S&P/ASX Small Ordinaries Index ended the month down (-0.21%).

Volatility was also extreme on a stock level as companies reported their half year results. The initial reaction on a stock level was often dramatic with wild swings in prices on the up and down side. Companies that over achieved and provided positive guidance saw their share prices re-rate strongly on the upside.

Stock Code	ASX:GC1
GC1 Share Price*	\$0.98
GC1 Market Cap	\$53m
GC1 Cash Weight	6.6%
Number of Holdings	31

** as of February 2018*

Top 5 Holdings

EHL	EMECO HOLDINGS LIMITED
TOX	TOX FREE SOLUTIONS LIMITED
CGR	CML GROUP LIMITED
MAH	MACMAHON HOLDINGS LTD
A2M	THE A2 MILK COMPANY LIMITED

A2 milk was an example of a company that saw 2 days of consecutive +20% rises in its share price with the shares now +50% higher than where they were in January. We continue to hold A2 Milk, however we are cautious about its valuation now and have been reducing its weighting in the portfolio.

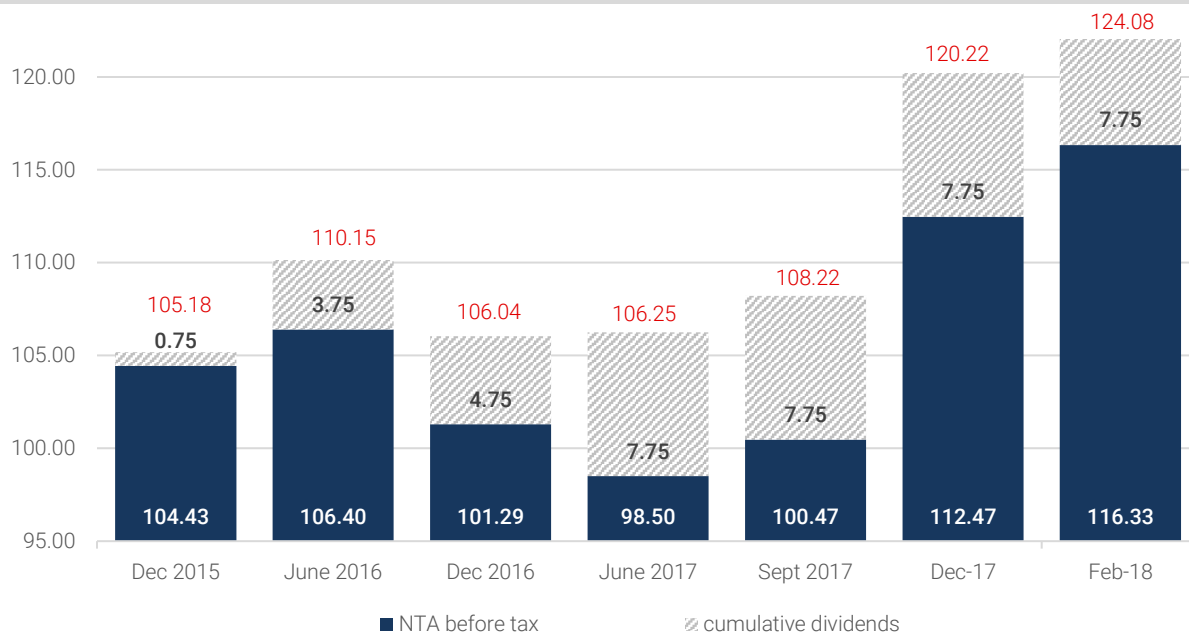
GC1 had a strong return for the month returning +2.27% on a gross portfolio basis against the S&P/ASX Small Ordinaries Accumulation Index (total return) of +0.03%. The after tax NTA also improved after GC1 received a special dividend on our holding in 360 Capital Group which distributed a non-cash fully franked dividend of +22%. This is part of our strategy of accumulating franking to ensure that we can continue to pay a growing stream of fully franked dividends. We will continue to actively seek out special situations that will benefit the franking balance of GC1.

The top contributors to performance during February were A2 Milk (A2M) +47%, CML Group (CGR) +21% and Access Today (AXL) 21%, all of which produced strong half year results. The detractors from performance during the month were: BWX Limited (BWX) (-34%), Apollo Tourism (ATL) (-9.7%) and Vita Group Limited (VTG) (-12.7%).

Portfolio Outlook

The volatility has created opportunities in quality stocks that have been oversold and we are evaluating some of these now. We continue to stay away from concept stocks with little or no revenue and over inflated share prices and we remain focused on valuations within companies in the portfolio. We are also cautious about the bubble in some of the growth companies that are trading on extreme valuations.

GC1 NTA + Dividends Paid



GC1 Cumulative Dividends

