

MONTHLY REPORT February 2023

ASX Announcement Date: 14 March 2023

NTA (before tax)*	NTA (after tax)**	Share price (28/02/2023)	Cash Weighting	Number of Holdings
\$0.72	\$0.73	\$0.60	33%	27

* 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 (\$0.0793) per share deferred tax asset (comprised of prior years' tax losses and current year tax losses/profits)

** Includes all tax balances and selling costs

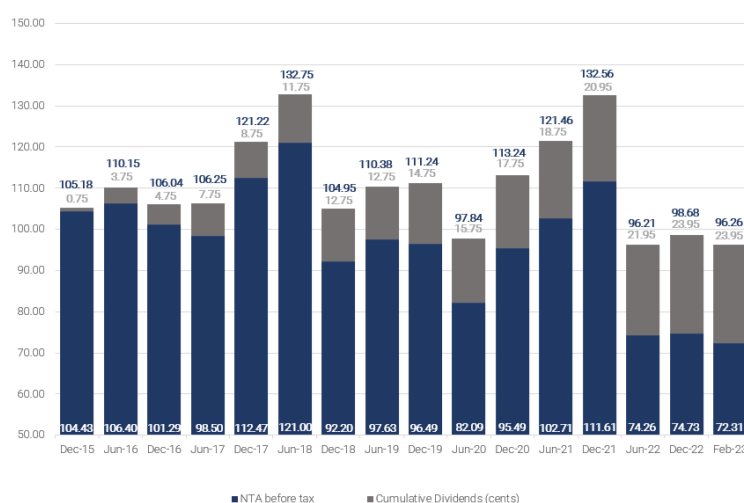
The above NTA numbers do not include the effect of the recently announced dividend

Portfolio by sector

- Financials
- Consumer Discretionary
- Communication Services
- Industrials
- Health Care
- Information Technology
- Materials
- Energy
- Cash



GC1 NTA (Pre-Tax) + Cumulative Dividends



PORTFOLIO REVIEW

The portfolio return for February was (-4.58%) while the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) decreased (-3.70%). At month end, approximately 33% of the portfolio comprised of cash.

Last month's underperformance was mainly attributable to the portfolio's exposure to our holdings, with Pacific Smiles (PSQ) (-0.83%), Baby Bunting (BBN) (-0.71%) and Resimac (RMC) (-0.62%), being our main detractors. Offsetting these losses were gains amongst our largest contributors, Smartgroup (SIQ) +0.32%, IVE Group (IGL) +0.23% and Collins Foods (CKF) +0.11%.

Pacific Smiles (3.0% of the portfolio) fell 22% after downgrading its full-year guidance. The company trades on a forward multiple of 8x EV/EBITDA, based on management's guidance. We expect earnings to grow strongly over the coming few years, aided by pent-up demand, a maturing store network and new clinic openings.

Baby Bunting (2.3% of the portfolio) fell 25% following the release of its half-year results. Total sales were up 7% year-on-year, driven by new store rollouts. However, lower gross margins, higher cost-of-doing-business and investment spend relating to their international launch, resulted in a substantial decline in net profit during the period. BBN cut its dividend by 60%. And its long-time CEO, Matt Spencer, surprised the market by announcing plans for his succession. The company has a long growth runway and trades at 11-12x FY24 earnings. Despite the economic backdrop, we think the stock is attractively priced, so we continued to add to our position during the month.

Smartgroup's results were broadly in line with expectations, yet it rose 13% over the month. SIQ is one of the few businesses that should benefit within the current environment. As interest rates rise, the cost of borrowing makes purchasing vehicles outright less desirable, and the demand for novated leasing often increases. Finally, upon a positive revision to earnings guidance, IVE Group rose 7.44%. IGL has a dominant market position, strong counter-cyclical features, multiple avenues for growth, and potential for margin expansion through synergies over the next few years.

PORTFOLIO PERFORMANCE

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
FY23	12.74%	0.78%	-6.34%	1.10%	-2.20%	-0.10%	2.45%	-4.58%					2.75%
FY22	1.22%	9.10%	-2.15%	3.38%	-1.85%	5.70%	-11.22%	-7.33%	5.21%	-5.97%	-8.08%	-10.76%	-22.63%
FY21	5.77%	10.10%	-3.16%	2.08%	7.93%	1.18%	1.22%	2.54%	-1.95%	9.62%	-4.15%	2.46%	37.74%
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)



Collins Foods Limited

ASX: CKF

Collins Foods Limited engages in the operation, management, and administration of restaurants in Australia, Europe, and Asia. The company operates restaurants under the KFC, Taco Bell, and Sizzler brands.



IVE Group

ASX: IGL

IVE Group is Australia's largest holistic marketing company. The Group services all major industry sectors in Australia including financial services, publishing, retail, communications, property, clubs and associations, not-for-profit, utilities, manufacturing, education and government.



Lovisa

ASX: LOV

Lovisa Holdings Limited is a fast fashion jewellery retailer in a number of international markets. Lovisa provides fashion with different earrings, hair bands, necklace, wrist and ring and body fashion.



Metgasco

ASX: MEL

Metgasco is an active onshore oil and gas exploration company with world class onshore exploration licences in the Premier Cooper Eromanga and Perth Basins. Metgasco's last three wells (Vali-1 ST1, Odin-1, Vali-2) have a 100% record of discovering gas.



Neuren Pharmaceuticals

ASX: NEU

Neuren Pharmaceuticals is a clinical stage drug development company focused on drugs to treat disorders of the Central Nervous System.



Pacific Smiles Group

ASX: PSQ

Pacific Smiles Group Limited 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.



WT Financial Group Limited

ASX: WTL

WT Financial Group Limited is a diversified financial services group offering financial planning and investment advice; wealth management; insurance and superannuation; finance; and tax and accounting services. Its advice and product offerings include a specialization in self-managed superannuation funds (SMSFs); and residential real estate investment.



Sequoia Financial Group

ASX: SEQ

Sequoia Financial Group 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.



Telix Pharmaceuticals

ASX: TLX

Telix Pharmaceuticals is a biopharmaceutical company focused on the development and commercialisation of diagnostic and therapeutic radiopharmaceuticals.

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'.

GENERAL ENQUIRIES

Contact: Michael Glennon
(Chairman)
Telephone: (02) 8027 1000
Email: info@glennon.com.au
Website: www.glennon.com.au
Address: Level 26, 44 Market Street
Sydney NSW 2000