

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 DECEMBER 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
\$1.09	\$1.09	\$1.08	\$1.03	10	\$0.50	7.04%

Market Insight

For the month of December, the NCC Investment Portfolio returned +1.25%, slightly underperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +2.76%. December continued with the thematic of providing a significant amount of meaningful news flow, with updates from BSA Limited (ASX: BSA), Big River Industries (ASX: BRI) and Wingara Ag (ASX: WNR) during the month.

Investment Portfolio Performance Monthly and FY Returns*

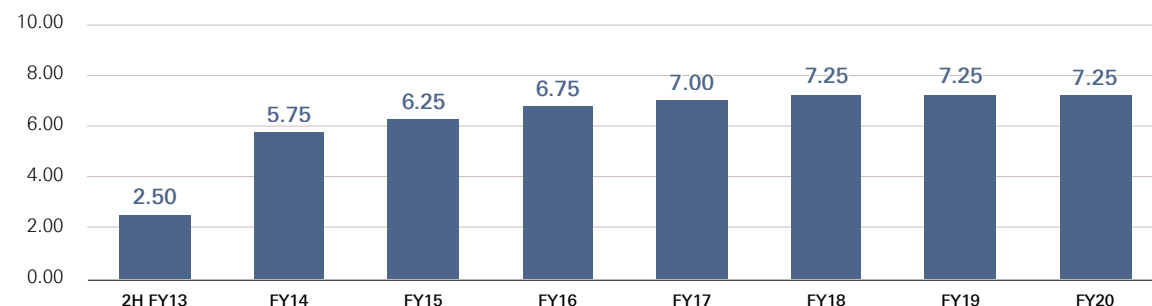
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY21	+7.98%	-0.90%	+3.69%	+6.01%	+5.57%	+1.25%							+25.72%
FY20	+6.85%	+2.86%	+6.56%	-3.56%	-0.04%	+4.11%	+11.11%	-8.57%	-28.25%	+5.39%	+8.70%	+1.32%	-0.54%
FY19	-2.42%	+3.94%	+2.88%	-6.09%	-6.12%	-2.92%	-0.24%	+4.96%	-1.80%	-3.54%	-1.43%	+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.

Starting with one of the more disappointing investments of the past few years, WNR released their 1H FY21 results. It has been a busy six months for WNR, which has seen the business complete a highly dilutive equity raise to assist in organic expansion, the appointment of 2 new independent directors, the resignation of a non-independent director, and finally a number of business-critical positions being filled or replaced by experienced candidates. Six months clearly does not make a trend but the 1H FY21 result does exhibit reasons for cautious optimism. Importantly, the tonnes of hay processed for the period was close to a record high, and EBITDA margins also remained elevated as management continues to improve the efficiency of the recently completed Raywood facility. Finally, the inventory position of the business has arguably never been as strong, with inventories over 8 times the level of the corresponding time in 2019. As the business continues to increase the volume of hay tonnes processed each year it is imperative that WNR has sufficient inventory to feed the production facility as and when required, but importantly not an excessive amount which would expose the business to unnecessary price risk.

Secondly, BRI announced a large acquisition of a business called Timberwood for a consideration of \$24 million, which equates to 5.1 times pro-forma FY20 EBITDA. Timberwood is a specialty manufacturer and distributor of a range of panel

Fully Franked Dividend Profile (Cents Per Share)



Conviction. Long Term. Aligned

N
A
O
S

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



Constructive Engagement

Market Insight Continued

products. The acquisition was majority funded by a ~\$20 million placement which, post the acquisition of Timberwood and the closure of the Wagga Wagga facility, will provide BRI with significant financial flexibility to continue to acquire similar complementary businesses. BRI also provided a trading update with the company now expecting underlying NPAT to be >10% on PCP, which is a strong result considering the comparable period in 1HFY20 was not affected by COVID.

BSA made two significant releases that we believe provides the company with an excellent base of work with tier-1 clients for the foreseeable future. Most significantly BSA was able to secure a renewal contract with NBN for up to 8 years commencing in early CY21. Based on the initial contract revenue figures, BSA has secured a greater share of the overall NBN maintenance work due to what we believe has been high levels of service and customer satisfaction, which has allowed BSA to gain market share from far larger competitors. Pleasingly, BSA also announced in the month that they had successfully secured a five-year contract with Telstra, focusing on property and telecommunication asset works in Tasmania and Victoria. In addition to these two contract wins, over the course of CY20 BSA has also been able to secure a new contract with Foxtel as its sole contract provider and successfully move into the mobile/wireless space with clients such as the NSW Telco Authority. If BSA can continue to innovate in the way it meets and exceeds its clients requirements then we believe BSA has the potential to be a >\$650 million revenue business.

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>
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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*	+1.25%	+6.37%	+9.04%	+9.45%	+11.97%	+142.67%
S&P/ASX Small Ordinaries Accumulation Index	+2.76%	+9.21%	+10.45%	+8.25%	+6.68%	+66.05%
Performance Relative to Benchmark	-1.51%	-2.84%	-1.41%	+1.20%	+5.29%	+76.62%





* 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	\$85.4 million
Cash Weighting	0.83%
Standard Deviation of Returns (NCC)	16.46%
Standard Deviation of Returns (XSOAI)	16.82%
Downside Deviation (NCC)	11.34%
Downside Deviation (XSOAI)	10.50%
Shares on Issue	62,407,047
NCC Directors Shareholding (Ordinary Shares)	4,349,603
NCC Options Closing Price (ASX: NCCOB)	\$0.041
NCC Options on Issue	12,723,225

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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