

# GLENNON SMALL COMPANIES LTD

## INVESTMENT REPORT | OCTOBER 2016

### Net Tangible Assets (NTA) at 31 October 2016 Cents

NTA before tax	105.24
NTA after tax	102.18

During the month to 31 October 2016 Glennon Small Companies Ltd delivered a gross portfolio return of -3.65%, while the S&P/ASX Small Ordinaries Accumulation Index fell 4.72%. Since inception Glennon Small Companies Ltd has delivered a 29.71% gross portfolio return while the S&P/ASX Small Ordinaries Accumulation Index has risen 22.91%. At the end of the month the portfolio held 36.78% cash.



Performance at 31 Oct 2016	1 Month	3 Months	6 Months	1 Year	Since Inception
Glennon Small Companies	-3.65%	2.31%	16.14%	22.61%	29.71%

Performance is shown on a gross basis, before expenses and taxes. Past performance is not a reliable indicator of future performance. Inception date is 21 August 2015.

### Commentary

The market was volatile during October, with small caps falling 4.7%, driven lower by the small industrials, which fell 5.3%. The large caps outperformed this month but have underperformed small caps substantially over the past year, rising only 5.5% against the 14.9% return of small caps.

The month also saw strong performances from some of our positions. Nearmap (ASX:NEA), an aerial imagery provider, released a trading update showing both the Australian and US businesses tracking to our expectation. The market reacted by sending the stock almost 29% higher. Meanwhile Compumedics (ASX:CMP) also performed strongly, rising 36% during the month, as the market began to focus on the potential of their sleep and neurology diagnostic devices as well as the opportunity in the brain imaging and eHealth markets.

After month end we saw continued volatility post the results of the US election. Despite this we continue to investigate opportunities across industries in small and micro cap stocks. With the number of stocks listed on the ASX dwarfing the top 100 by a factor of more than 20 times, and a high dispersion of stock performance, small caps continue to present significant opportunities for active investors.

### Stock Code ASX: GC1

Share Price (11/11/16)	\$0.99
Market Capitalisation	\$46.5m

### Investment Objectives

To own sustainable businesses with superior management that:

- operate in industries with barriers to entry and growth prospects
- are undervalued

### Investment Strategy

- Active portfolio management
- Concentrated portfolio
- Long only
- Ungeared

### Company Overview

Glennon Small Companies Ltd is an ASX listed investment company. The Company invests in a concentrated portfolio of high quality small cap and microcap companies outside the S&P/ASX 100.

The Company is managed by Glennon Capital, a specialist small and microcap investment manager.

For more information on our portfolio holdings, insights and research please visit [www.glennon.com.au](http://www.glennon.com.au) and sign up to our newsletter.

### Top Five Holdings

RFG	Retail Food Group	4.5%
RCR	RCR Tomlinson	4.4%
MYX	Mayne Pharma	3.7%
SIV	Silver Chef	3.5%
ZML	zipMoney	3.2%

### Portfolio Characteristics

Number of Equity Holdings	33
Median Market Capitalisation	\$285m

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## Glennon Small Companies Ltd (GC1)

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### Investor communication update

Glennon Capital is committed to communicating with our investors. In the videos and articles below, released to newsletter subscribers during October, we share our views on stocks, sectors and other topics of interest.

#### Videos

It's time for capital raising season – [view](#)

Getting big vs growing earnings – [view](#)

Management is key to long term success – [view](#)

On the road: Flinders Partners – [view](#)

On the road: Big Un Limited (ASX:BIG) – [view](#)

#### Articles

Analysts: not many buys in the ASX 100 – [read](#)

How does the public-private market arbitrage work?  
– [read](#)

Digging into underlying earnings – [read](#)

D&A vs Maintenance Capex – [read](#)

#### Presentation

GC1 2016 Annual General Meeting Presentation – [read](#)

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[WWW.GLENNON.COM.AU](http://WWW.GLENNON.COM.AU)**



### Important Information

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