



NTA

NTA (before tax)*	\$0.87
NTA (after tax)**	\$0.85

ASX Code	GC1
Inception date	21 August 2015
Share price (31/07/20)	\$0.675
Cumulative dividends***	15.75c

* As required by the ASX listing rule, this is the theoretical NTA before providing for the estimated tax on unrealised income and gains, and includes (\$0.08) per share deferred tax asset (comprised of prior years' and current year tax losses)

** Includes all tax balances and selling costs

*** Excluding GST and franking

PORTFOLIO

Cash weighting	9.74%
Number of holdings	36

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
Total dividends		15.75

REVIEW OF THE MONTH

The equity market continued to have a strong run in July, where the fourth straight monthly gain was recorded. The market was pleased with the government stimulus packages, bank decision and vaccine development. The government extended the JobKeeper payment until the end of March 2021. The banks decided to extend the bank loan deferral period past September to support the small businesses and households in this tough period. Several pharmaceuticals announced positive results in their trials. Among all sectors, the resources sector has the best run in this month, fueled by the strong recovery in China.

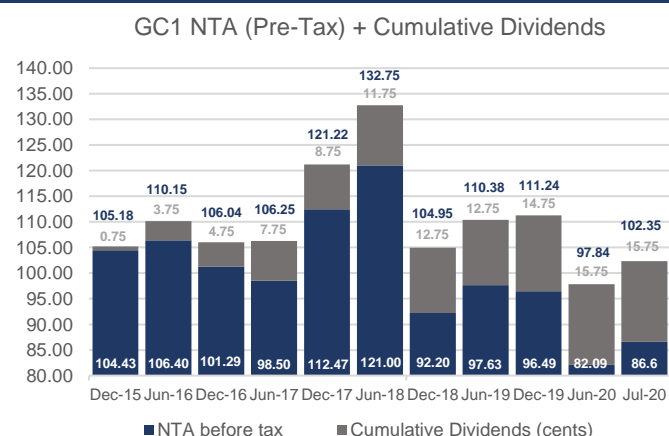
Gold moved strongly, fueled by fear and the US Federal Reserve commitment to support the economy. The gold price soared from US\$1768 per ounce to US\$1980, up by 11%, driven by a diminishing outlook for the earning potential of assets. The lockdown and rising coronavirus cases disrupted economic activities. A lot of companies are facing cash flow and earning problems. The US Federal Reserve reacted quickly and signified its commitment to use its full range of tools to support the American economy. This results in a low real interest rate after adjusting for the effects of inflation, to 0.01 per cent. As a result, the expected returns of assets are now at a low rate and the market is shifting to gold for safety.



TOP 5 HOLDINGS

Company Name	ASX code
Credit Corp Group Limited	CCP
City Chic Collective Limited	CCX
Nearmap Limited	NEA
Resolute Mining Limited	RSG
Uniti Group Limited	UWL

NTA + DIVIDENDS



The Small Ordinaries finished the month with a +1.39%. Small Industrials fell by 0.15%, with the Small Resources rising by 7.61%. GC1 returned 5.77% for the month, outperforming the market with an average cash balance of 17.7%.

COMPANY NEWS

Our top 3 largest contributors to performance during this month were Credit Corp Group (CCP), City Chic Collective (CCX) and Sequoia Financial Group (SEQ), while The Reject Shop (TRS) was the largest detractor from portfolio performance.

CCP reported its earnings result on 30 July and the share price surged by 9.1% on that day. The underlying net profit after tax (NPAT) was \$79.6m. The reported NPAT was \$15.5m, down by 78%. The difference between two NPATs is a COVID-19 adjustment. This adjustment, which includes purchased debt ledger (PDL), impairments and increased customer loan loss provision, is based on the potential impacts of COVID-19 in the future. We believe this impairment is conservative because CCP is one of the indirect beneficiaries of the government stimulus package. The cash collections in May and June have returned to pre-COVID-19 levels due to the support of one-off repayments. Furthermore, the company issued solid FY21 earnings guidance despite the uncertainty ahead. NPAT is expected to be a range of \$60-70m. The company also had a strong balance sheet. It raised

capital in April and it has net cash of \$26m and banking facilities of \$375m. Given the conservative impairment, solid guidance and strong balance sheet, the market reacted positively and the share price surged and finished with a rise of 22% in July.

CCX continued to acquire distressed assets and strengthen its presence in the United States. On 24 July, CCX released a trading update. The company showed strong growth in sales during FY20 considering the disruption caused by the COVID-19 in the fourth quarter. The comparable sales growth was 0.4% and underlying EBITDA was \$26.5m. CCX raised equity to acquire the eCommerce assets of Catherine's, a US brand owned by Ascena Retail Group, which has filed for bankruptcy. This is the second time CCX acquired a distressed asset. The last acquisition of Avenue e-commerce assets in 2019 well supported CCX's online growth. We are pleased that CCX grew strongly and took the opportunity to acquire distress assets in this environment. The share price was up by 17% in this month.

SEQ had a 29% return in July supported by an acquisition of assets of Total Cover Australia (TCA). TCA is a renowned multiple award-winning Corporate Authorised Representative of the Sequoia group through InterPrac Financial Planning. This acquisition is expected to provide a strong contribution to both revenue and earnings to the company.

Our largest detractor for this month is TRS. Victoria was forced to enter the lockdown again because of the second COVID-19 outbreak. TRS, as a retailer, had a concentrated position in brick-and-mortar. The lockdown is largely impacted on its earnings and operation.

PORTFOLIO OUTLOOK

With reporting season now approaching us, we can now look at the impact of COVID-19 on businesses. Evidences show that we will continue to have small outbreaks and lockdowns before effective treatments for COVID-19 become available. We continue to be cautiously optimistic and remain focused on assessing valuations and finding new opportunities with defensive elements.



Michael Glennon
Chairman

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY TOTAL RETURN
FY21	5.77%												5.77%
FY20	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%
FY19	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%
FY18	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%
FY17	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%
FY16		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

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