



GLENNON SMALL COMPANIES LIMITED

Investment Report and NTA
28 February 2019

NTA

NTA (before tax)	\$0.96
NTA (after tax)	\$0.95
ASX Code	GC1
Inception date	21 August 2015
Share price	\$0.86
Cumulative dividends*	12.75c

* Excluding GST and franking

PORTFOLIO

Cash weighting	29.8%
Number of holdings	39

TOP 2 CONTRIBUTORS FOR THE MONTH

Company	Contribution %
Appen Ltd.	1.11
IDP Education Ltd.	0.72

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
31 December 2018	Interim	1.00
Total dividends		12.75

REVIEW OF THE MONTH

February saw a continuance of the rebound post the heavy December quarter market decline. Encouraged by a relative absence of international political disturbance, solid international markets and a moderately good reporting season, there was little reason for stocks not to continue to recover lost ground, especially given fundamentals didn't drive the downturn in the first place.

The Small Ordinaries rose 6.8%, led by Small Industrials which put on 7.1%. Resources, which dominated January's gains, maintained momentum with a 5.8% return. Smaller companies once again outperformed the ASX Top 100 which added a solid 5.9%.

GC1 produced a solid performance for the month, returning 4.8%. The fund's microcap positions have begun to respond to their underlying fundamentals from an oversold position. Liquidity still remains an issue as the market is still gun-shy post December.



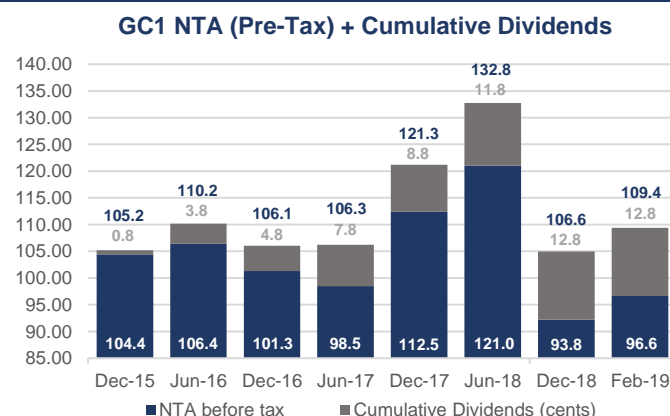
TOP 5 HOLDINGS

Company Name	ASX code
Appen Limited	APX
Cml Group Limited	CGR
Nearmap Limited	NEA
Shine Corporate Ltd	SHJ
Stanmore Coal Limited	SMR

TOP 2 DETRACTORS FOR THE MONTH

Company	Contribution %
Pioneer Credit Ltd	-0.55
Shine Corporate Ltd.	-0.52

NTA + DIVIDENDS



STOCK STORIES

The fund's best performing stocks included Appen, IDP Education, Stanmore Coal and Alliance Aviation.

Appen produced a pleasing result during the month and the share price responded. Similarly IDP Education bounced hard following a strong result and its English language education placement specialisation seems to have persistent momentum at the moment, particularly from the large Indian market.

Stanmore Coal fell away for no apparent reason in January but rebounding strongly in February. The company confirmed its earnings are heading in the right direction and backed it up with a solid dividend and buyback announcement.

Alliance Aviation produced a strong profit result and share price reaction. Qantas has picked up a 20% stake and Virgin has reconfirmed its commitment to working with the company.

The fund's worst performers were Pioneer Credit and Shine Corporate.

Law firm Shine Corporate continued to suffer from a lack of liquidity and a lack of significant newsflow, as it has done since it reported its results last August. The stock has begun to rebound post the recent interim result and a conclusion to the important Johnston & Johnston Mesh case appears imminent.

PORTFOLIO OUTLOOK

We remain cautiously optimistic about the outlook for segments of the small cap market. The recent volatility has created new opportunities in some unloved companies, while some valuations appear stretched.

We are also cautious about the domestic political environment and the distraction that a looming election has on consumer confidence and companies with retail or domestic influences.

The market has rebounded well in the new year but we are well aware that it seems to be a two-paced scenario. The most favoured names have run so strongly that valuations are stretched and those off the radar have remained subdued

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 stock broker, the ASX provides a service which can assist you. Please visit their site at:

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

GENERAL ENQUIRIES



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