ASX:NCC

NAOS EMERGING OPPORTUNITIES COMPANY LIMITED

ABN 58 161 106 510

NCC GENERALLY INVESTS IN MICRO-CAP INDUSTRIAL COMPANIES WITH A MARKET CAP OF <$250M

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 31 AUGUST 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
$1.10	$1.09	$1.12	$1.02	(7.27%)	7.11%

MARKET INSIGHT

For the month of August, the Investment Portfolio returned +2.86%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which fell by -3.85%. This brings the inception return over the past 6 years and 7 months to +12.34% p.a. or +113.30% on a total return basis, outperforming the XSOAI which has increased by +6.11% p.a. or +47.07% over the same period. The majority of the investments held within the NCC Investment Portfolio reported their respective earnings for FY19 in August, with BSA Limited (ASX: BSA), BTC Health (ASX: BTC) and Enero Group (ASX: EGG) providing the most significant gains to the portfolio, all contributing greater than 1.50% to the investment portfolio performance for the month.

INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS*

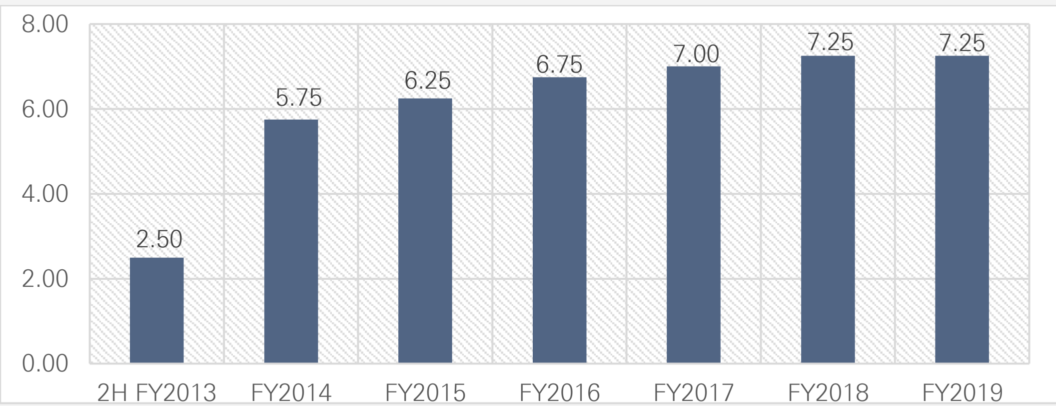
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total Return
FY20	+6.85%	+2.86%											
FY19	-2.42%	+3.94%	+2.88%	-6.09%	-6.12%	-2.92%	-0.24%	+4.96%	-1.80%	-3.54%	-1.43%	+0.20%	-12.51%
FY18	+3.43%	+4.94%	-1.24%	+2.32%	+2.39%	+0.14%	-0.77%	-1.52%	+0.43%	-1.49%	-1.89%	+0.44%	+7.13%
FY17	+4.63%	+6.48%	+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.

As would be expected in August there were numerous stock specific events which will have both a short- and long-term effect on the performance of the NCC Investment Portfolio. The clear standout results in our view came from Enero Group and BSA Limited, with CML Group (ASX: CGR) providing the most disappointing update. The remainder of the portfolio reported results that were in line or slightly ahead of our expectations, and we believe they enter FY20 with significant growth potential. Regarding the two standout results, EGG reported record revenue and EBITDA, which was driven by strong organic revenue growth, mainly from their US operations. The EBITDA of the US operations increased from $3.50 million to $10.10 million, driven by significant momentum in their technology PR business which now has a significant client base including NetApp, MacAfee, Facebook, Cummins and Adobe.

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

CONVICTION. LONG TERM. ALIGNED

MARKET INSIGHT CONTINUED

We continue to believe that there is significant opportunity within this business as the market opportunity has increased exponentially, as growth-focused technology firms often do not have the same budget constraints as many of their larger retail and industrial focused counterparts that have traditionally been the backbone of client lists for many PR businesses.

BSA made two significant announcements, the first being the sale of their heating and ventilation construction business, and secondly the release of their FY19 results which at both a profitability and cash flow level was significantly ahead of market expectations. What made the FY19 result even more impressive was that management have guided revenue to be approximately $500 million for FY20, post the disposal of the construction business. We continue to believe that BSA is significantly undervalued and there remains significant scope for profit margin expansion over the next 1-3 years, as well as further revenue growth in areas such as smart metering, NBN network maintenance, fire system maintenance, in addition to potential acquisition opportunities which we believe can be funded from the current balance sheet. It is also important to note that the level of recurring/multi-year contract revenue will also continue to increase substantially to a level that we believe will represent over 75% of the business's total revenue.

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)	27.09%
Calliden Group Limited (ASX: CIX)	14.70%
Capitol Health Limited (ASX: CAJ)	14.29%
Enero Group Limited (ASX: EGG)	12.69%
Consolidated Operations Group Limited (ASX: COG)	10.39%

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*	+2.86%	-5.20%	+1.29%	+6.70%	+8.59%	+12.34%	+113.30%
S&P/ASX Small Ordinaries Accumulation Index	-3.85%	+0.95%	+8.42%	+7.83%	+7.77%	+6.11%	+47.07%
Performance Relative to Benchmark	**+6.71%**	**-6.15%**	**-7.13%**	**-1.13%**	**+0.82%**	**+6.23%**	**+66.23%**

* 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	$86.7 million
Number of Holdings	9 Long Positions
Cash Weighting	1.51%
Standard Deviation of Returns (NCC)	11.29%
Standard Deviation of Returns (XSOAI)	13.25%
Downside Deviation (NCC)	5.41%
Downside Deviation (XSOAI)	7.29%
Percentage of Positive Months (NCC)	64%
Percentage of Positive Months (XSOAI)	56%
Shares on Issue	60,036,584
NCC Directors Shareholding (Ordinary Shares)	4,140,992

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OUR TEAM

Chairman
David Rickards (Independent)

Directors
Warwick Evans
Sebastian Evans
Sarah Williams (Independent)

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

Compliance Officer
Julie Coventry

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