

10 November 2017

## Annual General Meeting 2017 – Chairman’s Statement

Dear Fellow Shareholders,

For the financial year ended 30 June 2017, the Company recorded an after-tax profit of \$4.59 million. The Company also paid a record 7 cents fully franked dividend over this period, representing a 5.26% fully franked dividend yield.

I am pleased to report that the dividend paid in FY17 marks the fifth year of consecutive dividend increases. The Board is mindful of providing our fellow shareholders with a sustainable and increasing stream of dividends franked to the maximum extent possible.

The Company prides itself in offering what we believe is the only Listed Investment Company (‘LIC’) that provides a pure, concentrated, long term exposure to small and micro-cap industrial business regardless of their size or liquidity profile. This concentrated approach is reflected by the 12 positions held as at 30 June, with one new core position entering the portfolio during the financial year.

The performance of the investment portfolio also flowed through to a significant increase in the total shareholder return (TSR) over the year. The TSR for the year was +34.37% which includes dividends paid and the share price movement over that period, but does not account for the value of franking credits.

The NTA of the Company increased by \$17.77 million over the financial year, both through performance as well as a successfully completed Share Purchase Plan (SPP) and placement. The funds raised from the SPP and placement in May 2017 have been utilised to continue with the Company’s proven investment strategy of investing in undervalued emerging companies with a long-term value horizon. It is important to note that these capital management initiatives were completed at a price above the prevailing Net Tangible Assets per share, which eliminated any potential dilution for existing shareholders. In addition, the increase in capital will deliver benefits to all NCC shareholders through improved liquidity via a wider shareholder base and an increased market profile.

As mentioned in the 2016 Annual Report the Company is always looking at ways to improve the quality and transparency of our investment communications. During 2017 we launched new initiatives to increase the frequency of our investor communications. The success of these initiatives is reflected in the number of new shareholders who joined the share register. At the end of the financial year the Company finished with 1,679 shareholders on the register which was a significant increase on the 953 shareholders at the end of the 2016 financial year.

As always, the Board is committed to managing the capital base in the most appropriate manner, one that provides the Investment Manager with the framework necessary to maximise potential performance for our fellow shareholders as well as providing a stable stream of growing dividends. With this in mind, the Board remains committed to limiting the size of the Company to between \$125 million and \$150 million.

All Directors increased their holdings throughout the financial year, taking advantage of both the SPP and the dividend reinvestment plan, and now hold a cumulative 3.82 million shares, continuing to align our interests with those of shareholders.

On behalf of the Board of Directors I would like all the staff of the Investment Manager for their continued efforts and dedication throughout the year.

The Board would also like to thank all our shareholders for their continued support and we welcome all new shareholders who joined the Company during the 2017 financial year.

David Rickards  
Independent Chairman