

## MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 30 JUNE 2019

## 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
\$1.02	\$1.00	\$1.04	\$0.885	(13.24%)	8.19%

## MARKET INSIGHT

For the month of June, the Investment Portfolio returned +0.20%, compared to the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +0.92%. This brings the inception return over the past 6 years and 5 months to +11.03% p.a. or +94.08% on a total return basis, outperforming the XSOAI which has increased by +6.19% p.a. or +46.35% over the same period. From a portfolio perspective, significant positive contributors for the month were BSA Limited which finished the month at \$0.325, together with Big River Group (ASX: BRI). These were offset by the two top contributors in May which were BTC Health (ASX: BTC) and Saunders International (ASX: SND) which fell on no stock specific news.

## INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS\*

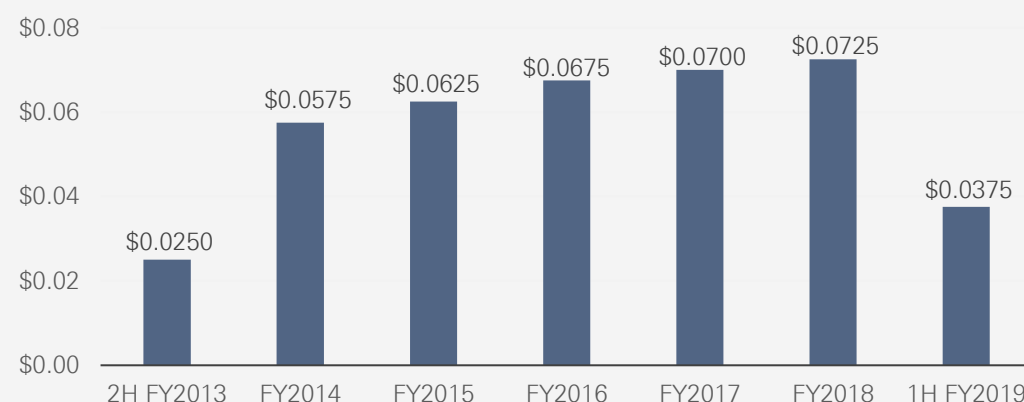
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total Return
FY19	-2.42%	+3.94%	+2.88%	-6.09%	-6.12%	-2.92%	-0.24%	+4.96%	-1.80%	-3.54%	-1.43%	+0.20%	-12.51%
FY18	+3.43%	+4.94%	-1.24%	+2.32%	+2.39%	+0.14%	-0.77%	-1.52%	+0.43%	-1.49%	-1.89%	+0.44%	+7.13%
FY17	+4.63%	+6.48%	+3.65%	-0.49%	-0.45%	+1.92%	+0.08%	-1.93%	+0.82%	-3.69%	+0.70%	+0.44%	+12.39%
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%	+24.77%
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%	+1.43%
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%	+31.54%
FY13								+0.03%	+3.81%	+3.03%	+4.48%	-0.99%	+10.67%

\*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.

There were two notable stock specific events over the course of June with Consolidated Operations Group (ASX: COG) and Contango Asset Management (ASX: CGA) both making significant market announcements. Firstly, COG released an investor presentation providing much needed detail about the current business operations together with a detailed progress report on the development of their white label loan product. The most significant piece of information is that COG anticipate that their first loan product will be a prime equipment (i.e. a prime car loan) product which is anticipated to go live at the start of CY2020. With over \$4 billion of equipment currently financed to SME clients through the COG network the opportunity clearly exists to offer their own loan products that fit the end SME clients' needs. If COG can gain 10% market share through its network of finance brokers, then it is not inconceivable that COG could write over \$400 million of prime equipment loans per annum.

## FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

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



## 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



## MARKET INSIGHT CONTINUED

The next steps for COG will be to announce how this prime loan product will be funded, from both an equity and debt perspective. We believe that any number of large financial institutions would be eager to fund a prime loan product with a firm such as COG which has an established distribution network. We expect an update to be made in respect of these funding arrangements before the end of the CY and potentially at the FY result.

Secondly, CGA announced that one of their listed products, WCM Global Growth (ASX: WQG) that is managed by US funds management group WCM Asset Management (WCM) was able to underwrite the balance of their outstanding options, increasing the funds under management of CGA to approximately \$500 million. CGA also announced that the WCM Quality Global Growth strategy has been launched in a unit trust structure, aimed at providing retail investors with access to a proven large cap global investment strategy. WCM Investment Management was founded in 1976 and manages over \$49 billion. With just over \$300 million managed by WCM via its agreement with CGA we believe a significant runway for further FUM growth exists, particularly given the strategy has outperformed its benchmark (the MSCI World Index) by 5.6% p.a. over the past decade. To highlight the scale of the opportunity, Magellan Financial Group (ASX: MFG) manage over \$83 billion, \$21 billion of which comprises retail investment into similar global equity strategies to those offered by WCM.

## 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)	22.81%
Calliden Group Limited (ASX: CIX)	13.60%
Capitol Health Limited (ASX: CAJ)	13.22%
Consolidated Operations Group Limited (ASX: COG)	10.22%
Lindsay Australia Limited (ASX: LAU)	8.78%

## INVESTMENT PORTFOLIO PERFORMANCE

	1 MONTH	1 YEAR	3 YEARS (P.A.)	5 YEARS (P.A.)	6 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (Total Return)
NCC Investment Portfolio Performance*	+0.20%	-12.51%	+1.75%	+5.92%	+9.82%	+11.03%	+94.08%
S&P/ASX Small Ordinaries Accumulation Index	+0.92%	+1.92%	+10.67%	+9.26%	+9.90%	+6.19%	+46.35%
<b>Performance Relative to Benchmark</b>	<b>-0.72%</b>	<b>-14.43%</b>	<b>-8.92%</b>	<b>-3.34%</b>	<b>-0.08%</b>	<b>+4.84%</b>	<b>+47.73%</b>

\* 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 Total Return) includes part performance for the month of February 2013. Returns compounded for periods greater than 12 months.

## KEY METRICS – SUMMARY DATA

Weighted Average Market Capitalisation of the Investments	\$80.1 million
Number of Holdings	10 Long Positions
Cash Weighting	3.49%
Standard Deviation of Returns (NCC)	11.17%
Standard Deviation of Returns (XSOAI)	13.21%
Downside Deviation (NCC)	5.45%
Downside Deviation (XSOAI)	7.29%
Percentage of Positive Months (NCC)	63%
Percentage of Positive Months (XSOAI)	57%
Shares on Issue	59,905,339
NCC Directors Shareholding (Ordinary Shares)	4,061,457

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## OUR TEAM

Chairman

David Rickards (Independent)

Directors

Warwick Evans

Sebastian Evans

Sarah Williams (Independent)

Company Secretary/

Senior Legal Counsel

Rajiv Sharma

Chief Investment Officer

Sebastian Evans

Portfolio Managers

Robert Miller

Ben Rundle

Investment Analyst

Rachel Cole

Chief Financial/

Operating Officer

Richard Preedy

Business Development

Manager

Julia Stanistreet

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