



# GLENNON SMALL COMPANIES LTD

## Investment Report & NTA

April 2018

### Net Tangible Assets (NTA) as at 30/04/2018

Cumulative Dividends Paid (excluding franking)	8c
NTA (before tax)	\$1.09
NTA (after tax)	\$1.05

### Review of the Month

The market bounced back in April as the global trade threats of the previous months were seemingly forgotten. The focus returned to company returns and the fundamental positives that came out of February's reporting season. The result was a strong recovery in stocks that had floundered during the previous quarter.

The ASX Small Ordinaries Accumulation Index returned a positive 2.75%. Glennon Small Companies Ltd produced a negative 2.14% return. Resources were particularly strong, the ASX Small Resources Accumulation Index up 6.92%. The Small Industrials Accumulation Index gained 1.46%. Large caps trumped small caps, the ASX100 growing 3.91%.

Stock Code	ASX:GC1
GC1 Share Price*	\$0.95
GC1 Market Cap	\$46m
GC1 Cash Weight	2.5%
Number of Holdings	34

### Top 5 Holdings

AXL	AXESSTODAY LIMITED
CGR	CML GROUP LIMITED
EHL	EMECO HOLDINGS LIMITED
MAH	MACMAHON HOLDINGS LIMITED
TOX	TOX FREE SOLUTIONS LIMITED

Despite the relative weak performance GC1 had some positive stories during the month. Shine Corporate, BWX, Titomic and Macmahon Holdings all beat the index. The market is starting to see the same value in Shine as we have for some time and the stock has enjoyed consecutive strong months. BWX bounced off its lows and started what we expect will be a strong long-term performance.

Titomic, the 3D printing company that is hoping to disrupt the global titanium industry, reacted well to a successful, oversubscribed capital raising (GC1 increased its holding). Macmahon responded to news that the second stage of its large Indonesian project (Batu Hijau) had begun and that progression was in line with expectations.

The Fund's worst performing stocks were Experience Co, Fiducian, Apollo Tourism, Axesstoday and Emeco. The portfolio saw a retracement across a large number of its stocks but only Experience Co presented a downgrade statement, and that was on the last day of the month. There was some frustration as stocks fell without any meaningful catalysts in a positive month for the market.

Experience Co downgraded its earnings outlook after a horrid run of weather, particularly in Nth Queensland where constant rain disrupted its numerous tourism operations. Wind also saw more lost days than normal in its skydiving operations in Wollongong and New Zealand. We expect the business to rebound as weather patterns normalise. We are conscious of the earnings concentration in Nth Queensland and would welcome geographic diversity through acquisition.

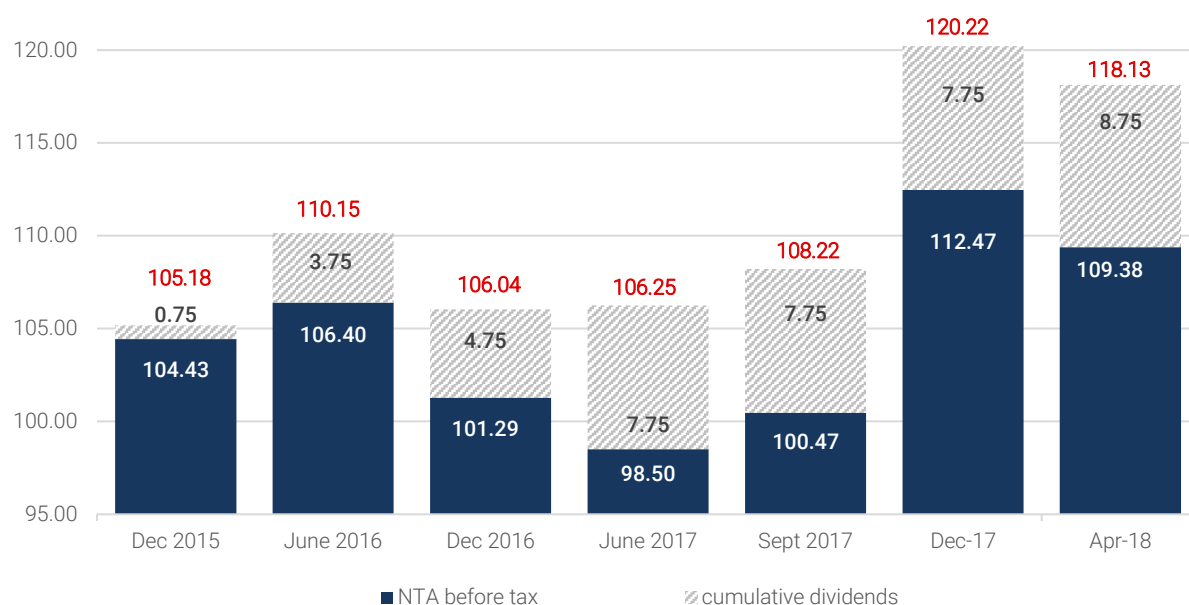
We believe Fiducian, which offers financial advice using its in-house platform, got caught up in the negative sentiment surrounding the Banking Royal Commission. Fiducian is a long-standing financial planning firm with a good reputation and will probably survive the fallout, but it may be a rough ride for some months.

Apollo Tourism made no announcements in April, the last news we had on them was two broker target price upgrades at the end of March. Axesstoday was lower following a strong share price spike late in March. Emeco released a 3Q update where it confirmed its businesses were performing well in a strengthening market. Towards the end of the month it announced another acquisition and capital raising. Perhaps the stock was just taking a breather after a strong long-term run.

## Portfolio Outlook

May has started where April left off, the market continuing to rally and resource stocks once again ahead of industrials. There seems to be an appetite for growth. We attended the Macquarie conference and pretty much every growth stock that presented was rewarded with a strong lift in share price. The predominant talk was that the expectations of a downgrade festival during the conference were not met. GC1 still has just a small exposure to resource stocks and have recently committed to a new position in coking coal. As always we continue to look for the right long term opportunities. The fund has bounced back well in the month-to-date, giving us some satisfaction that our holdings are in good shape.

## GC1 NTA + Dividends Paid



## GC1 Cumulative Dividends

