



NTA

NTA (before tax)	\$0.98
NTA (after tax)	\$0.97

ASX Code	GC1
Inception date	21 August 2015
Share price	\$0.83
Cumulative dividends*	12.75c

* Excluding GST and franking

PORTFOLIO

Cash weighting	26.0%
Number of holdings	37

DIVIDEND HISTORY

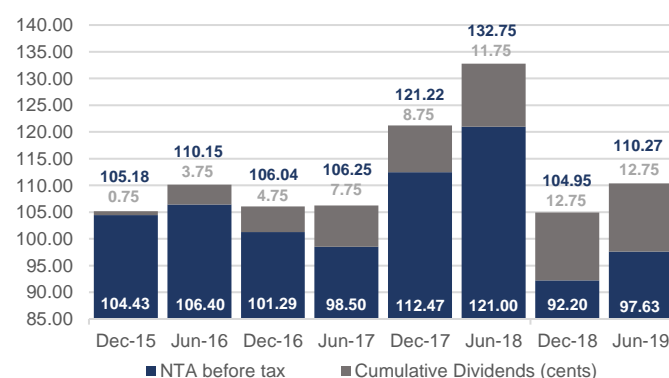
Period ended	Type	Amount (cps)
31 December 2015	Interim	0.75
30 June 2016	Final	3.00
31 December 2016	Interim	1.00
30 June 2017	Final	3.00
31 December 2017	Interim	1.00
30 June 2018	Final	3.00
31 December 2018	Interim	1.00
Total dividends		12.75

TOP 5 HOLDINGS

Company Name	ASX code
Afterpay Touch Group Limited	APT
Appen Limited	APX
IDP Education Limited	IEL
Nearmap Limited	NEA
Pro Medicus Limited	PME

NTA + DIVIDENDS

GC1 NTA (Pre-Tax) + Cumulative Dividends



REVIEW OF THE QUARTER

The June quarter continued the strong recovery witnessed in the March quarter, albeit with increased volatility. On one hand, global economic fears rose as a result of the international trade war drama. The US advanced its threat to raise tariffs on US\$200bn of Chinese goods and China announced retaliatory tariffs. Brexit also raised uncertainty after Theresa May's resignation.

On the other hand, the situation seemed to improve after the Trump-Xi meeting at the G-20. The United States and China resumed trade talks and China agreed to resume broad purchases of American farm products and other goods.

Locally, the market also had concerns over the domestic economic outlook. Companies issuing earnings downgrades significantly outnumbered those with earnings upgrades, suggesting that economic growth is lagging.

Balancing this, the market responded positively towards the election results, RBA rate cut and possible tax cuts. The RBA's two consecutive rate cuts to record lows boosted investors' confidence towards the economy and therefore support for company valuations.

Confusion and volatility remained in the market. The Small Ordinaries rose 0.9% for the month and 3.7% for the quarter.

Small Industrials advanced by 4.8% for the quarter, with the Small Resources slipping 2.3%. GC1 posted a return of 1.3% for the month and 3.8% for the quarter, outperforming the market while maintaining an average cash balance of c26%.

STOCK STORIES

The fund's best performing stocks for the quarter were Nearmap and Pro Medicus.

Aerial imaging company Nearmap (NEA) continued a strong run in June. The company provides high resolution aerial images of areas in Australia, the US, New Zealand and Canada with frequent updates to clients, including governments, infrastructure, and telecommunication companies. The growth in Australia may slow down but the company is expanding into the US which is a significantly larger market than Australia. Both annual contract values and subscription in the US is still lower than in Australia, signaling great growth potential ahead.

Besides focusing on sales and marketing in the US, the company also invested in R&D and new products to differentiate themselves. We are encouraged by Nearmap's launch of its latest product, Nearmap 3D, allowing clients to visualize cities in 3D formats. The product further strengthened Nearmap's market leading position in aerial mapping by helping industries view and shape cities across Australia and the US.

In contrast to Nearmap, health imaging company Pro Medicus (PME) had minimal news flow in the quarter. Rather, the market started realizing the company's value from the 'pay-per-click' business model. The business generates revenue from ongoing license fees with guaranteed transaction minimums over 5-year contracts. This business model enables greater visibility and predictability of future revenue streams. Moreover, this high operating leverage business model allows PME to grow margin as the number of clients increases. First half results evidenced a strong rise in both revenue and profit, reinforcing the success of this business model.

The company signed a 7-year contract with Duke Health in April, strengthening the growing footprint in the tier 1 US academic hospital segment. This contract signing further boosted market confidence in PME's products and growth. We are encouraged by the company's conservative capital policy to remain debt-free, which added a defensive element to the portfolio.

PORTFOLIO OUTLOOK

With reporting season now approaching us, we will remain focused on assessing valuations, keeping an eye on companies' earnings and finding new opportunities. We are evaluating businesses with attractive earnings multiples. Some element of defensiveness in their earnings streams is also key.

The market may be more volatile in the next few months from two perspectives. From a macroeconomic lens, the market is waiting for evidence of the economy's reaction to RBA rate cuts and Australian government tax cuts. Key indicators include economic growth, unemployment rate, wage growth, retail spending and inflation. From a microeconomic perspective, the forthcoming reporting season will shed light on their growth, profitability and most importantly valuation.

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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