

GLENNON SMALL COMPANIES LTD

INVESTMENT REPORT | MAY 2016

Net Tangible Assets (NTA) at 31 May 2016 Cents

NTA before tax	107.10
NTA after tax	103.12

During the month to 31 May 2016 Glennon Small Companies Ltd delivered a gross portfolio return of 2.28%, while the S&P/ASX Small Ordinaries Accumulation Index rose 4.09%. Since inception Glennon Small Companies Ltd has delivered a 14.23% gross portfolio return while the S&P/ASX Small Ordinaries Accumulation Index has risen 20.47%. At the end of the month the portfolio held 4.7% cash.



Performance at 31 May 2016	1 Month	3 Months	6 Months	Since Inception
Glennon Small Companies	2.28%	8.02%	3.38%	14.23%

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

Small caps have experienced strong performance over the past year, outperforming large caps by about 10%. Over the past month this outperformance has continued, with the S&P/ASX Small Ordinaries Accumulation Index rising 4%, against an increase of 3% for the S&P/ASX 100.

Small resources have now risen 64% from the trough in January, but are still below levels last seen in 2014. Gold has driven the move this year with over half of the small resources now represented by gold stocks; Australian dollar gold remains close to all-time highs. We continue to have selective gold exposure in the portfolio. Meanwhile interest rate expectation have continued to fall. The Reserve Bank is likely to cut again by January next year, with another rate cut possible in 2017, putting pressure on the Australian dollar.

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 present significant opportunities for active investors.

Stock Code	ASX:GC1
Share Price ^(10/6/16)	\$0.985
Market Capitalisation	\$24.7m
Option ASX Code	GC1O
Option Expiry Date	18 August 2016
Option Exercise Price	\$1.00

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 and sign up to our newsletter.

Top Five Holdings

APO	APN Outdoor	5.9%
MYX	Mayne Pharma	4.5%
WPP	WPP AUNZ	4.0%
GEM	G8 Education	4.0%
ALU	Altium	3.9%

Portfolio Characteristics

Number of Equity Holdings	42
Median Market Capitalisation	\$267m

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SUBSCRIBE TO OUR WEEKLY NEWSLETTER AT
WWW.GLENNON.COM.AU**

Important Information

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