

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 JANUARY 2021

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	\$1.025	10	\$0.50	7.07%

Market Insight

For the month of January, the NCC Investment Portfolio returned +0.23%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which decreased by -0.25%. The NCC Investment Portfolio has now returned +11.86% p.a. since inception in February 2013, significantly outperforming the XSOAI which has returned +6.57% p.a. over this time. With 1H reporting season just around the corner a number of investments within the NCC investment portfolio took the opportunity in January to update the market with their anticipated results. Pleasingly, COG Financial Services (ASX: COG) and Saunders International (ASX: SND) provided very positive updates, whereas Wingara Ag (ASX: WNR) continue to go through a business reset process.

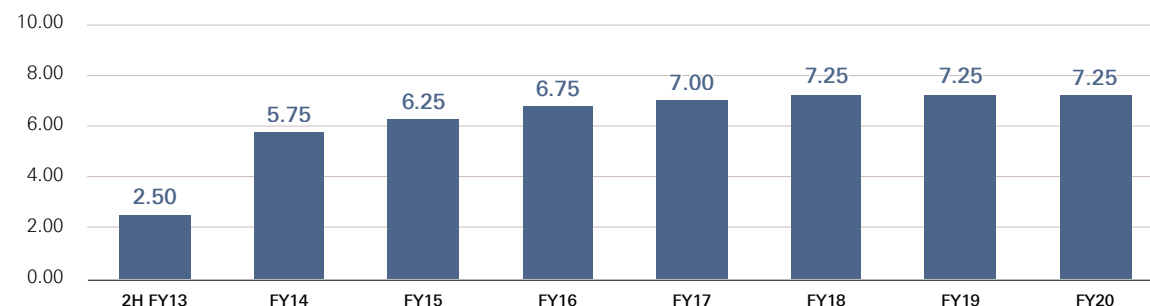
Investment Portfolio Performance Monthly and FY Returns*

	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%	+0.23%						+26.01%
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.

Firstly, COG announced that their 1H FY21 Net Profit After Tax and Amortisation (NPATA) would be \$10.1 million, an increase of +140% on the PCP. This profit growth has pleasingly translated into strong free cash flow with unrestricted cash and term deposits of \$53 million (not including their ~\$17 million listed investment in Earlypay Ltd (ASX: EPY), against a market capitalisation of \$149 million with minimal gross debt. This profit growth was driven by two main factors, the first of these being the Finance, Broking & Aggregation division, where margins have increased as the business continues to improve efficiencies through automation, as well as offering complementary services to their clients such as insurance broking. The other key driver of the result was the increased ownership in debenture issuer Westlawn Finance. We believe Westlawn has continued to be a beneficiary in the growth of its debenture book as well as the growth in its insurance broking arm. Finally, COG stated that they will be rolling out a "hub & spoke" insurance broking model to all of their owned and aggregated broker members in the coming months.

Fully Franked Dividend Profile (Cents Per Share)



Conviction. Long Term. Aligned

Investment
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

In what can only be described as the most frustrating and disappointing NCC investment, WNR made a couple of significant announcements. The first of these was that the CEO and founder Gavin Xing would resign immediately from the business. We believe this is a sound decision from the board as WNR has transitioned from a small business a number of years ago to a business that will generate over \$40 million of revenue p.a. and hence requires a different skillset from a CEO. The company also stated later in the month that there will be a write down on an amount of hay in the current inventory. We do not believe this is a systemic issue within the business, but another example of growing pains in a small business that needs to evolve its systems and processes to ensure such issues do not occur again. Looking forward, the next 6 months should be transformational for the WNR business with the appointment of a new CEO, who will need to develop and execute on a simplified strategy to capitalise on WNR's unique set of assets.

Finally, SND released guidance for 1H FY21. Revenue was in line with expectations, though pleasingly EBITDA was significantly higher than expectations at \$5 million, and the cash balance sitting at almost \$16 million. To put this into context the full year guidance SND provided at the start of the year was for EBITDA of circa \$5 million. We do not believe this result is a one-off as the demand backdrop for SND's services is significant, as demonstrated by the Federal Governments diesel tank subsidy strategy which in our view SND will be a significant beneficiary of if they can continue to deliver excellent work.

Core Investment Portfolio Examples

		
BTC Health ASX: BTC	Saunders International ASX: SND	Experience Co ASX: EXP
<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 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 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*	+0.23%	-4.04%	+9.82%	+8.76%	+11.86%	+143.23%
S&P/ASX Small Ordinaries Accumulation Index	-0.25%	+5.38%	+11.56%	+8.65%	+6.57%	+65.64%
Performance Relative to Benchmark	+0.48%	-9.42%	-1.74%	+0.11%	+5.29%	+77.59%





* 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	\$80.7 million
Cash Weighting	0.1%
Standard Deviation of Returns (NCC)	16.38%
Standard Deviation of Returns (XSOAI)	16.74%
Downside Deviation (NCC)	11.29%
Downside Deviation (XSOAI)	10.46%
Shares on Issue	62,658,883
NCC Directors Shareholding (Ordinary Shares)	4,353,203
NCC Options Closing Price (ASX: NCCOB)	\$0.038
NCC Options on Issue	12,471,389

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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