



## MONTHLY REPORT MARCH 2021

ASX Announcement Date: 14 April 2021

NTA (before tax)*	NTA (after tax)**	Share price (31/03/2021)	Cash Weighting	Number of Holdings
\$0.95	\$0.92	\$0.77	4.15%	33

\* 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 (\$0.05) per share deferred tax asset (comprised of prior years' tax losses and current year tax losses/profits)

\*\* Includes all tax balances and selling costs

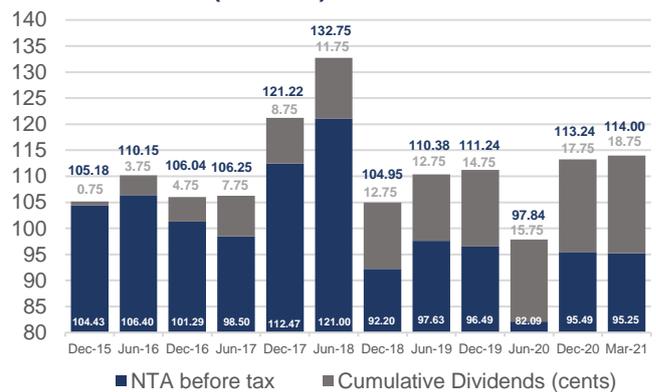
The NTA numbers above include the effect of the dividends paid 31 March 2021

### Portfolio by sector

- Financials
- Consumer Discretionary
- Communication Services
- Industrials
- Health Care
- Information Technology
- Real Estate
- Materials
- Utilities
- Cash



### GC1 NTA (Pre-Tax) + Cumulative Dividends



### PORTFOLIO REVIEW

The market had a positive run in March supported by the continued optimism on reopening of economies. The unemployment rate in February fell to 5.8%. The number of employed persons exceeded the pre-COVID levels. This signalled a strong economic recovery.

Globally, IMF upgraded the world growth forecast again in March due to the stimulus package and fast vaccination rollout. Biden's \$1.9t stimulus package together with the proposal of another \$2t infrastructure stimulus package were expected to support the economy. The quick vaccination rollout provided hope to an early economic reopening. Both US and UK have increased the pace of vaccination rollout with over 30% of population receiving at least one dose in both countries.

The Small Ordinaries rose +0.79% for the month. Small Industrials advanced by +1.72%, with the Small Resources falling -3.02%. GC1 returned -1.95% for the month, underperforming the market by 2.74%.

### PORTFOLIO COMPANY UPDATES

Our top 3 largest contributors to performance during this month were Eagle Mountain Mining (EM2), Airtasker (ART) and Invictus Energy (IVZ), while Sequoia (SEQ) was the largest detractor from portfolio performance.

#### Eagle Mountain Mining

Eagle Mountain Mining (EM2) is our best performing stock in the second consecutive month. EM2 appreciated by +29% in March. The market has re-rated EM2 because of the success of the drilling program. The recent capital raise has allowed EM2 to accelerate the drilling program at Oracle Ridge. The result suggested the potential high-grade quality of the mine. With the acceleration of exploration activities, we expect that there will be a consistent news flow, which will be a catalyst for the share price.

#### Airtasker

Airtasker (ART) is a platform connecting customers who want to outsource tasks with people who want to work. We participated in the IPO. The company was listed in ASX on 23 March 2021. The share price was up by +62% from its listing price of 65 cents in its first trading date. We took a disciplined approach and exited the position.

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ART has developed a scalable technology platform. We believe the company will enable a network effect with increasing marketing expenses. The company connects customers and taskers, and charges a percentage of fees on finished projects as revenue. This business model is attractive to both customers and taskers. From the customers' perspective, ART is a marketplace for an infinite range of services. ART provides customers confidence on the quality of taskers through reviews and ratings. From the taskers' perspective, ART offers a third-party secure payment system. When the customer agrees a task, the fund is transferred to ART. After the task is finished, the customer releases the payment and the tasker gets paid. If the customer refuses to release the payment, ART support team will handle the case. Since the payment is already locked in, taskers have better protection. With the well-established platform and increasing marketing expenses, we expect ART to grow strongly in volume and revenue.

We participated in this company because of a large valuation discount to its local and global peers. We expected that the discount would be narrowed when the company showed its strong growth in its first earnings report. However, the market reacted quickly and the share price rocketed in the first trading date. We still like the company but we exited the position in order to lock in the profit.

### **Invictus Energy**

Invictus Energy (IVZ) is an oil and gas exploration company focusing on a project (SG 4571 asset) in Zimbabwe. The share price appreciated by 78% in March. This is another company allowing us to gain exposure in a cyclical sector.

IVZ has laid the foundation for production. IVZ is an 80% owner and operator of a project (SG 4571 asset) in Cabora Bassa. The asset is estimated to contain 294m barrels of conventional gas condensate. IVZ is now at the second stage of exploration and the company has already been granted a 25-year production license from the Republic of Zimbabwe. IVZ signed a non-binding memorandum of understanding with Tatanga Energy to supply gas. The supply term is 20 years from the date of first commercial gas production. We can see a great upside once IVZ starts the drilling campaign.

### **Sequoia**

Sequoia (SEQ) was down by -18% in March. There is no news flow around SEQ in March. It is a small company with low liquidity. We took the opportunity of the volatility to top up our position as we are confident in the company's long-term growth strategy.

## **PORTFOLIO CHANGES (ALPHABETICAL ORDER)**

<b>Portfolio Additions</b>	<b>Portfolio Reductions</b>
<ul style="list-style-type: none"> <li>• Class</li> <li>• Sequoia</li> <li>• WPP AUNZ</li> </ul>	<ul style="list-style-type: none"> <li>• IVE Group</li> <li>• Jumbo Interactive</li> <li>• Leaf Resources</li> </ul>

## **PORTFOLIO PERFORMANCE**

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>FY21</b>	5.77%	10.10%	-3.16%	2.08%	7.93%	1.18%	1.22%	2.54%	-1.95%				27.94%
<b>FY20</b>	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%
<b>FY19</b>	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%
<b>FY18</b>	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%
<b>FY17</b>	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%
<b>FY16</b>		1.80%	1.23%	2.24%	4.38%	-1.57%	-1.58%	-1.31%	5.55%	0.63%	2.28%	1.43%	15.87%

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## TOP HOLDINGS DETAILS (ALPHABETICAL ORDER)



### Adairs

ASX: ADH

Adairs (ADH) is a leading specialty retailer of home furnishings in Australia and New Zealand with a national footprint of stores across a number of formats and a large and growing online channel. Their strategy is to present customers with a differentiated proposition, which combines on-trend fashion products, quality staples, strong value and superior customer service.



### Frontier Digital Ventures

ASX: FDV

Frontier Digital Ventures (FDV) is a leading owner and operator of online marketplace businesses in fast growing emerging markets.



### Healthia

ASX: HLA

Healthia Limited (HLA) is an integrated group of health-based companies whose mission is to enrich the lives of people through world-class health services. Services include podiatry services, physiotherapy services, hand and upper limb rehabilitation, orthotic manufacturing, and podiatry and foot care products distribution.



### Johns Lyng

ASX: JLG

Johns Lyng Group Limited (JLG) is an integrated building services group delivering building and restoration services across Australia. JLG's core business is built on its ability to rebuild and restore a variety of properties and contents after damage by insured events including impact, weather, and fire events.



### Lovisa

ASX: LOV

Lovisa Holdings Limited (LOV) 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.



### Pacific Smiles

ASX: PSQ

Pacific Smiles Group Limited (PSQ) operates dental centers 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.



### Resimac

ASX: RMC

Resimac Group Ltd (RMC) is a leading non-bank residential mortgage lender and multi-channel distribution business. It operates under a fully integrated business model comprising origination, servicing and funding prime and nonconforming residential mortgages in Australia and New Zealand.



### Viva Leisure

ASX: VVA

Viva Leisure operates health clubs (gymnasiums) within the health and leisure industry. Viva Leisure offers customers several different membership options and a range of different types of facilities from big-box fitness facilities to boutique fitness facilities. The company currently operates 102 health clubs with the master franchise for the Plus Fitness group of approximately 200 clubs.



### WPP AUNZ

ASX: WPP

WPP AUNZ is a group of 60 marketing & advertisement companies in the field of communication, experience, commerce & technology that collaborate to create world-class customer experience and drive growth for clients.

## 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

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