

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 NOVEMBER 2020

ASX Announcement Date: 14 December 2020

Net Tangible Assets Value Breakdown

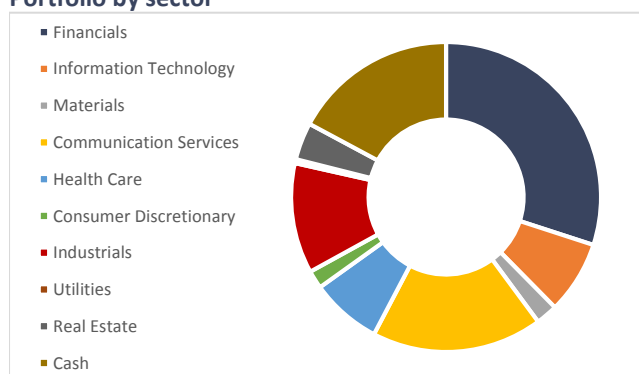
NTA (before tax)*	NTA (after tax)**	Share price (30/11/2020)	Cash Weighting	Number of Holdings	Cumulative Dividends***
\$0.94	\$0.92	\$0.76	17.17%	32	17.75 cents

* As required by the ASX listing rules, this is the theoretical NTA before providing for the estimated tax on unrealised income and gains, and includes (\$0.05) per share deferred tax asset (comprised of prior years' tax losses and current year tax losses/profits)

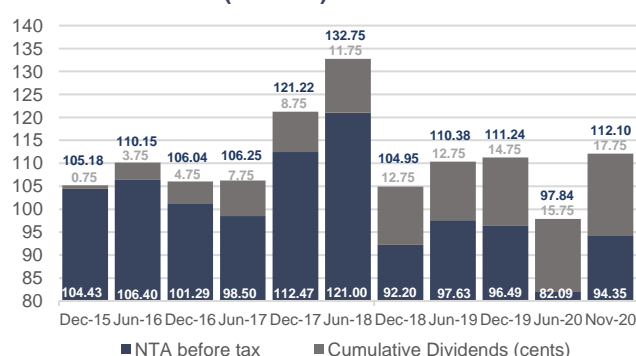
** Includes all tax balances and selling costs

*** Excluding GST and franking

Portfolio by sector



GC1 NTA (Pre-Tax) + Cumulative Dividends



PORTFOLIO REVIEW

In November, the market experienced a shift towards cyclical companies on the back of positive newsflow around a Covid19 vaccine development. On 9th November, Pfizer announced a positive interim result from a COVID-19 vaccine phase III trial. It is widely expected the vaccine will roll out in next year in most of the developed countries. This news brought optimism to the market and resulted in a sectoral shift. The market started favoring financials, resources and energy sectors, while technology and healthcare lagged behind. Economists are now expecting an economic recovery in the next 2 years. As a result, the sectors that were impacted by COVID-19 rebounded heavily in November. We expect the COVID-19 recovery is a big theme in the long run and we are rotating our portfolio to cyclical companies to benefit from the theme.

The Small Ordinaries rose +10.27% for the month. Small Industrials advanced by +10.11%, with the Small Resources rising +10.92%. GC1 returned +7.93% for the month, underperforming the market by 2.34%.

PORTFOLIO COMPANY UPDATES

Our top 3 largest contributors to performance during this month were IVE Group (IGL), oOh! Media (OML) and Resimac (RMC), while HUB24 (HUB) was the largest detractor from portfolio performance.

IVE Group

IVE Group is a marketing and print communications business offering multiple product and service including: personalised communications, print production, retail display, promotional merchandising and logistics. COVID-19 impacted IGL revenue especially its catalogue production and letterbox distribution businesses. One example would be the Coles' decision to decrease a portion of its print marketing spend. The Company reacted quickly and implemented a range of cost reductions, including reducing headcount through simplification of three business into one. IGL had no material client losses and won contracts including a five-year \$100m contract from Australia Community Media and \$26m secured in new clients wins in the first quarter of FY21. The Company is now priced on a forward PE of 6x. We believe it is an undervalued cyclical company. The share price was up 85% in November.

oOh! Media

oOh!media provides advertisers with access to a diverse range of audiences across its national portfolio of Out Of Home

advertising spaces throughout Australia and New Zealand. During the lockdown period, OML was hugely impacted by the falling of demand in Out of Home advertising spaces, contributed to the fall of traffic numbers and the trend of reduction in sales and marketing expenditure.

At the same time, OML raised capital to strengthen its balance sheet and reduce gearing. We put it under our watchlist and as we saw evidence that the traffic in Australia and New Zealand started to recover, hence we accumulated the shares in November. The share price was up 27.48%. Despite the fact that the Company is already worth more than the pre-COVID level, we believe the Company is undervalued because OML can take advantage of the access to the public equity capital market to acquire distressed assets and grow the business during this period.

Resimac

Resimac is a non-bank residential mortgage lender. Despite being one of our biggest performance detractors in March, we held the company because we believe RMC was one of the most likely non-bank lenders to survive a market downturn. It had a high-quality majority-prime residential mortgage book in Australia, a diverse funding pool from Australian and overseas banks, and a scalable loan servicing process offering quick turnaround times for borrowers. Most importantly, it had a strong and aligned Board led by Chairman Warren McLeland and an aligned major shareholder in Duncan Saville.

RMC proved itself to be a high-quality mortgage lender and the market's confidence in RMC has now been restored. The share price has increased fourfold from \$0.44 in March to \$1.87 In November. The Company settled two RMBS transactions in May and August, proving up the credit quality of its assets. During reporting season, RMC delivered a strong result, reporting a profit growth of 79% from \$31m to \$56m. This was mainly attributed to 20% growth in lending off a relatively fixed cost base.

With this mixture of above-system growth and resilient credit quality, the Company is now priced on a forward PE of 8x. Hence despite strong share price appreciation since March 2020, we believe RMC remains an undervalued way to play the COVID-19 recovery.

HUB24

HUB24 was one of our worst performing stocks in last months down -6.31%. We have discussed it in previous NTA reports. HUB is one of the technology companies suffering the sectoral changes this month. We believe the company can benefit from the structural shift in financial services platform industry from banks to specialist platform providers. We have reduced our weighting in HUB24 on valuation grounds.

MAJOR PORTFOLIO CHANGES (ALPHABETICAL ORDER)

Portfolio Additions	Portfolio Reductions
<ul style="list-style-type: none"> • IVE Group • oOh!Media • Pacific Smiles 	<ul style="list-style-type: none"> • Adbri • Amaysim • GWA

PORTFOLIO PERFORMANCE

	1 Month	6 Month	1 Year	2 Years (p.a.)	Inception (p.a.)	Inception (Total Return)
GCI Investment Portfolio Gross Performance	+7.93%	+19.94%	+0.67%	-0.27%	+6.69%	+40.75%
S&P/ASX Small Ordinaries Accumulation Index	+10.27%	+14.78%	+5.98%	+11.17%	+11.56%	+78.22%
Performance Relative to Benchmark	-2.34%	+5.16%	-5.31%	-11.44%	-4.88%	-37.47%

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
FY21	5.77%	10.10%	-3.16%	2.08%	7.93%								24.26%
FY20	2.39%	-3.28%	0.62%	-1.22%	2.46%	-0.03%	3.14%	-8.86%	-21.32%	6.39%	6.70%	-3.47%	-18.29%
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%

TOP HOLDINGS DETAILS (ALPHABETICAL ORDER)



Frontier Digital Ventures

ASX:FDV

Frontier Digital Ventures (FDV) is a leading owner and operator of online marketplace businesses in fast growing emerging markets.



oOh!Media

ASX:OML

oOh!media is a leading Out of Home media company that is enhancing public spaces through the creation of engaging environments that help advertisers, landlords, leaseholders, community organisations, local councils and governments reach large and diverse public audiences.



Pacific Smiles

ASX: PSQ

Pacific Smiles Group Limited (PSQ) operates dental centres at which independent dentists practice and provide clinical treatments and services to patients. Revenues and profits are primarily derived from fees charged to dentists for the provision of these fully serviced dental facilities.



Resimac

ASX:RMC

Resimac Group Ltd ("Resimac") is a leading non-bank residential mortgage lender and multi-channel distribution business. It operates under a fully integrated business model comprising origination, servicing and funding prime and nonconforming residential mortgages in Australia and New Zealand.



Sequoia Financial Group

ASX:SEQ

ASX-listed Sequoia Financial Group Ltd (ASX: SEQ) is an integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third-party professional service firms.



Service Stream

ASX:SSM

Service Stream is a public company listed on the Australian Securities Exchange (Code: SSM). The Service Stream Group is a provider of essential network services to the telecommunications and utility sectors. Service Stream operates across all states and territories, has a workforce in excess of 2,200 employees and access to a pool of over 3,000 specialist contractors.

HOW TO INVEST

Glennon Small Companies Limited shares are traded on the Australian Securities Exchange (ASX) under the ticker code 'GC1'.

Glennon Small Companies Limited Resettable Redeemable Convertible Preference Shares (RRCPs) are traded on the ASX under the ticker code 'GC1PA'.

If you are a first-time investor, you purchase securities through a stockbroker in the same way as you buy securities 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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