

A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, reaching towards a blue sky with scattered white clouds. The buildings are rendered in a monochromatic blue tone, creating a sense of height and architectural grandeur.

QUARTERLY WEBINAR

GLENNON CAPITAL

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WEBINAR AGENDA

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6 Current Market
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Business Update

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Portfolio Update

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Outlook

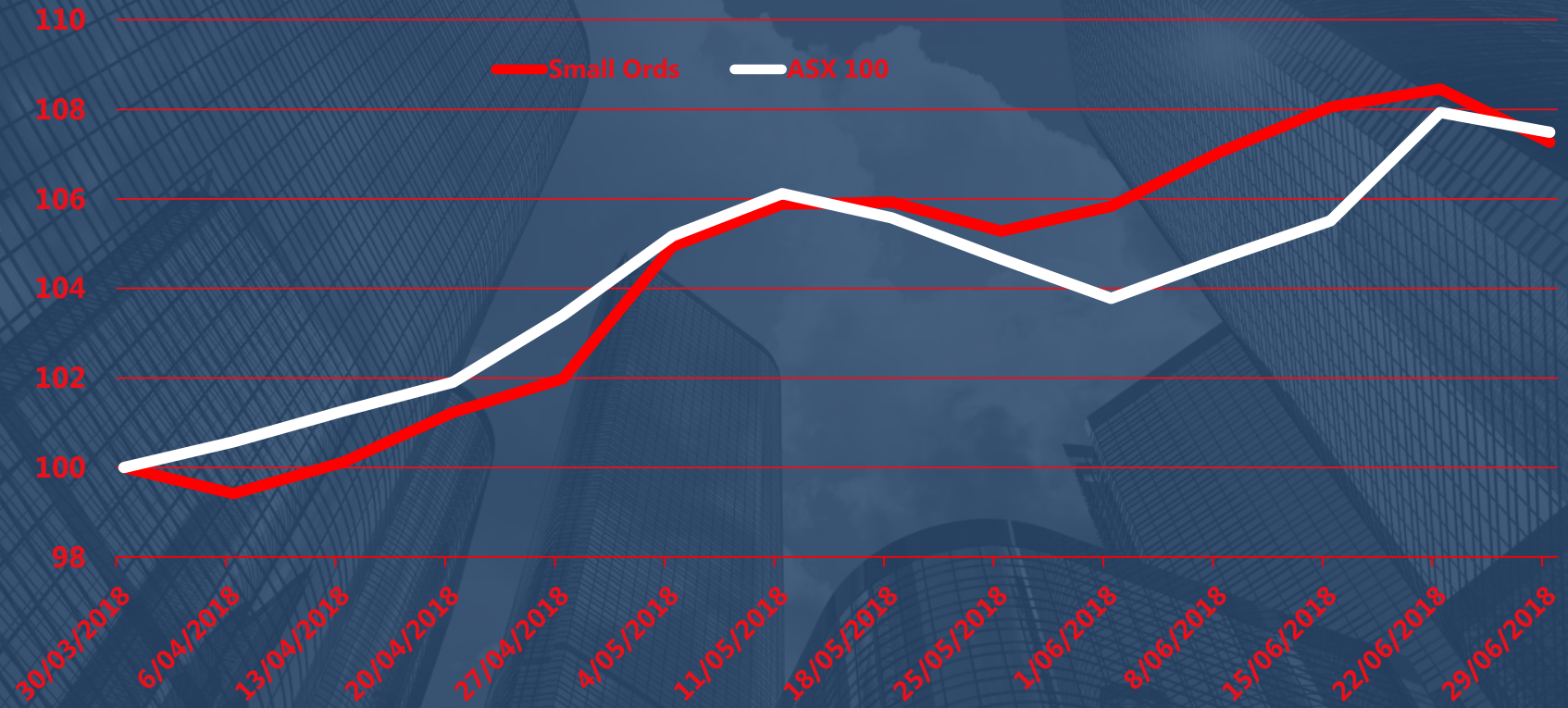


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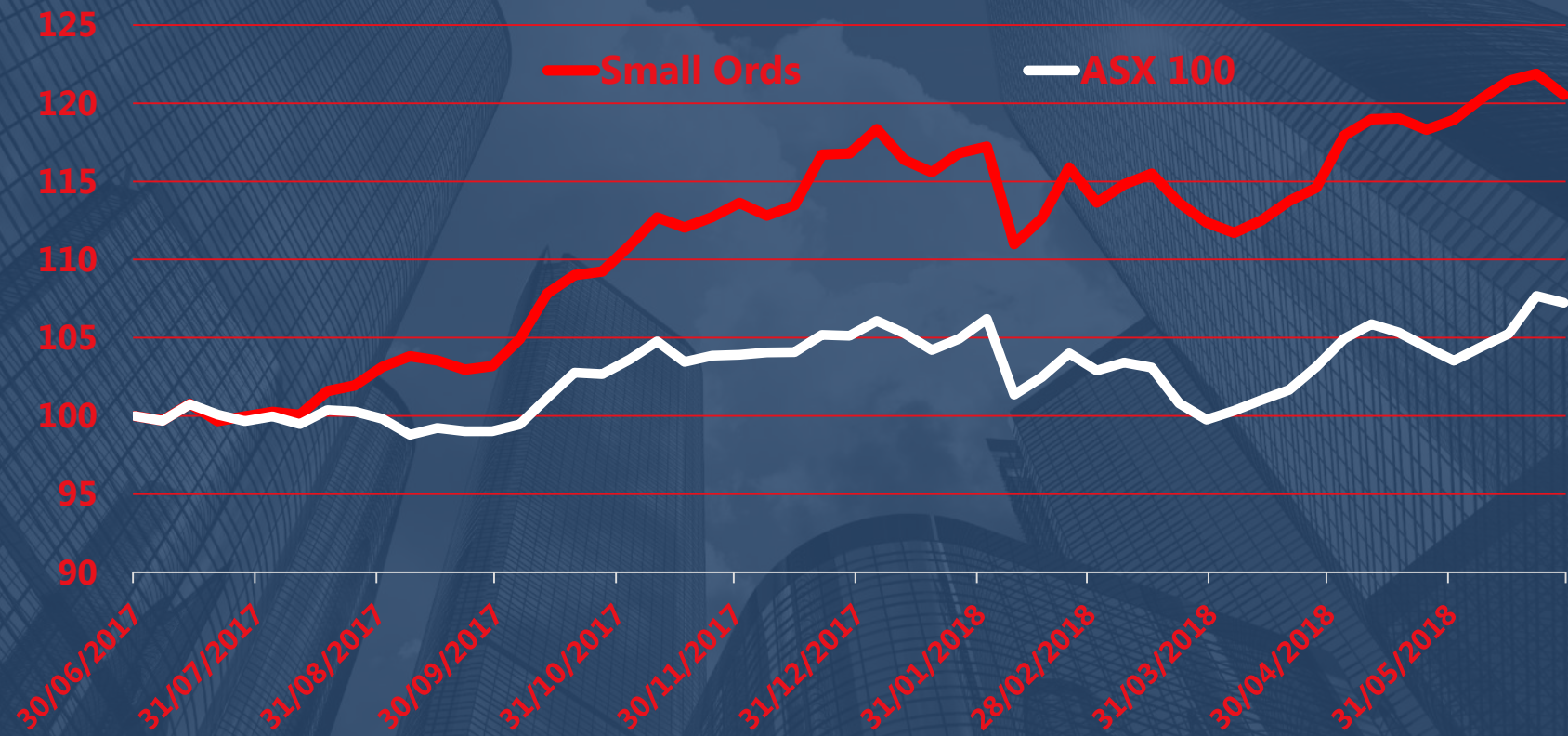
MARKET UPDATE

WHAT IS HAPPENING IN
SMALL CAPS?

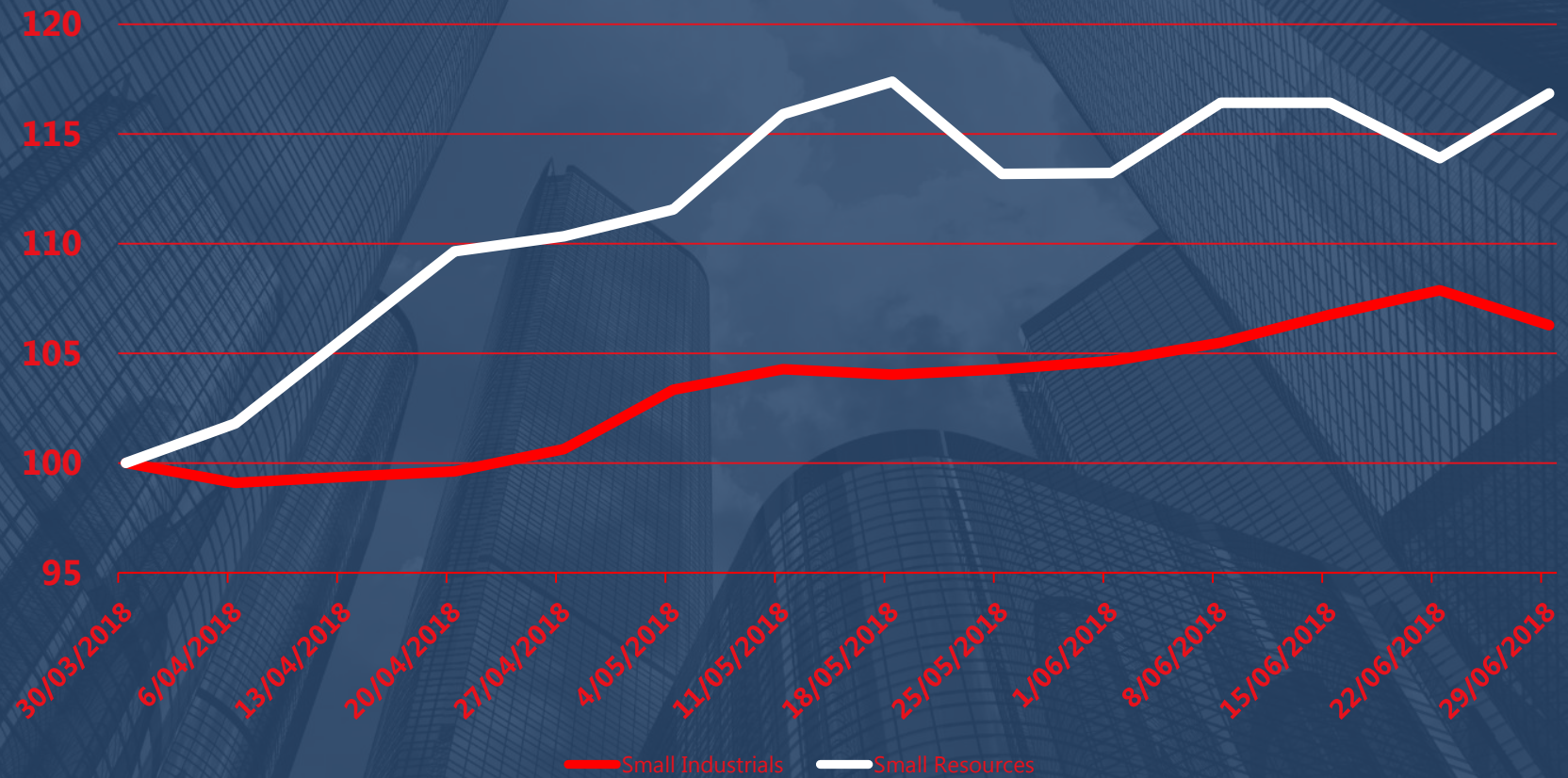
June Quarter Small V Top100



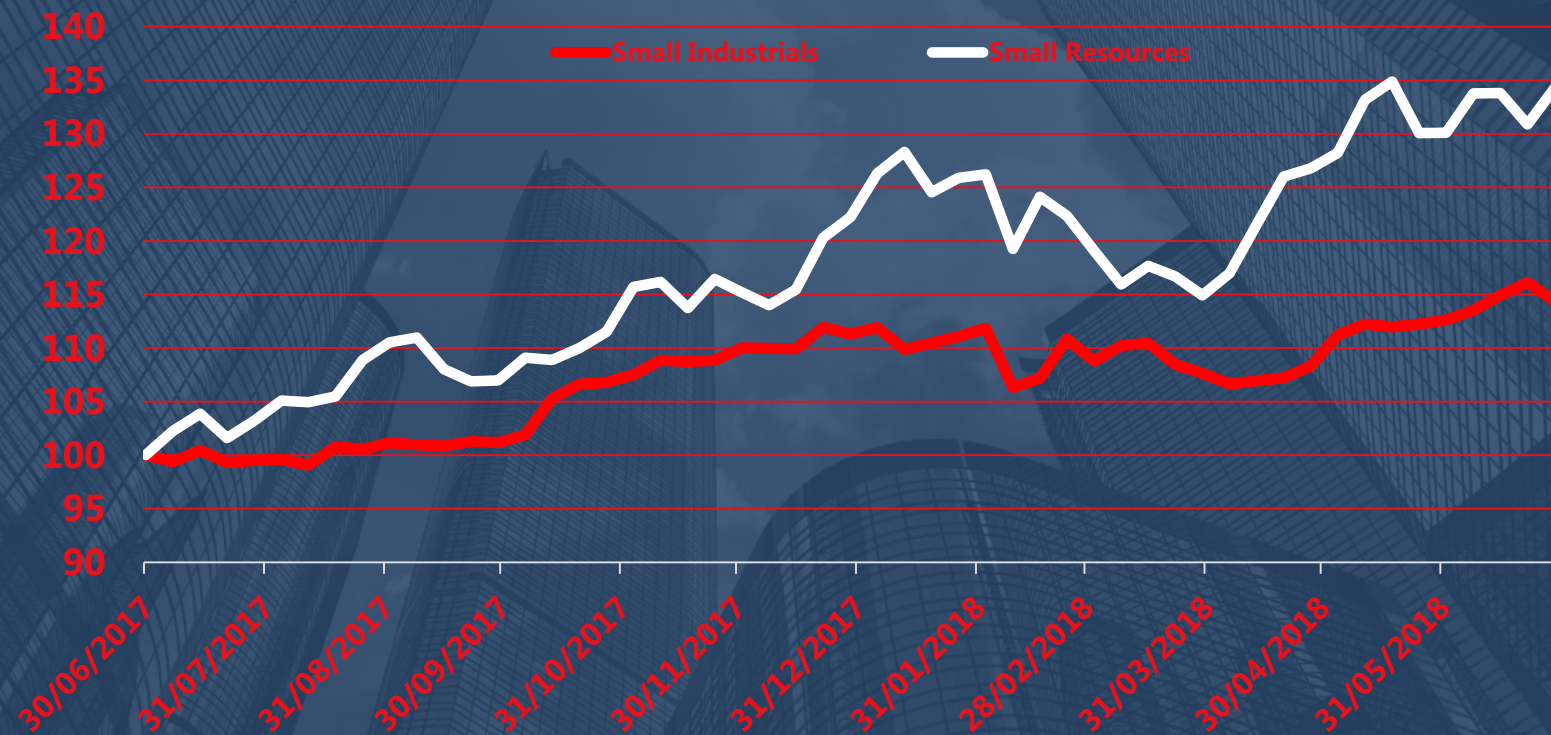
12 Month Price Chart ASX 100 v Small Ords



Quarter Small Industrials V Small Resources



12 Month Price Chart Small Industrials V Small Resources



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MARKET UPDATE

5 CURRENT MARKET THEMES

1

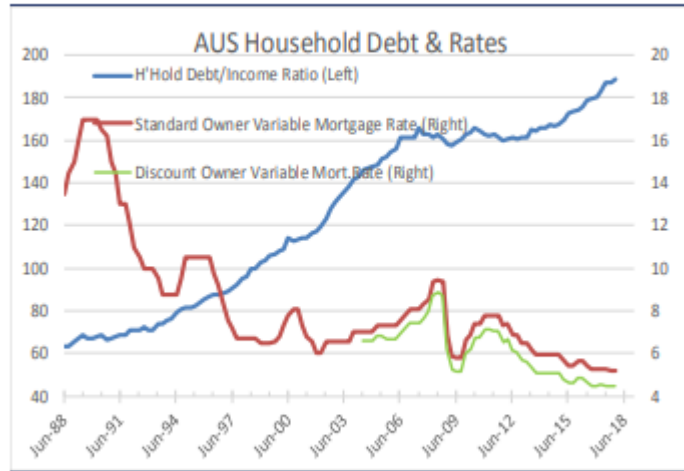
THE ROYAL COMMISSION HAS MADE LOANS HARDER TO GET

- The Chinese are no longer fuelling property in Australia.
- Harder for anyone to get a loan following on from the royal commission.
- The “Wealth Effect” of rising house prices has ended
- “Sub-Prime” lenders will do well in the short term. The risk is that the listed lenders in this category ease the lending requirements to grow short term profits. Essentially lending money to people who shouldn’t be able to borrow money.
- Westpac has announced they will stop lending to self-managed super funds.



GROWING INDEBTEDNESS CAN'T CONTINUE

FIG.8: Record household debt at 189% of income, about triple 30 years ago



Source: Datastream, Baillieu Holst

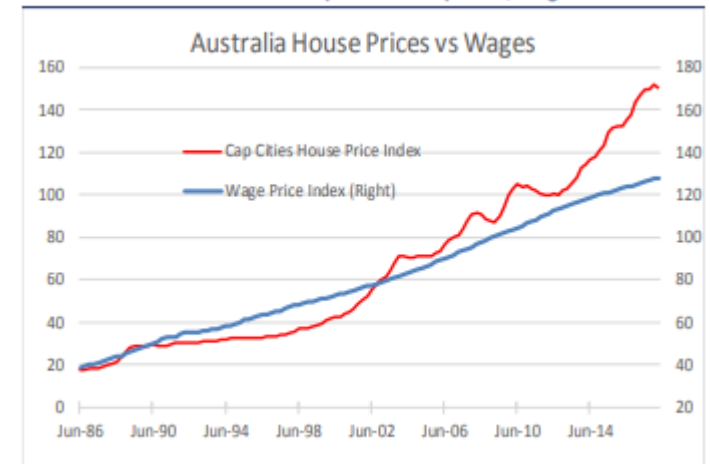
Debt as a percentage of household income has increased.

Will be a problem if interest rates increase

We are at historical low levels.

There has been consistent long term wage growth however house prices have significantly outstripped wage growth.

FIG.10: Since mid-2012 home prices are up 50%, wages 13%!

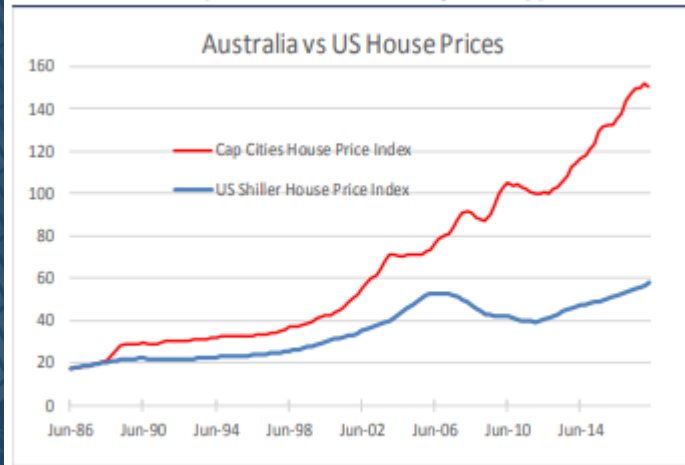


Source: Datastream, Baillieu Holst



OUT OF KILTER WITH THE GLOBAL MARKET

FIG.11: AUS home prices have dramatically outstripped the US



Source: Datastream, Baillieu Holst

Australian house prices are significantly over inflated relative to international markets.

All signs are pointing to a pull back in house prices or at least a long period of flat growth as the market catches up with itself.

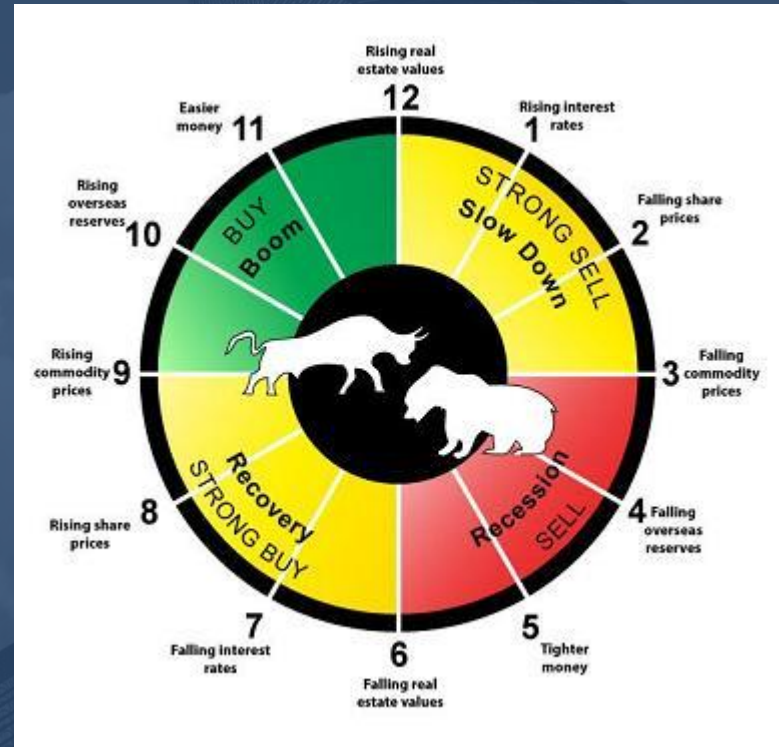


ITS VERY CLEAR WHERE WE ARE.....

There is no confusion as to where we sit in the investment cycle.

Avoid broad based market correlated investments.

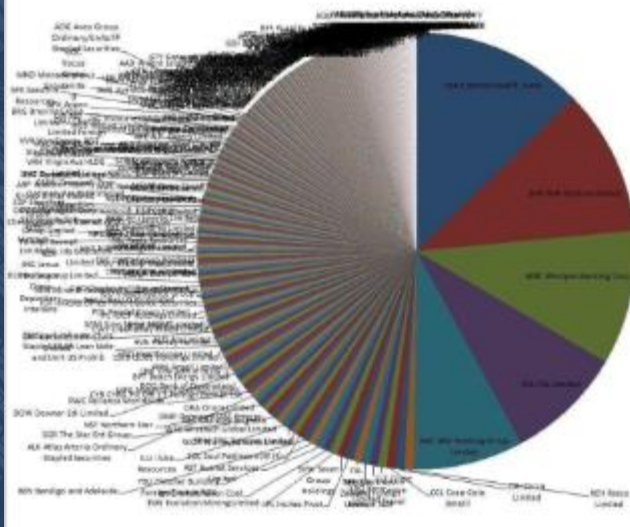
Long only ETFs, Index funds.



THE AUSTRALIAN MARKET IS TOP HEAVY

The market cap of the top 5 All Ordinaries companies: \$506,329,600,000

The market cap of the bottom 433 All Ordinaries companies: \$502,834,405,900



Commonwealth Bank

BHP Limited

Westpac

CSL

ANZ



THE US IS THE SAME
HOWEVER THEIR TOP
COMPANIES ARE GROWTH
COMPANIES

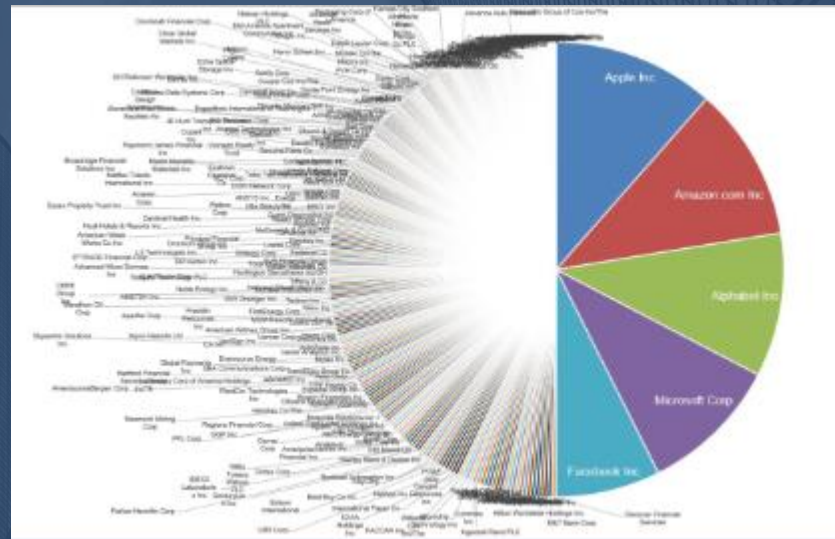
APPLE

AMAZON

ALPHABET

MICROSOFT

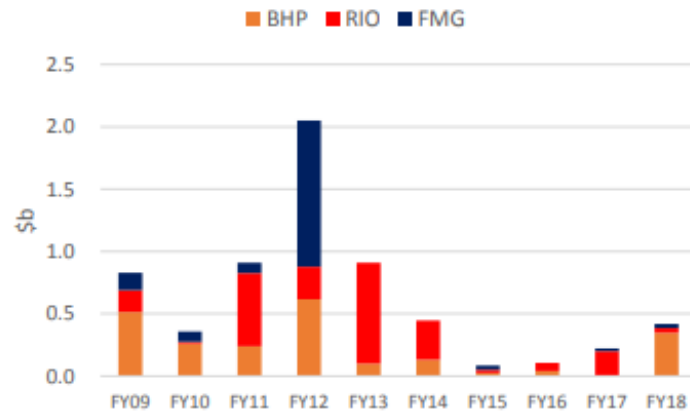
FACEBOOK



2

CHINA, STEEL, COAL AND RESOURCES

Figure 2: Iron ore construction contracts last 10 years – by miner



Source: Company announcements, IRESS, Argonaut

Our Investments in mining services provide us with exposure to the resource sector.

There was significant underinvestment in 2015 and 2016.



3

ELECTRIC VEHICLES A KEY DRIVER OF SMALL COMMODITIES

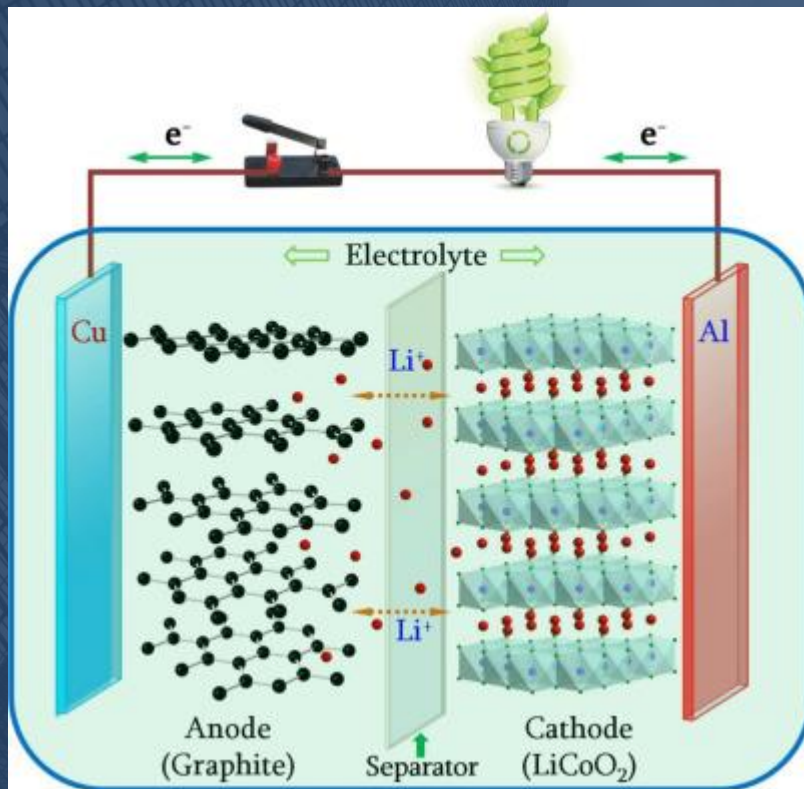
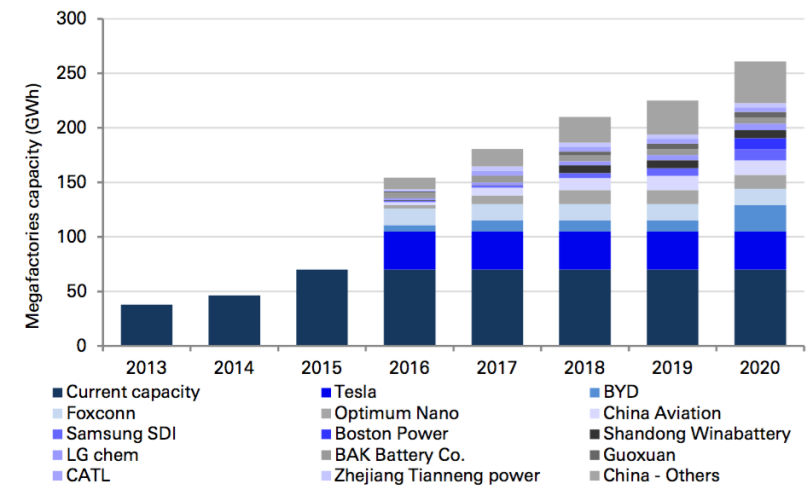


Figure 3: The battery supply chain is rapidly increasing



Source: Deutsche Bank, company data



ELECTRIC VEHICLES A KEY DRIVER OF SMALL COMMODITIES

Company	Ticker	Share Price	Mkt Cap	Status
1. Mineral Resources Limited	MIN	17.68	3,319	Producer (Spod.)
2. Orocobre Limited	ORE	5.91	1,541	Producer (Brine)
3. Pilbara Minerals Limited	PLS	0.92	1,514	Developer (Spod.)
4. Galaxy Resources Limited	GXY	3.43	1,397	Producer (Spod.) & Developer (Brine)
5. Altura Mining Limited	AJM	0.48	874	Developer (Spod.)
6. Kidman Resources Limited	KDR	2.24	784	Developer (Spod.)
7. Global Geoscience Limited	GSC	0.52	696	Developer (Unconv.)
8. AVZ Minerals Limited	AVZ	0.285	530	Explorer (Spod.)
9. Argosy Minerals Limited	AGY	0.36	331	Developer (Brine)
10. Tawana Resources NL	TAW	0.465	235	Developer (Spod.)
11. Neometals Ltd	NMT	0.345	188	Producer (Spod.)
12. Lepidico Ltd	LPD	0.047	135	Explorer (Spod.)
13. Birimian Limited	BGS	0.485	112	Explorer (Spod.)
14. European Lithium Limited	EUR	0.23	102	Developer (Unconv.)
15. Sayona Mining Limited	SYA	0.066	97	Explorer (Spod.)
16. Prospect Resources Limited	PSC	0.047	85	Explorer (Spod.)
17. Lithium Power International Limited	LPI	0.405	85	Developer (Brine)
18. Piedmont Lithium Ltd	PLL	0.145	80	Developer (Spod.)
19. Lithium Australia NL	LIT	0.16	66	Explorer (Spod.)
20. European Metals Holdings Limited	EMH	0.4	55	Developer (Unconv.)
21. Hannans Ltd	HNR	0.023	45	Explorer (Spod.)
22. Zenith Minerals Limited	ZNC	0.2	43	Explorer (Spod.)
23. Poseidon Nickel Limited	POS	0.037	41	Explorer (Spod.)
24. Pioneer Resources Limited	PIO	0.026	37	Explorer (Spod.)
25. Lione Resources Limited	LTR	0.037	37	Explorer (Spod.)
26. Kairos Minerals Limited	KAI	0.038	32	Explorer (Spod.)
27. Core Exploration Limited	CXO	0.062	31	Explorer (Spod.)
28. Nova Minerals Limited	QUR	0.038	27	Explorer (Spod.)
29. Kingston Resources Limited	KSN	0.022	27	Explorer (Spod.)
30. Argonaut Resources NL	ARE	0.02	25	Explorer (Brine)

**Market cap is quoted ordinary shares from IRESS. It does not dilute for options, escrow shares, performance shares, convertible notes, recent placements etc. These can be meaningful adjustments that should be taken into account.*

Source: IRESS



4

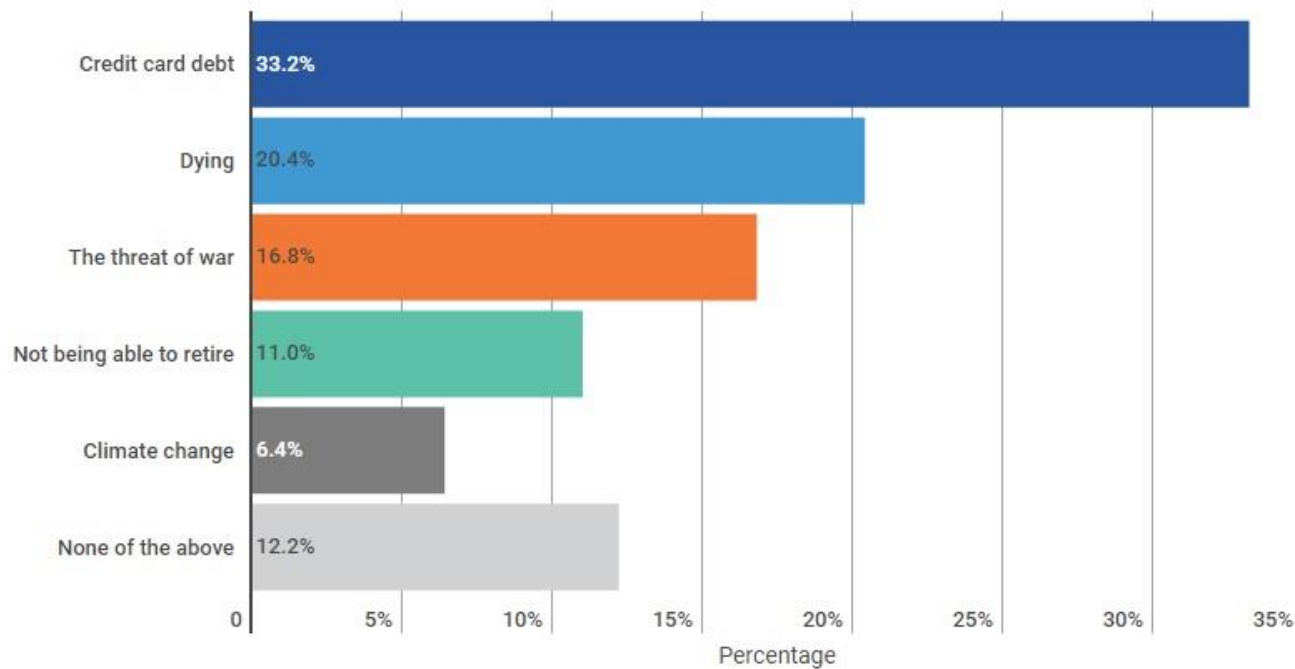
DISRUPTION STILL A THEME PLAYING THOUGH SMALL & MICROCAPS

- 30% of American households don't have a credit card
- Of Americans 35 and younger, 58.9 percent hold credit cards
- A Fed survey found the 18 to 24 demographic preferred to pay cash more than others. And if they do carry a card, it tends to be of the prepaid or debit variety, TD Bank found.
- A recent analysis of Fed data by the New York Times showed that “the percentage of Americans under 35 who hold credit card debt has fallen to its lowest level since 1989”



DISRUPTION STILL A THEME PLAYING THOUGH SMALL & MICROCAPS

Which of the following do millennials find scariest in their daily lives?



 Share

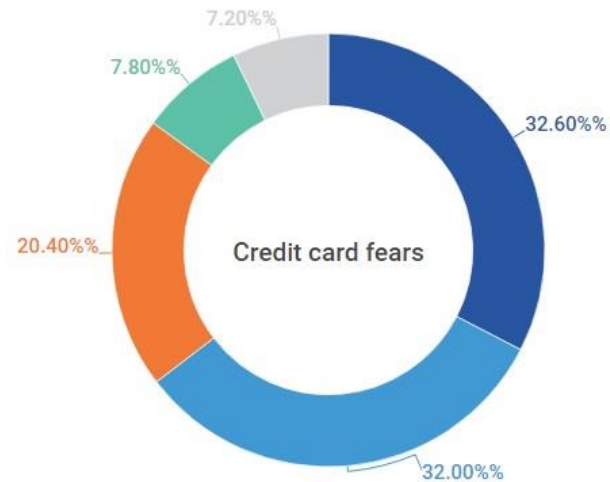
infogram

Source: CNBC 8/11/2017



DISRUPTION STILL A THEME PLAYING THOUGH SMALL & MICROCAPS

What scares millennials most about their credit cards?



- Accruing interest
- Making monthly payment
- Relying too much on credit
- Not understanding interest rates
- None of the above

Share

infogram

Source: CNBC 8/11/2017



5

MANUFACTURING IS CHANGING



- 3D Printing will change manufacturing
- Expected to be 40% of all manufacturing in 20 years time



EXPANDED TEAM

PAUL BOLINOWSKY – CHIEF EXECUTIVE OFFICER

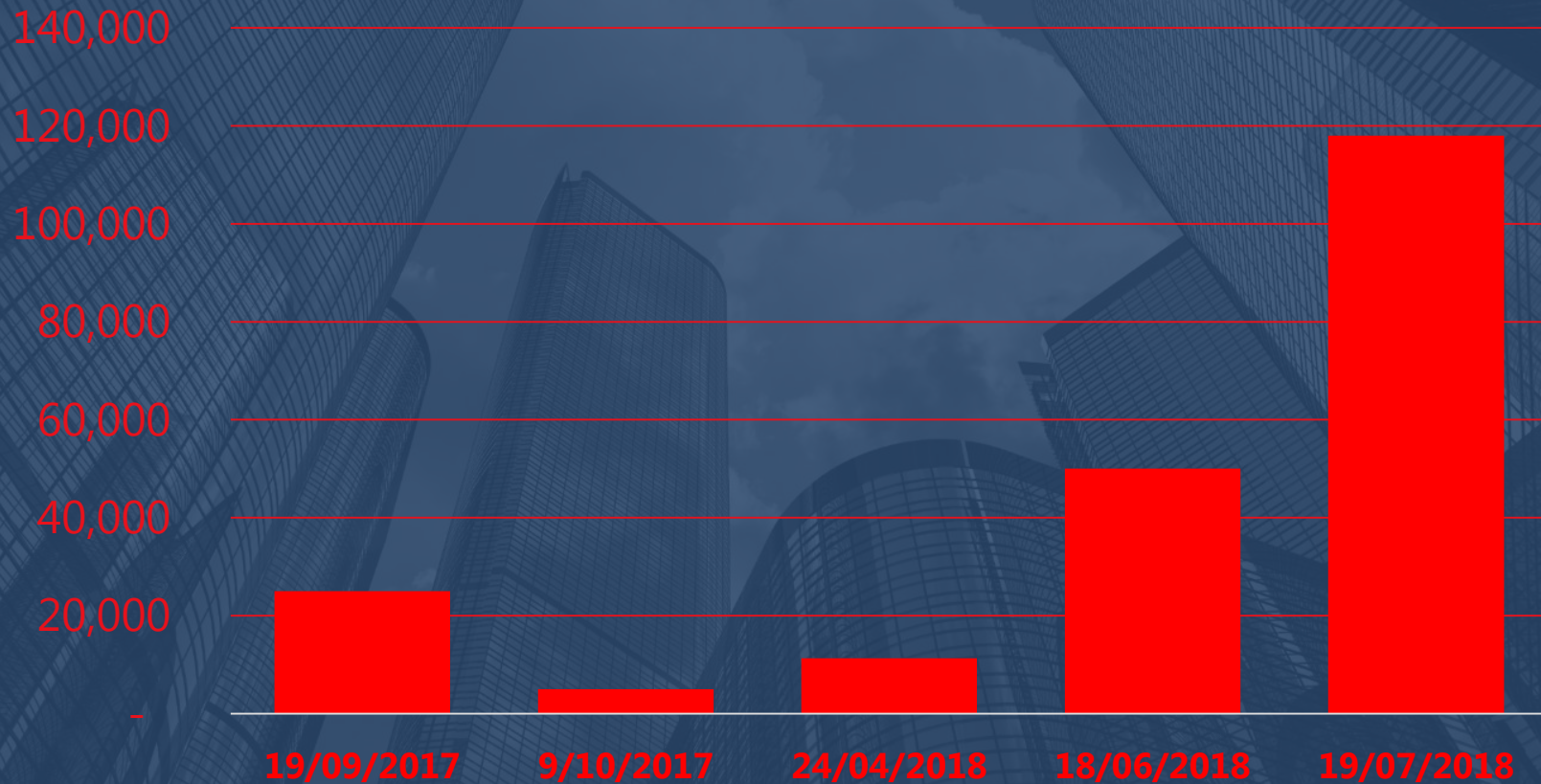
BROOKE LOGAN – MARKETING DIRECTOR

JACKSON LEE - ANALYST



SKIN IN THE GAME

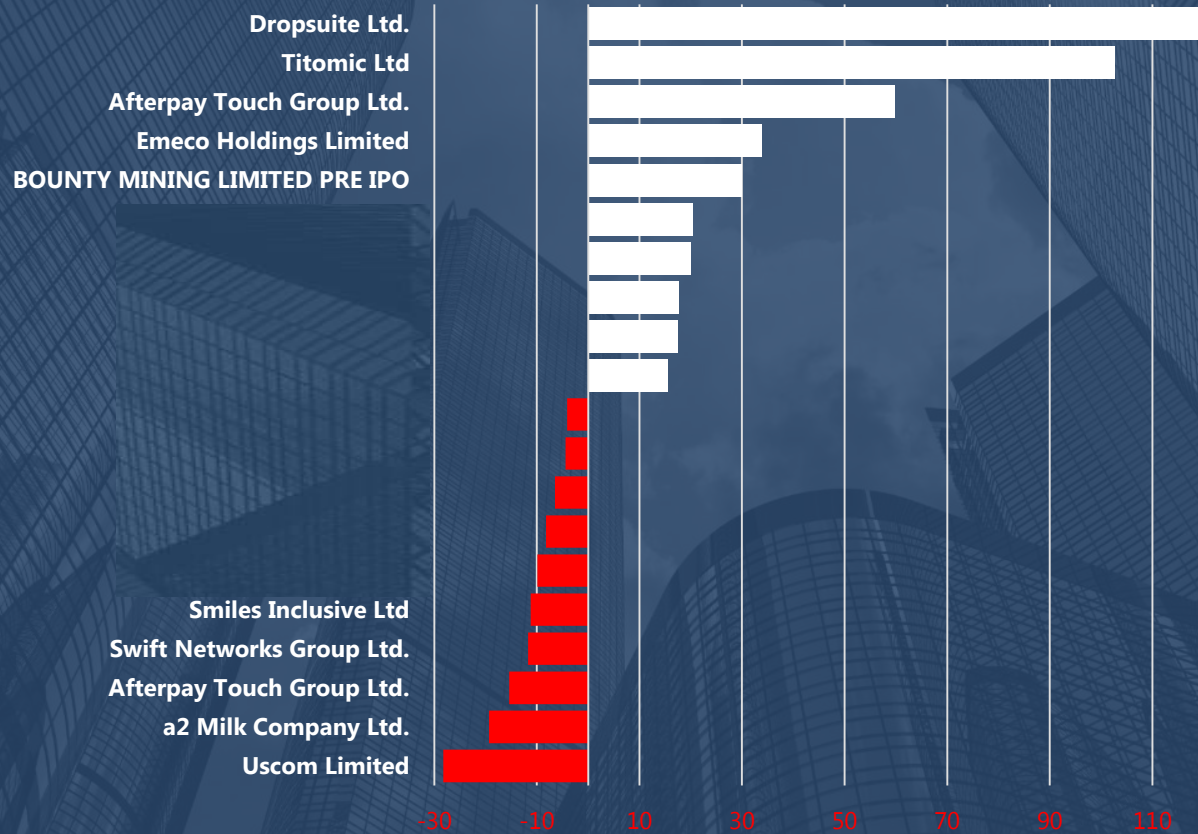
Director Purchases



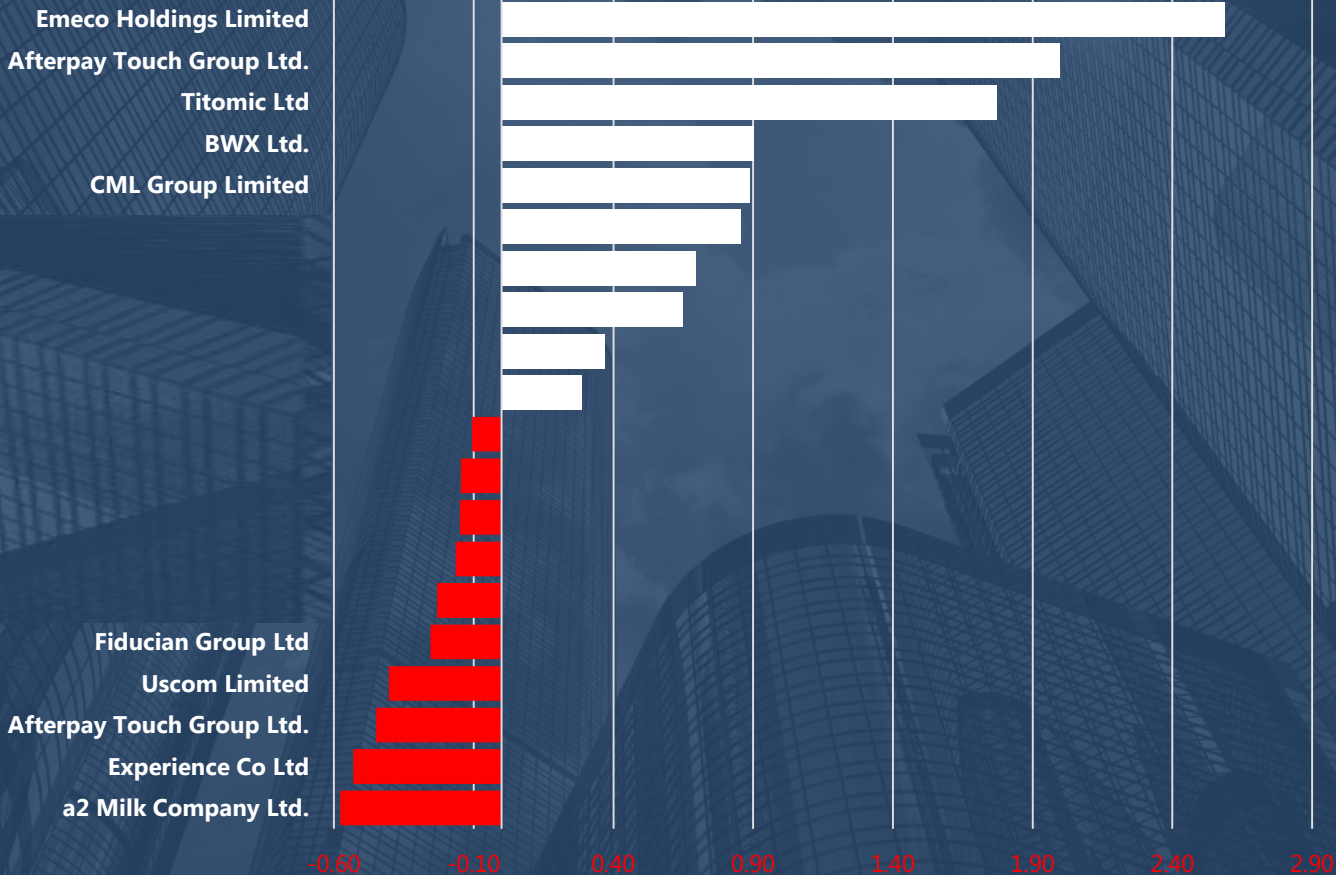
PORTFOLIO UPDATE



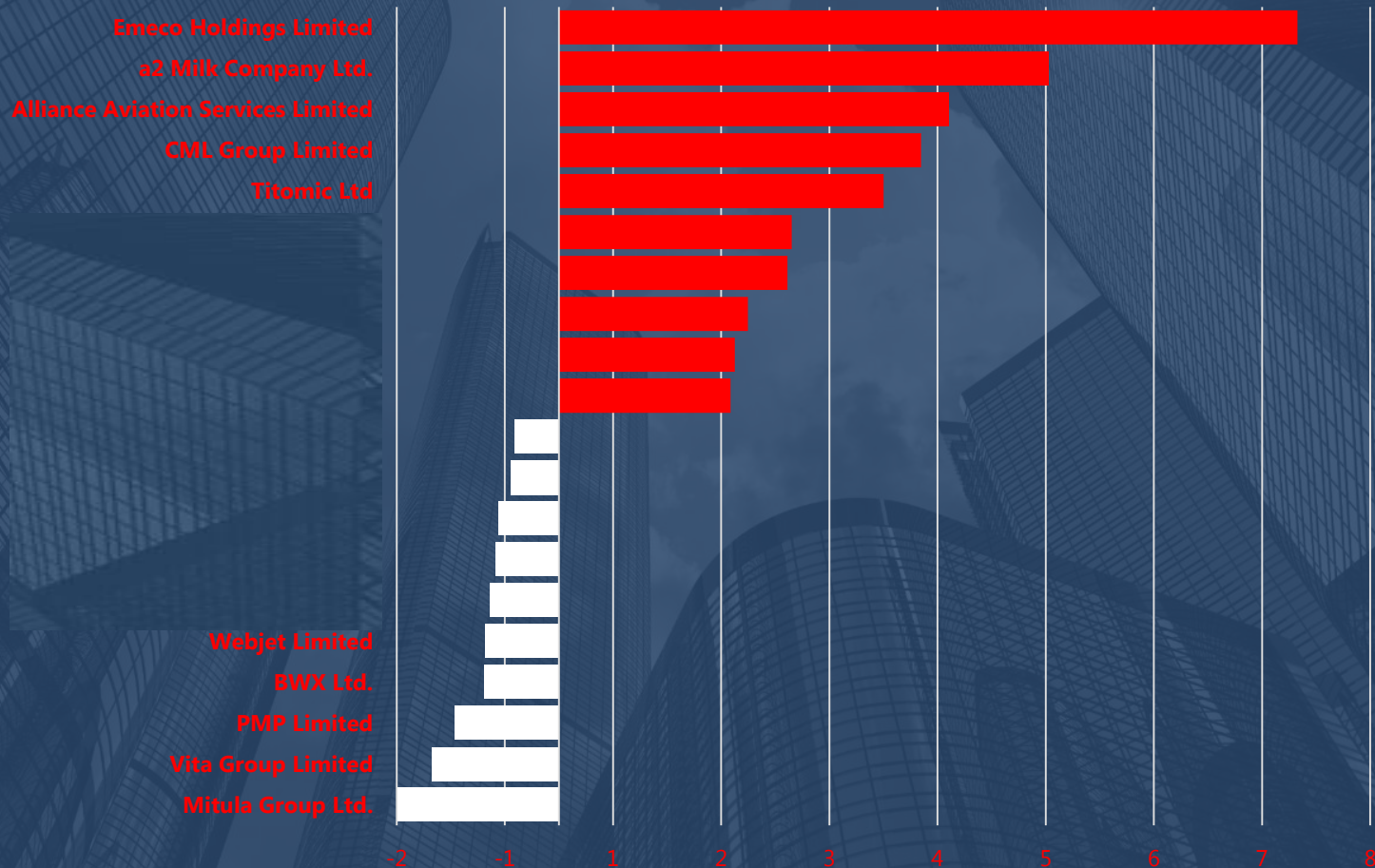
BEST STOCK ABSOLUTE RETURNS QUARTER



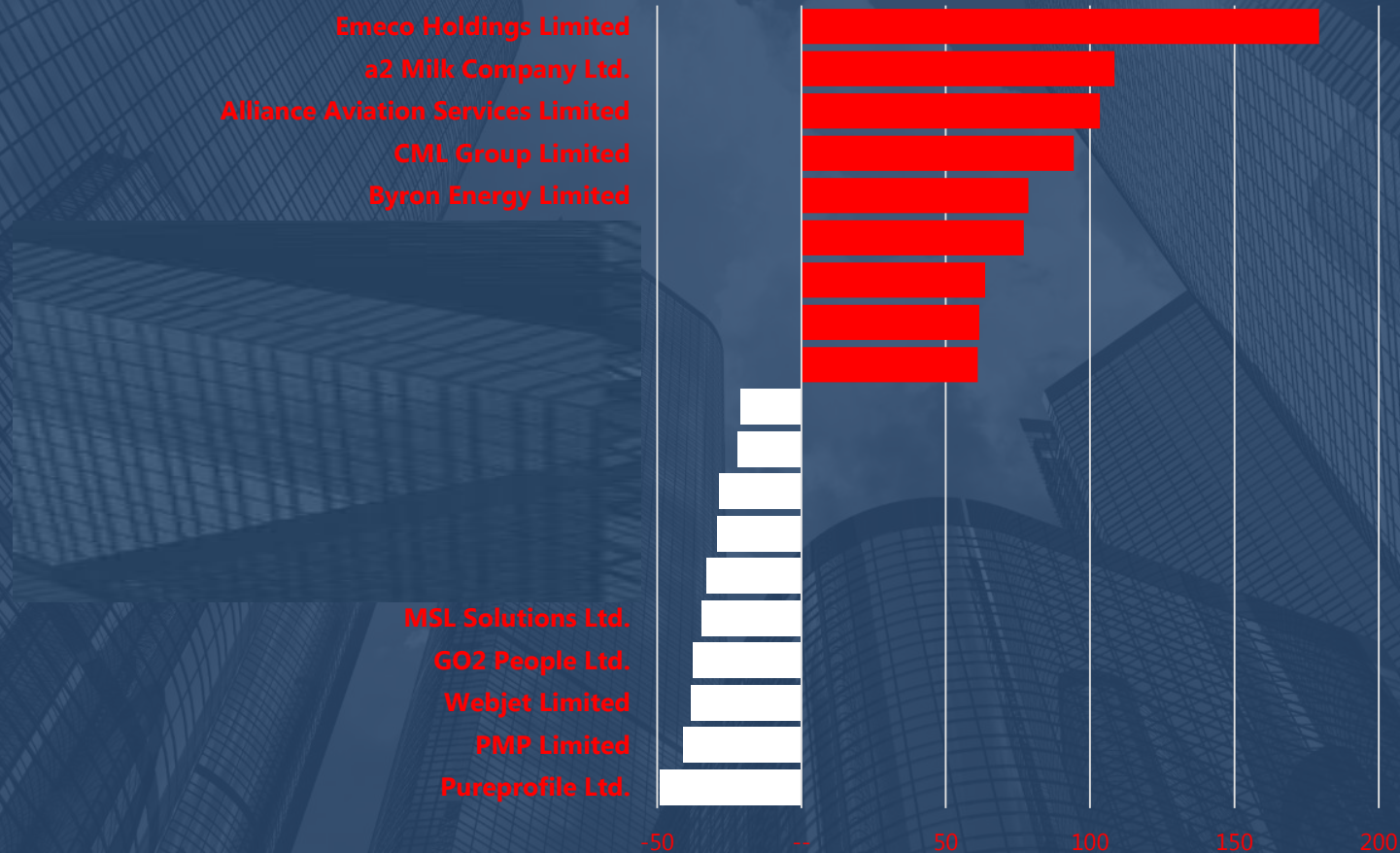
CONTRIBUTION TO RETURN - QUARTER



CONTRIBUTION TO RETURN - YEAR



BEST STOCK ABSOLUTE RETURNS YEAR



A low-angle, upward-looking perspective of several modern skyscrapers with glass facades, reaching towards a blue sky with scattered white clouds. The image is overlaid with a semi-transparent dark blue filter.

SHAREHOLDER COMMUNICATIONS

AGM

Open to shareholders and non-shareholders

Opportunity to meet the team face-to-face



NEWSLETTER

Weekly newsletter with updates on the portfolio.

Updates on events

News on small cap companies



WEBINAR

Regular Quarterly Webinars

Can register on our website

Quarter 1
March

Quarter 2
June

Quarter 3
September

Quarter 4
December



NATIONAL ROADSHOW

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Sydney

Canberra

Perth

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QUESTIONS



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