



# GLENNON SMALL COMPANIES LIMITED

ABN 52 605 542 229

## INVESTMENT REPORT AND NTA

31 August 2018

### NTA

NTA (before tax)	\$1.20
NTA (after tax)	\$1.12

ASX Code	GC1
Inception date	21 August 2015
Share price	\$1.08
Cumulative dividends	11.75c

\* Excluding GST and franking

### PORTFOLIO

Cash weighting	9.3%
Number of holdings	36

### TOP 5 HOLDINGS

Company Name	ASX code
Afterpay Touch Group Limited	APT
Alliance Aviation Services Limited	AQZ
CML Group Limited	CGR
Emeco Holdings Limited	EHL
Macmahon Holdings Limited	MAH



### TOP 2 CONTRIBUTORS FOR THE MONTH

Company	Contribution %
Afterpay Touch Group Limited	0.29
Alliance Aviation Services Limited	0.18

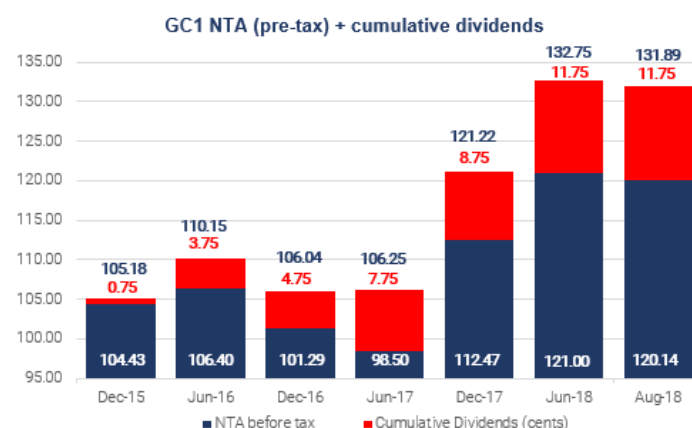
### TOP 2 DETRACTORS FOR THE MONTH

Company	Detraction (%)
Experience Co Limited	-0.27
BWX Ltd	-0.24

### DIVIDEND HISTORY

Period ended	Type	Amount (cps)
31 December 2015	Interim	0.75
30 June 2016	Final	3.00
31 December 2016	Interim	1.00
30 June 2017	Final	3.00
31 December 2017	Interim	1.00
30 June 2018	Final	3.00
<b>Total dividends</b>		<b>11.75</b>

### NTA + DIVIDENDS



### REVIEW OF THE MONTH

Markets responded strongly to a relatively solid reporting season with momentum stocks leading the way. Focus was on domestic news as international disruptions seemed to take a breather. Having said that, Nasdaq took off in the middle of August, gaining 4.3% in 10 trading days and inspiring a bounce in Aussie tech stocks.

Industrials were the star. The Small Ordinaries jumped 2.2% but within that Industrials grew by 4.1% and Resource stocks lost 4.4% of value. Small Caps comfortably beat the ASX Top 100 (up 0.4%) largely due to the damage caused by the Banking Royal Commission.

GC1 just could not keep up with the momentum. It returned negative 1.95%. Whilst the portfolio had a satisfactory profit season it suffered profit taking across the board post a strong extended period of performance.

### STOCK STORIES

The fund's best performing stocks included Afterpay Touch, Alliance Aviation, Fiducian, Macmahon Holdings and Emeco but the gains were relatively modest.

Afterpay had a strong run during the month but lost ground post its results, probably because by then the market had factored in some kind of stupendous announcement that didn't come. Otherwise it is as we expected. Alliance Aviation ran strongly into its excellent result and continued afterward before settling down.

Fiducian, which had been under pressure for several months during the Banking Commission, recovered strongly after producing a good result and assuaging the market's doubts. Macmahon and Emeco had solid months after confirming their plans are on track.

The fund's worst performers were BWX, Axesstoday, Experience Co, Bounty Mining and CML Group.

BWX had a mixed result, the effects of their management departure clearly impacting the business. Crucially the timeline on the potential management buyout has stretched out. Axesstoday produced a reasonable result which was clouded due to the impact of a poorly articulated accounting change and the departure of its CFO.

Experience CO has lost the market's faith for the time being and whilst the result was in line with guidance, it will take time to regain support. Bounty Mining lost heavy ground as many resource stocks did but recovered well during the period and CML Group simply saw some profits taken after a strong run.

## PORTFOLIO OUTLOOK

The portfolio has remained relatively stable for a second month running and a number of stocks hit in July have bounced back somewhat in September. Having said that, September has been a particularly weak month to date for the whole small cap market as some of the momentum seen in August gets a dose of reality.

The fund is still underweight resource stocks but does have some exposure to coking coal, gas and oil.

As we noted last month the decline in the A\$ will create some interesting scenarios which we continue to monitor and there is definitely some more evidence of real opportunities in sectors such as infrastructure, mining services and gas.

## HOW TO INVEST

Glennon Small Companies Limited shares are traded on the Australian Securities Exchange (ASX) under the ticker code 'GC1'.

If you are a first-time investor, you purchase shares through a stockbroker in the same way as you buy shares in other companies. If you do not have a stockbroker, the ASX provides a service which can assist you. Please visit their site at:

<http://www.asx.com.au/education/first-time-investors.htm>

## CONTACT US

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