

## MONTHLY INVESTMENT REPORT &amp; NTA UPDATE

AS AT 31 JULY 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
\$1.25	\$1.27	\$1.20	\$1.09	10	\$0.5375	6.88%

## Market Insight

For the month of July, the NCC Investment Portfolio returned +1.29%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +0.68%. The NCC Investment Portfolio has now returned +13.47% p.a. since inception in February 2013, significantly outperforming the XSOAI which has returned +7.59% p.a. over this time. July was a relatively eventful month across the NCC investment portfolio, particularly for Saunders International (ASX: SND) which announced a number of new contract wins and the acquisition of a specialist industrial automation business, at the same time as the federal government announced the results of their grant program to increase diesel storage in Australia. BTC Health (ASX: BTC) also announced a strategic acquisition and COG Financial Services (ASX: COG) provided a Q4 FY21 trading update together with FY21 profit guidance. NCC also became a substantial holder in the URF Masters Residential Property Fund (ASX: URF), our investment thesis on this position was touched on in our recent Q4 FY21 webinar.

## Investment Portfolio Performance Monthly and FY Returns\*

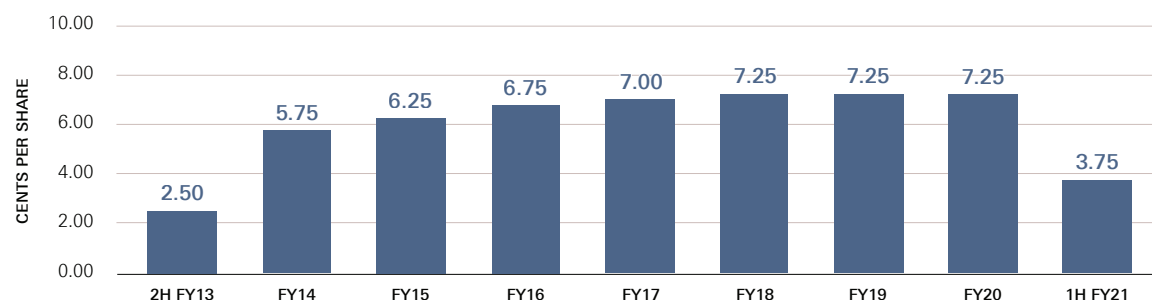
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	+1.29%												+1.29%
FY21	+7.98%	-0.90%	+3.69%	+6.01%	+5.57%	+1.25%	+0.23%	+4.28%	-0.79%	+8.79%	+2.72%	+1.82%	+48.34%
FY20	+6.85%	+2.86%	+6.56%	-3.56%	-0.04%	+4.11%	+11.11%	-8.57%	-28.25%	+5.39%	+8.70%	+1.32%	-0.54%
FY19	-2.42%	+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, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

SND announced a further \$10 million in new contract wins, all of which were associated with infrastructure projects. This occurred at the same time as the government announced that nine projects have been offered grant funding to increase Australia's diesel storage capability. We believe that a significant majority of these project owners are either current or previous clients of SND. The grants can only cover up to a maximum of 50% of the total value of the project, which we believe will preclude some smaller and less well funded competitors from tendering on such work. The decisions on which contractors will assist in building these new projects should be known before the end of the calendar year. Capping off a very busy period for SND was the announcement of the acquisition of specialist process automation and electrical solutions business PlantWeave (PW). Albeit only a small business with \$5 million of revenue, this acquisition provides SND with a significant

## Fully Franked Dividend Profile (Cents Per Share)

NCC aims to deliver shareholders a sustainable growing stream of dividends, franked to the maximum extent possible.



Conviction. Long Term. Aligned




## Market Insight Continued

increase in capability in area sector experiencing increasing demand due to technological change and other requirements. SND has worked with PW previously and we believe there is substantial scope for this business to scale substantially over time whilst delivering strong margins.

COG released profit guidance for FY21 after providing a Q4 update and as has been the trend for the entire financial year the results didn't disappoint with FY21 NPATA +130% ahead of FY20. This result was driven by two main factors, firstly the earnings in the finance broking and aggregation (FB&A) business which almost doubled, and secondly by COG increasing their shareholding in Westlawn Finance Group. COG also stated that a slowdown in Q4 due to delays in deliveries for new equipment means that COG is entering FY22 with a strong forward orderbook. Even though FY21 was a stellar year for COG we believe this financial year may be the year that solidifies COG as an industry leader. FY22 provides an opportunity for COG to focus on growing their insurance broking offering which is run by former Steadfast (ASX: SDF) executive Cameron Bott. The run-off lease book should continue to generate a significant amount of free cash flow and we believe the strategic investment in Earlypay (ASX: EPY) also provides further options for COG. If COG can execute on the above and continue to build out its FB&A software to an industry leading standard whilst continuing to bolt-on further brokers, then the future will look very bright for a business that assisted in funding over \$5 billion of equipment finance through its network in FY21.

## Core Investment Portfolio Examples

 <p><b>BSA</b> ASX: BSA</p> <p>BSA is a solutions focused technical services organisation. BSA assist clients in implementing their physical assets, needs and goals in the areas of Building Services, Infrastructure and Telecommunication. BSA clients include National Broadband Network (NBN), Aldi Supermarkets, Foxtel and the Fiona Stanley Hospital.</p>	 <p><b>Saunders International</b> ASX: SND</p> <p>Saunders International was established in 1951 and provides construction, maintenance and remediation services to the energy, resources and infrastructure sectors. Clients include Sydney Water, Australian Government, Lend Lease and Rio Tinto.</p>	 <p><b>BTC Health</b> 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 which will benefit from greater access to development capital.</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)
<b>NCC Investment Portfolio Performance*</b>	+1.29%	+39.16%	+8.52%	+9.99%	+13.47%	+190.03%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+0.68%	+32.30%	+9.57%	+9.42%	+7.59%	+85.18%
<b>Performance Relative to Benchmark</b>	+0.61%	+6.86%	-1.05%	+0.57%	+5.88%	+104.85%

\*Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO and all subsequent capital raising costs. 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	\$126.3 million
Cash Weighting	0.38%
Standard Deviation of Returns (NCC)	16.17%
Standard Deviation of Returns (XSOAI)	16.32%
Downside Deviation (NCC)	10.98%
Downside Deviation (XSOAI)	10.21%
Shares on Issue	72,952,814
NCC Directors Shareholding (Ordinary Shares)	5,142,323
NCC Convertible Notes on Issue (ASX: NCCGA)	230,000
NCC Convertible Note Price	\$102.20

## 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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## Our Team

### Chairman

David Rickards  
(Independent)

### Directors

Warwick Evans  
Sebastian Evans  
Sarah Williams  
(Independent)

### Chief Investment Officer

Sebastian Evans

### Portfolio Managers

Robert Miller  
Brendan York

### Senior Investment Analyst

Jared Tilley

### Chief Financial/ Operating Officer

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### Business Development Manager

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