NTA

NTA (before tax)*	**$0.89**
NTA (after tax)**	**$0.87**

ASX Code	GC1
Inception date	21 August 2015
Share price (31/10/20)	$0.75
Cumulative dividends**	17.75c

As required by the ASX listing rule, this is the theoretical NTA before providing for the estimated tax on unrealised income and gains, and includes ($0.06) 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

Cash weighting	14.57%
Number of holdings	42

DIVIDEND HISTORY

Period ended	Type	Amount (cps)
31 December 2015	Interim	0.75
30 June 2016	Final	3.00
31 December 2016	Interim	1.00
30 June 2017	Final	3.00
31 December 2017	Interim	1.00
30 June 2018	Final	3.00
31 December 2018	Interim	1.00
30 June 2019	Final	2.00
31 December 2019	Interim	1.00
30 June 2020	Final	2.00
Total dividends		**17.75**

TOP 5 HOLDINGS

Company Name	ASX code
HUB24 Limited	HUB
Netwealth Group Limited	NWL
Nextdc Limited	NXT
Sequoia Financial Group Limited	SEQ
Service Stream Limited	SSM

NTA + DIVIDENDS

GC1 NTA (Pre-Tax) + Cumulative Dividends

	Dec-15	Jun-16	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Oct-20
Total	105.18	110.15	106.04	106.25	121.22	132.75	104.95	110.38	111.24	97.84	106.73
Cumulative Dividends	0.75	3.75	4.75	7.75	8.75	11.75	12.75	12.75	14.75	15.75	17.75
NTA before tax	104.43	106.40	101.29	98.50	112.47	121.00	92.20	97.63	96.49	82.09	88.98

■ NTA before tax　■ Cumulative Dividends (cents)

REVIEW OF THE MONTH

The Australian Federal Government revealed the biggest spending plan in Australian history, reaching $507 billion in overall support, including $257 billion in direct economic support. In addition, Victoria eased the containment measures which allowed businesses to reopen, especially within the retail and hospitality sectors. The market reacted strongly and rose by 7.7% from the start of the month to 19th October. However, the COVID-19 cases in Europe and the United States kept rising after an ease of lockdown. In some European countries, lockdown was reintroduced. The market was concerned about a double-dip recession and fell significantly by 6.6% since 20th October. The market ended with a gain of 0.46% in October.

The Small Ordinaries rose +0.46% for the month. Small Industrials advanced by +0.61% for the quarter, with the Small Resources falling -0.24%. GC1 returned +2.08% for the month, outperforming the market by 1.62%.
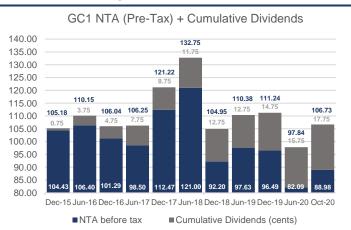
COMPANY NEWS

Our top 3 largest contributors to performance during this month were Dicker Data (DDR), HUB24 (HUB) and Sequoia Financial Group (SEQ), while Megaport (MP1) was the largest detractor from portfolio performance.

DDR is Australia's largest and longest established distributor of information technology products. Its vendors include Cisco, Microsoft, Lenovo, Toshiba, Samsung and other major brands. DDR is one of the beneficiaries of the lockdown scheme where the demand in Information Technology surges. Many organisations enabled their workforces to work remotely. As a result, the demand for remote working solutions across both hardware and software rose. However, we were surprised that the share price did not react in line with other Information Technology companies. After the sell-off in March, DDR quickly rebounded to the previous level in May and stayed at that level until October. In October, the company was rerated and share price was up by 26%.

From May to October, DDR continued to prove the resilience of the business, showing the strong demand in Information Technology hardware. For example, the company had its highest ever revenue month in March 2020, as announced on 29 April. With increased sales, a higher profit growth is achieved through an operating cost leverage.

Besides the advantage of being an Information Technology

distributor, we like DDR because it is a high-quality business. DDR reduces the vendor concentration risk by reducing the top 5 vendors contribution from 90% in FY12 to 57% in FY19. This is achieved mainly by signing new vendors. To meet the demand, DDR is now building a new distribution center and is expected to be completed by the end of the year. We believe this company has a positive outlook in the long term considering the new demand of hardware products from the rollout of 5G connectivity.

HUB24 is a platform provider which provides financial intermediaries and clients with an efficient way to acquire, hold and administer a range of investments. The industry is experiencing a structural shift from banks to specialist platform providers. HUB recently announced three acquisitions which drove the share price up by 24%.

We discussed SEQ in detail in last month's NTA report and the market continued to re-rate the business, especially after HUB24's three acquisitions. The value of SEQ was increased by 25% in October.

Our largest detractor for this month is MP1. The company reported a weaker than expected revenue and monthly recurring revenue for the first quarter. However, with record additions of new ports and customers, we believe that the business will continue its high growth.

PORTFOLIO OUTLOOK

The market is shifting from growth to cyclical as a result of a better than expected vaccine development. At the same time, Australia is close to opening interstate borders. In the AGM season, we will closely monitor the company updates and adjust the portfolio accordingly.

Michael Glennon
Chairman

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY TOTAL RETURN
FY21	5.77%	10.10%	-3.16%	2.08%									15.12%
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%

HOW TO INVEST

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

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