



GLENNON

SMALL COMPANIES LIMITED

ABN 52 605 542 229

INVESTMENT REPORT AND NTA

30 Sep 2018

NTA

NTA (before tax)	\$1.19
NTA (after tax)	\$1.12

ASX Code	GC1
Inception date	21 August 2015
Share price	\$1.00
Cumulative dividends*	11.75c

* Excluding GST and franking

PORTFOLIO

Cash weighting	5.5%
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 QUARTER

Company	Contribution %
Afterpay Touch	3.95
Alliance Aviation Services Limited	1.70

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
Total dividends		11.75

REVIEW OF THE QUARTER

A volatile quarter, starting with the detrimental impact of international trade squabbling, followed by an inspiring local reporting season and then the fallout over the release of the Royal Commission into banking and insurance. Nasdaq inspired a rally in Australian tech stocks as miners remained out of favour.

Industrials rallied strongly over the quarter but certainly not in a straight line. The Small Industrials

NATIONAL ROADSHOW: WHAT WE LOOK FOR IN SMALL CAPS... *and why you need them in your portfolio*



Perth: MONDAY 19 NOVEMBER
Adelaide: WEDNESDAY 21 NOVEMBER
Melbourne: MONDAY 26 NOVEMBER
Brisbane: WEDNESDAY 28 NOVEMBER
Sydney: FRIDAY 30 NOVEMBER

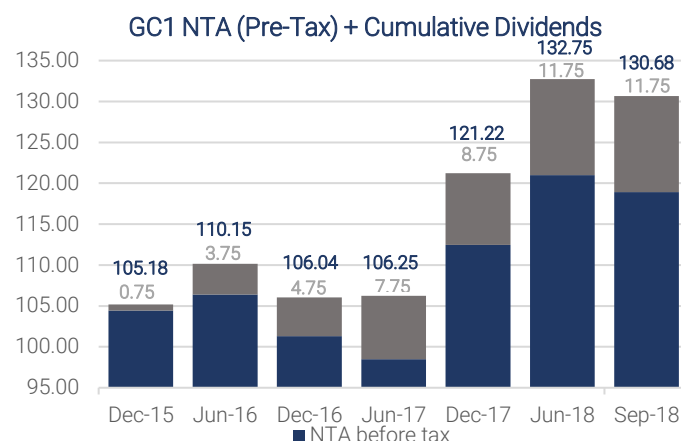
12.00pm for a 12.30PM start
A light lunch will be served

[CLICK HERE TO REGISTER](#)

TOP 2 DETRACTORS FOR THE QUARTER

Company	Contribution %
Experience Co	-1.63
BWX Ltd.	-1.61

NTA + DIVIDENDS



Accumulation Index added 3.4% and Resources fell 6.8%, leaving the Small Ordinaries with a gain of 1.1%. The ASX Top 100 index performed better than the small end of town, jumping 1.6%.

GC1 slightly outperformed over the quarter, despite giving away much of the strong gains made in July. It returned positive 1.23%.

The NTA reflects a 3.0c fully franked dividend paid during the period.

STOCK STORIES

The fund's best performing stocks included Afterpay Touch, Alliance Aviation, Althea Group and Macmahon Holdings.

Afterpay rebounded strongly in September after profit taking post the August result period. The news out of the US remains good with a rapid pace of retailer sign-ups including prominent names.

Alliance Aviation remains in favour after a strong result and promising outlook statement.

Althea Group is a new listing and performed strongly from the get-go. It is a medicinal cannabis story which is focused on a land grab within the Australian doctor fraternity, utilising product from its \$3bn Canadian partner, Aphria.

Macmahon responded to commentary by management that its plans were well on track.

The fund's worst performers were Experience Co, BWX, Axesstoday and Titomic.

Experience Co is certainly on the outer with the market post a lacklustre outlook, even though expectations are for continued growth.

BWX fell further after the proposed management buyout was cancelled and the former founder sold some stock. The new management have portrayed a solid story but the market is understandably nervous.

Axesstoday has been in suspense post the departure of the CEO and the intervention by major shareholder groups. This came after the company breached banking covenants post the adoption of new accounting standards. We await the outcome of the internal review.

Titomic has faced a wall of profit taking in the absence of any new catalysts. We have made extremely strong profits along the way in this stock and have reduced our holding considerably.

PORTFOLIO OUTLOOK

The portfolio has taken on some new stocks early in the December quarter, replacing a number of stocks that have been with us for some time.

The market has taken a turn for the worst early in October, following the US market's lead. Whilst the fund is certainly not immune to the market's strong decline it has performed relatively well over the first couple of weeks.

The fund remains underweight resources but does have exposure to oil and coal. It has recently increased its exposure to the coal sector via a mining services stock.

While the US market grapples with the implications of strong economic growth and rising interest rates, Australia seems to be caught in its wake. Opportunities will certainly emerge from the recent market route and the continuing A\$ weakness. We remain calm in the knowledge the portfolio consists mostly of profitable companies which are relatively immune to international machinations.

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>

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