



### NTA

NTA (before tax)	\$0.82
NTA (after tax)	\$0.82

ASX Code	GC1
Inception date	21 August 2015
Share price (30/06/20)	\$0.68
Cumulative dividends*	15.75c

\* Excluding GST and franking

### PORTFOLIO

Cash weighting	35.43%
Number of holdings	27

### 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
30 June 2019	Final	2.00
31 December 2019	Interim	1.00
<b>Total dividends</b>		<b>15.75</b>

## REVIEW OF THE QUARTER

After one of the worst quarters in history, the market recovered strongly in the June quarter. After imposing lockdowns, governments across the world are providing stimulus packages to the economy, mainly focusing on supporting employment. Central Banks also took action to implement quantitative easing strategies. The US Federal Reserve expanded its purchasing program to corporate bonds to support their economy. More importantly, more studies show that lockdown measures have a significant impact on stopping the spread of COVID-19. China is now returning to normal economic activities, which gives the market hope for a V-shaped recovery.

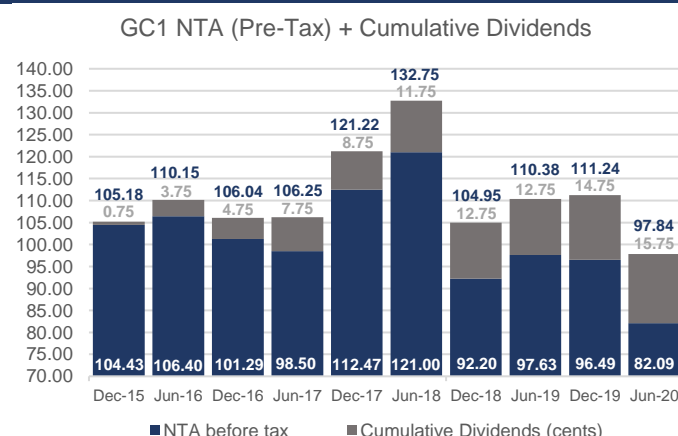
On the other hand, as countries start to reopen their economy, we have started seeing small outbreaks which will be our new normal. Beijing and Melbourne had a second wave outbreak in June. The outbreak happened without any signs and the local governments are forced to reimpose lockdown measures again to stop the spread around the country. For example, ACT and NT had their first new cases since April after the second wave outbreak in Melbourne. The further waves of infections, declining trades and rising geopolitical tensions could further erode confidence with respect to consumption and investment, leading to deeper downturns or slower growth.



### TOP 5 HOLDINGS

Company Name	ASX code
Credit Corp Group Limited	CCP
City Chic Collective Limited	CCX
Countplus Limited	CUP
Resolute Mining Limited	RSG
Saracen Mineral Holdings Limited	SAR

### NTA + DIVIDENDS



The Small Ordinaries fell -1.95% for the month and rose +23.90% for the quarter. Small Industrials advanced by +20.79% for the quarter, with the Small Resources rising +37.24%. GC1 returned of -3.47% for the month and returned 9.58% for the quarter.

## COMPANY NEWS

Our top 3 largest contributors to performance during this quarter were City Chic Collective (CCX), Ramelius Resources (RMS) and Resimac (RMC), while Probiotec (PBP) was the largest detractor from portfolio performance.

We discussed CCX in detail in last month's NTA report. The share price advanced by 81% in the past quarter. Although it is down by 1.69% last month, our investment thesis is still sound. We believe that CCX's large exposure in online platforms allows the company to lessen the impact from lockdowns. The company is financially sound with cash and sufficient debt capacity to withstand the impact of sales reduction. More importantly, this lockdown period may change customer behavior fundamentally from in-store purchase to online purchase and may appreciate its benefit. Furthermore, CCX will benefit from the customer behavioral changes, especially as online sales can get a higher margin.

We started accumulating positions in gold producers as we are

concerned about global economic deterioration. RMS has a high-quality gold mine development investment before the pandemic. The development plan will fuel the gold production in FY21 and the company will make good earnings.

RMC proved the strength of its mortgage portfolio with the share price rising by 70% in the last quarter. RMC is a residential mortgage lender. In March, when the government imposed a lockdown to stop the spread of COVID-19, the market was concerned about the borrowers' repayment power. As a result, the value of the company plummeted by 75%. In the latest announcement, the company showed the quality of its mortgage portfolio. The Prime portfolio is in a good shape with only 6% of customers requesting COVID-19 hardship payment moratoriums, which is more favorable than banks and peers. In addition, the company improved its financial position by renewing and extending the funding facilities with onshore and offshore banking partners.

Our largest detractor for this quarter is PBP. The company has prepared well for COVID-19 by investing additional working capital to procure safety stocks to buffer against any supply disruption. As a result, PBP is expected to meet the guidance for FY20 and is optimistic about the outlook for FY21. We believe this unloved company is overlooked by the market and will be rerated during the reporting season.

## PORTFOLIO OUTLOOK

It is a new normal that we will have small outbreaks and lockdowns before effective treatments for COVID-19 become available. Economic activities will be disrupted occasionally and are likely to take at least one year to recover. We continue to be cautiously optimistic. We think the market in the short-term is ignoring the fact that the real economy is suffering.

In addition, the US-China tension is heating up. This time, more countries are involved. India, Australia and the United Kingdom have a dispute with China. The uncertainty around the international relationship is escalating. As a result, we keep our positions in small-cap gold producers and quality companies.



**Michael Glennon**  
Executive Chairman

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY TOTAL RETURN
<b>FY20</b>	2.39%	-3.28%	0.62%	-1.22%	2.46%	-0.03%	3.14%	-8.86%	-21.32%	6.39%	6.70%	-3.83%	-18.59%
<b>FY19</b>	1.61%	0.74%	-1.11%	-12.57%	-1.97%	-11.36%	2.07%	4.81%	-0.39%	5.63%	-3.04%	1.25%	-15.00%
<b>FY18</b>	0.72%	1.21%	3.00%	7.70%	0.43%	4.01%	1.45%	2.27%	-2.38%	-2.14%	8.63%	2.55%	30.39%
<b>FY17</b>	9.42%	3.06%	3.03%	-3.65%	-3.55%	0.58%	-0.41%	-2.39%	0.74%	-0.78%	0.62%	1.68%	7.96%
<b>FY16</b>		1.80%	1.23%	2.24%	4.38%	-1.57%	-1.58%	-1.31%	5.55%	0.63%	2.28%	1.43%	15.87%

## 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



GLENNON CAPITAL

**Contact:** Michael Glennon  
(Executive Chairman & Company Secretary)  
**Telephone:** (02) 8027 1000  
**Email:** [info@glennon.com.au](mailto:info@glennon.com.au)  
**Website:** [www.glennon.com.au](http://www.glennon.com.au)  
**Address:** Level 17, 25 Bligh Street,  
Sydney, NSW, Australia, 2000