

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 30 SEPTEMBER 2018

NET TANGIBLE ASSET VALUE BREAKDOWN

PRE TAX NTA	POST TAX & PRE UNREALISED GAINS TAX NTA	POST TAX NTA	SHARE PRICE	PREMIUM/ (DISCOUNT) TO NTA (PRE TAX)	FULLY FRANKED DIVIDEND YIELD
\$1.31	\$1.30	\$1.26	\$1.29	(1.53%)	5.62%

The above NTA figures include the 3.5 cents per share fully franked FY18 final dividend, which went ex-dividend on 8 October 2018 and will be paid on 24 October 2018.

MARKET INSIGHT

For the month of September, the Investment Portfolio returned +2.88%, outperforming the Benchmark Small Ordinaries Accumulation Index (XSOAI) which fell by -0.35%. This brings the performance since inception of 5 years and 7 months to +131.47% vs. the Benchmark which has returned +45.18% over the same period. Pleasingly many of investments within the portfolio were able to continue with their strong August share price performance post the release of their full year results for FY2018.

Consolidated Operations Group (ASX: COG) had a busy month in September, announcing two acquisitions. The first of these acquisitions was Centrepoint Finance, a highly regarded equipment finance broker with operations in QLD, NSW, VIC and WA. Importantly, Centrepoint has developed a proprietary software system which we believe will be very complementary to COG's existing software offering. The Centrepoint software system will be offered to members within the COG group, which should reduce compliance and administration risk, as well as increase the attractiveness of COG members when dealing with the big-4 banks. The second acquisition was of Westlawn Finance, established in 1964 in Grafton. As at June 2018 Westlawn had a loan book of \$165 million, all of which has been funded through its own debenture program offered through its network of investors. This will provide COG with a significant funding advantage as it reduces any reliance on expensive mezzanine-type funding sources needed to appease senior bank funding requirements. It's important to point out that Westlawn also operates equipment finance broking operations, as well as an insurance broking business which is a member of the Steadfast Group (ASX: SDF). Following these acquisitions, COG is on track to achieve its stated goals of gaining 20% market share, which equates to \$5-\$6 billion of all net asset finance written in Australia each year, as well as becoming the largest group by a significant margin. With many of COG's peers still relying on 3rd party distribution, which can ultimately lead to their demise, we continue to believe the market underappreciates the competitive advantage COG has been able to build over the past 3 years through the scale and quality of its distribution network.

Even though reporting season has only just finished, we are looking forward to Annual General Meeting (AGM) season where many companies provide an update regarding trading for the first 3-4 months of the financial year. During October, Enero Group (ASX: EGG) will hold their AGM where they also usually provide a financial update. At the Saunders International (ASX: SND) AGM we will be looking for an update on the contract pipeline as well as comments on business improvement initiatives. Finally, at the Big River Group (ASX: BRI) AGM we will be looking for comments on the manufacturing operations, general trading conditions and their pipeline of potential acquisitions.

INVESTMENT BELIEFS

VALUE WITH LONG TERM GROWTH



QUALITY OVER QUANTITY



INVEST FOR THE LONG TERM



PERFORMANCE V LIQUIDITY FOCUS



IGNORE THE INDEX



PURE EXPOSURE TO INDUSTRIALS



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



MANAGEMENT ALIGNMENT



INVESTMENT PORTFOLIO PERFORMANCE

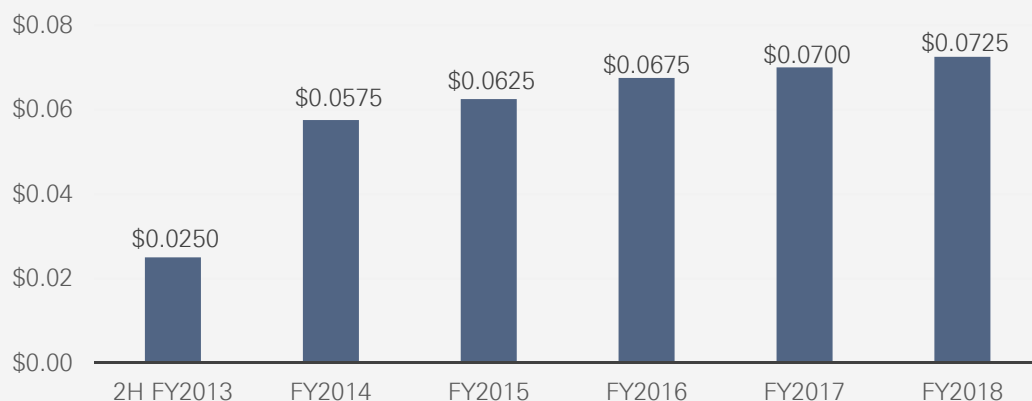
	1 MONTH	1 YEAR	3 YEARS (P.A.)	4 YEARS (P.A.)	5 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (NOM.)
NCC Investment Portfolio Performance*	+2.88%	+4.29%	+17.27%	+11.10%	+11.60%	+16.20%	+131.47%
S&P/ASX Small Ordinaries Accumulation Index	-0.35%	+20.32%	+16.96%	+11.07%	+8.75%	+6.90%	+45.18%
Outperformance Relative to Benchmark	+3.23%	-16.03%	+0.31%	+0.03%	+2.85%	+9.30%	+86.29%

*Investment Portfolio Performance is post all operating expenses, before fees, taxes and initial IPO and placement commissions.

Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a. and nom.) includes part performance for the month of February 2013. Returns compounded for periods greater than 12 months.

FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

NCC aims to deliver shareholders a sustainable growing stream of fully franked dividends.



STOCK CONTRIBUTION ANALYSIS

The table below lists the top 5 positive stock contributors to the investment portfolio since inception.

TOP 5 POSITIVE CONTRIBUTORS	CONTRIBUTION TO RETURN (%NAV)
BSA Limited (ASX: BSA)	+24.68%
Calliden Group Limited (ASX: CIX)	+16.24%
Capitol Health Limited (ASX: CAJ)	+15.79%
Consolidated Operations Group Limited (ASX: COG)	+15.59%
CML Group Limited (ASX: CGR)	+13.10%

KEY METRICS – SUMMARY DATA

Weighted Average Market Capitalisation of the Investments	\$95 million
Number of Holdings	9 Long Positions
Cash Weighting	0.00%
Standard Deviation of Returns (NCC)	10.50%
Standard Deviation of Returns (XSOAI)	12.69%
Downside Deviation (NCC)	4.57%
Downside Deviation (XSOAI)	6.69%
Percentage of Positive Months (NCC)	69%
Percentage of Positive Months (XSOAI)	58%
Shares on Issue	59,673,562
NCC Directors Shareholding (Ordinary Shares)	3,952,180

INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY19	-2.42%	+3.94%	+2.88%									
FY18	+3.43%	+4.94%	-1.24%	+2.32%	+2.39%	+0.14%	-0.77%	-1.52%	+0.43%	-1.49%	-1.89%	+0.44%
FY17	+4.63%	+6.48%	+3.65%	-0.49%	-0.45%	+1.92%	+0.08%	-1.93%	+0.82%	-3.69%	+0.70%	+0.44%
FY16	+2.28%	-5.77%	+0.86%	+3.72%	+1.10%	+4.56%	-3.26%	+4.96%	+1.57%	+4.67%	+5.31%	+2.97%
FY15	+2.30%	+3.58%	-1.51%	-2.39%	+0.58%	+0.46%	+0.58%	+2.81%	-2.59%	-0.18%	+2.37%	-4.27%
FY14	+9.19%	+7.64%	+2.80%	+5.11%	-4.84%	-3.57%	+4.76%	+3.87%	+2.91%	-0.70%	+0.85%	+0.67%
FY13								+0.03%	+3.81%	+3.03%	+4.48%	-0.99%

*Investment Portfolio Performance is post all operating expenses, before fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders.

N
A
O
S

OUR TEAM

Chairman
David Rickards (Independent)

Directors
Warwick Evans
Sebastian Evans

Company Secretary/
Senior Legal Counsel
Rajiv Sharma

Chief Investment Officer
Sebastian Evans

Portfolio Managers
Robert Miller
Ben Rundle

Investment Analyst
Rachel Folder

Chief Financial/
Operating Officer
Richard Preedy

Business Development
Manager
Julia Stanistreet

Communications
& Marketing
Megan Walker

Distribution &
Sales Manager
Scott Hildebrand

ENQUIRIES

Telephone: (02) 9002 1576
Email: enquiries@naos.com.au

www.naos.com.au

Follow us on Twitter
[@NaosAssetMgmt](https://twitter.com/NaosAssetMgmt)

Add us on LinkedIn
[NAOS Asset Management](https://www.linkedin.com/company/naos-asset-management)

Like us on Facebook
[NAOS Asset Management](https://www.facebook.com/naos-asset-management)

Subscribe to us on YouTube
[NAOS Asset Management](https://www.youtube.com/channel/UCnaosassetmanagement)

Subscribe to our News and
Insights www.naos.com.au

Important Information:

This material has been prepared by NAOS Asset Management Limited (ABN 23 107 624 126, AFSL 273529) (NAOS) as investment manager of the listed investment company referred to herein (Company). This material is provided for general information purposes only and must not be construed as investment advice. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making an investment decision, investors should consider obtaining professional investment advice that is tailored to their specific circumstances. Past performance is not necessarily indicative of future results and neither NAOS nor the Company guarantees the future performance of the Company, the amount or timing of any return from the Company, or that the investment objectives of the Company will be achieved. To the maximum extent permitted by law, NAOS and the Company disclaims all liability to any person relying on the information contained herein in relation to any loss or damage (including consequential loss or damage), however caused, which may be suffered directly or indirectly in respect of such information. This material must not be reproduced or disclosed, in whole or in part, without the prior written consent of NAOS.