

# GC1 INVESTMENT UPDATE & NTA REPORT August 2015



Performance at 31-Aug-15	1 Month	Since Inception
Glennon Small Companies Ltd	2.16%	2.16%
S&P/ASX Small Ordinaries Accum	0.40%	0.40%
Outperformance	1.76%	1.76%

During the 7 days to the 31<sup>st</sup> of August 2015, Glennon Small Companies Limited returned a gross portfolio return of 2.21% compared to a return in the S&P/ASX Small Ordinaries Accumulation Index of 0.40%.

As at the 11<sup>th</sup> of September 2015 the fund was holding 60.44% cash or \$12,857,551 (39.56% invested).

Net Tangible Assets (NTA) at 31-Aug-15	
NTA per share (ex-dividend)	98.76 cents
Deferred tax liability on unrealised income and gains	(0.53 cents)
NTA per share after all tax balances (ex-dividend)	98.23 cents

## Market Overview

The S&P/ASX All Ordinaries Accumulation Index closed down -4.89% in August, outperforming the ASX 200 by 3.43%. Earlier in the month, Australian and global markets faced tumultuous conditions, wiping billions off equity values. All sectors were heavily hit by this volatility, apart from Healthcare (-2.3%) and Consumer Staples (-2.6%) on a total return basis, which were the smallest detractors from this index this month.

Dampening economic data was released on the 2<sup>nd</sup> of September showing that Australian economic growth has slowed to 0.2% in Q2. Further downward spirals in Chinese equity markets spilled over into most developed markets, whilst inflation and GDP weakness in the Euro region prompted the European Central Bank (ECB) to announce continued quantitative easing programs. This lead investors to once again push out expectations of an interest rate rise from the US Federal Reserve albeit the positive data coming from the US.

These market events have pushed multiples below their long term average, exposing some very attractive investment opportunities. As a result it has been an optimal time to enter into the market and deploy capital for our shareholders. Our outlook for the remainder of the year is mixed as we believe valuations are below intrinsic value. However, the growing weakness in the domestic economy has prompted a very cautionary approach to our investments. 41% of our underlying

## ASX:GC1 Stock Quote

Share price at 31/08/15	\$1.00
GC1 Market Capitalisation	\$21.796m
ASX Code: Options	GC10
Option Expiry date	18-Aug-16
Exercise price	\$1.00

## Investment Objectives

- Own sustainable businesses with superior management that;
- Operate in industries with barriers to entry and growth prospects; and
- Be undervalued by reference to the market price of their securities

## Investment Strategy

- 20-60 securities
- Active, long only, investment management style;
- Not use leverage

## Company Overview

Glennon Small Companies Limited is a newly incorporated ASX listed investment company (as of 21 August 2015). As a specialist small and micro-cap investment manager, we invest in a concentrated portfolio of high quality small cap, microcap and emerging listed companies outside the S&P/ASX 100. The Manager holds over 17 years as a small cap investment specialist.

We are the perfect complement to a core portfolio of blue chip Australian shares, ETFs or managed funds. The Manager has a long term track record of outperformance and our principals are industry awarded for investment excellence

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.

securities are overseas earners so we should continue to see further upside with the fall in the Australian dollar.

### **Top 5 Holdings at 31-Aug-15**

Code	Security	Market Weight
SIV	Silver Chef	3.94%
SRX	Sirtex Medical	3.85%
CCP	Credit Corp Group	2.71%
VOC	Vocus Communications	2.69%
MMS	Mcmillan Shakespeare	2.34%

### **Important Information**

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