

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 SEPTEMBER 2020

Net Tangible Asset Value Breakdown

| Pre Tax NTA | Post Tax & Pre Unrealised Gains Tax NTA | Post Tax NTA | Share Price | Number of Holdings | Cumulative Fully Franked Dividends | Fully Franked Dividend Yield |
|-------------|---|--------------|-------------|-----------------------|---------------------------------------|---------------------------------|
| \$0.99 | \$1.00 | \$1.02 | \$0.985 | 10 | \$0.50 | 7.36% |

The above NTA figures are inclusive of the 3.50 cents per share fully franked FY20 final dividend, which has an ex-dividend date of 5 October 2020 and a payment date of 21 October 2020.

Market Insight

For the third consecutive month the NCC Investment Portfolio provided a significantly different return to that of the benchmark index, recording a positive return of +3.69%, compared to the S&P/ ASX Small Ordinaries Accumulation Index (XSOAI) which fell by -2.82%. This brings the inception return of the investment portfolio to +10.55% p.a. or +114.16% on a total return basis, outperforming the benchmark index which has increased by +5.10% p.a. or +45.88% over the same period. Post reporting season the news flow momentum continued, with updates in September from Saunders International (ASX: SND), BSA Limited (ASX: BSA), Wingara Ag (ASX: WNR), and Consolidated Operations Group (ASX: COG).

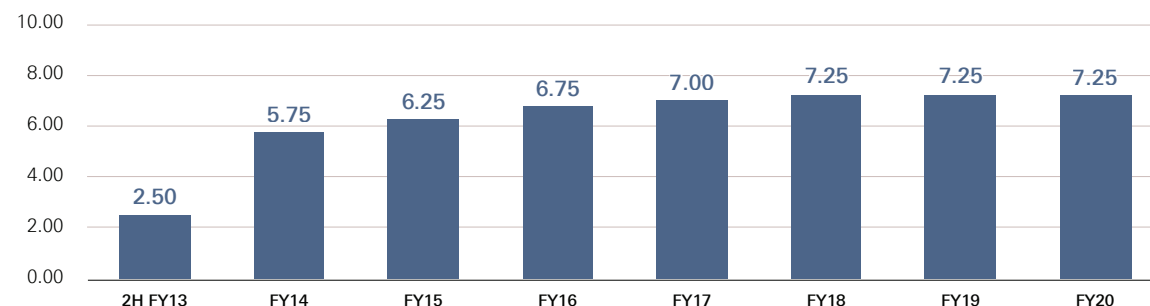
Investment Portfolio Performance Monthly and FY Returns*

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | FY Total Return |
|------|--------|--------|--------|--------|--------|--------|---------|--------|---------|--------|--------|--------|--------------------|
| FY21 | +7.98% | -0.90% | +3.69% | | | | | | | | | | +10.95% |
| FY20 | +6.85% | +2.86% | +6.56% | -3.56% | -0.04% | +4.11% | +11.11% | -8.57% | -28.25% | +5.39% | +8.70% | +1.32% | -0.54% |
| 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.

Although no company specific announcement was released by BSA, the National Broadband Network (NBN), their largest customer, announced plans to upgrade the existing network by spending up to \$4.50 billion over the next 2-3 years. The upgrade will focus on providing fibre to homes that are currently on Fibre to the Node (FTTN) technology as well as spending ~\$400 million on upgrading HFC connections. We believe this is a significant opportunity for BSA to secure further works with NBN, as the vast majority of all BSA work with NBN to date has been around the so called 'last mile' between the node and the connection to the home. If BSA can secure some of this work, it is not inconceivable that it could represent a \$100-\$250 million p.a. opportunity over the next 2-3 years. Just as importantly we believe that the renewal process for the Operations and Maintain Master Agreement (OMMA) is underway and an outcome is expected prior to Christmas. If BSA can secure an extension to this contract, as well as new works under the upgrade plan, then in our view there is potentially a period of significant revenue growth ahead.

Fully Franked Dividend Profile (Cents Per Share)



Conviction. Long Term. Aligned

N
A
O
SInvestment
BeliefsValue with
Long Term GrowthQuality over
QuantityInvest for the
Long TermPerformance v
Liquidity Focus

Ignore the Index

Pure Exposure
to IndustrialsEnvironmental,
Social and
Governance (ESG)Management
AlignmentConstructive
Engagement

Market Insight Continued

SND announced one of its largest contract wins to date, with a \$26 million contract to assist in the redevelopment of fuel infrastructure within the Larrakeyah precinct in Darwin. This win further highlights the diversification strategy that SND has embarked on in terms of both client base and the range of projects. In addition to having a record order book, given there is a number of large government tender opportunities concluding over the few months, we believe the opportunity exists to continue this recent momentum. It was also pleasing to see the appointment of Nick Yates (former CEO of BSA) as an Independent Director, who possesses significant contracting and public company experience. Over time, we believe a transition to a majority independent board with an independent Chairman would be in the best interests of all shareholders.

Continuing the theme of board renewal, COG announced the appointment of Peter Rollason as an Independent Director. Peter was formerly the CFO of Liberty Financial as well as a former Partner of Deloitte Australia within their M&A advisory division. We believe Peter is an ideal Director to assist with the growth of Westlawn Finance of which COG has now moved to a majority ownership position. Interestingly, as a rough comparison, Plenti (ASX: PLT) listed in October with a market capitalisation of \$200 million. Although PLT provides loans to a more consumer focused target market than COG, they fund their loans through a managed funds model, which COG now have access to following the Westlawn acquisition. PLT is still loss making, whereas Westlawn has a \$240 million debenture book and has historically made \$4-\$6 million NPBT and was acquired by COG for an implied value of \$38 million, of which \$14 million consists of regulatory capital on the Westlawn balance sheet.

Core Investment Portfolio Examples

| | | |
|--|--|---|
|  <p>BTC Health ASX: BTC</p> <p>BTC Health is a founder led high growth distributor of niche high quality medical devices in Australia and New Zealand. The company's strategy is to make active investments in businesses that acquire, develop and commercialize product opportunities in the healthcare space and which will benefit from greater access to development capital.</p> |  <p>Saunders International ASX: SND</p> <p>Saunders International was established in 1951 and provides constructions, maintenance and remediation services to the energy, resources and infrastructure sectors. Clients include Sydney Water, Australian Government, Lend Lease and Rio Tinto.</p> |  <p>Experience Co ASX: EXP</p> <p>Experience Co is the largest operator of tandem skydives within Australia and New Zealand with over 150,000 tandem jumps per year. EXP also operates a number of cruise and diving experiences in far north Queensland (Cairns and Port Douglas) that generally accommodate over 250,000 customers per year.</p> |
|--|--|---|

Investment Portfolio Performance

| | 1 Month | 1 Year | 5 Years (p.a.) | 7 Years (p.a.) | Inception (p.a.) | Inception (Total return) |
|--|---------|--------|----------------|----------------|------------------|--------------------------|
| NCC Investment Portfolio Performance* | +3.69% | -5.78% | +8.33% | +6.96% | +10.55% | +114.16% |
| S&P/ASX Small Ordinaries Accumulation Index | -2.82% | -3.33% | +9.96% | +6.25% | +5.10% | +45.88% |
| Performance Relative to Benchmark | +6.51% | -2.45% | -1.63% | +0.71% | +5.45% | +68.28% |

* 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 | \$74.7 million |
| Cash Weighting | 0.73% |
| Standard Deviation of Returns (NCC) | 16.55% |
| Standard Deviation of Returns (XSOAI) | 16.71% |
| Downside Deviation (NCC) | 11.50% |
| Downside Deviation (XSOAI) | 10.63% |
| Shares on Issue | 61,784,616 |
| NCC Directors Shareholding (Ordinary Shares) | 4,289,990 |
| NCC Options Closing Price (ASX: NCCOB) | \$0.015 |

NAOS Asset Management Giving Back

NAOS Asset Management Limited, the Investment Manager, donates approximately 1% of all management fees to the following charities.

| | | |
|---|---|--|
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|---|---|--|



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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

Chief Financial/ Operating Officer

Richard Preedy

Business Development Manager

Nina Dunn

Compliance Officer

Julie Coventry

Marketing & Communications Manager

Angela Zammit

NAOS

Enquiries

(02) 9002 1576
enquiries@naos.com.au

www.naos.com.au