

## MONTHLY INVESTMENT REPORT &amp; NTA UPDATE

AS AT 31 DECEMBER 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
\$1.24	\$1.25	\$1.19	\$1.08	14	\$0.575	6.94%

## Market Insight

For the month of December, the NCC Investment Portfolio increased by +1.76%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which returned +1.41%. The NCC Investment Portfolio has now returned +13.18% p.a. since inception in February 2013, significantly outperforming the XSOAI which has returned 7.79% p.a. over this time. It was a relatively uneventful month with just one announcement of any significance, which came from Contango Asset Management (ASX: CGA). The NCC investment portfolio continues to diversify and we have recently added two new positions, namely Maxiparts (ASX: MXI) and Future First Technologies (ASX: FFT), both of which will be briefly touched on below.

## 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%	+0.55%	-0.10%	+0.06%	+0.80%	+1.76%							+4.42%
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%

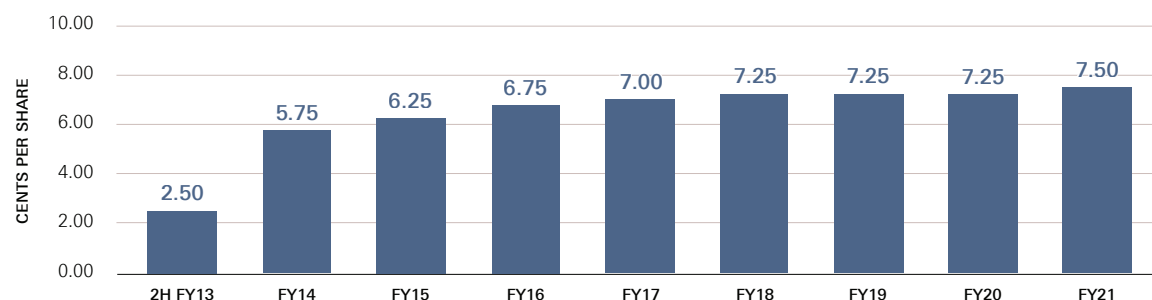
\*Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

As mentioned above, CGA was the only investment which provided an update of any note during the month, updating the market on the progress of its strategic initiatives on the 30th of December. The most notable part of the release was confirmation that CGA has added an Australian domiciled alternative asset manager to its stable, following the success of the partnership with WCM Investment Management, where FUM has grown to ~\$1.20 billion in Australia over the past 3-years. Unfortunately, the detail in the announcement was extremely light, with no further tangible information provided. However, assuming that the manager is highly regarded there could be significant potential for this relationship to be beneficial for both parties. We look forward to more detailed information in due course.

MXI was added to the NCC Investment Portfolio in December after being on our watchlist for several years. MXI was originally a manufacturer of truck trailers and over time has built up a parts distribution business to support the client relationships that had been developed via selling trailers. More recently the underperforming and highly capital-intensive trailer manufacturing business was divested with the proceeds split between paying a special dividend to shareholders as well as supporting the

## 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

## 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

MaxiParts business, which would remain as a listed entity. We believe that over the next 3-5 years the prospects for MXI to grow at a reasonable rate are excellent as the market is highly fragmented with the three largest players holding ~30% market share. There should also be significant potential for MXI to grow its margins as it gains scale and diversifies, and the demand prospects for truck parts should also be relatively healthy given the global shortage of new trucks due to supply chain constraints. The investment is not without risk, but as fellow listed truck and bus part distributor Supply Network Ltd (ASX: SNL) has shown, if MXI can execute on their strategy then the valuation outcome could be significant.

Finally, NCC made a small investment in B2B SAAS provider FFT. What attracted us to such a small business is that FFT has secured long term contracts with highly reputable government organisations being VIC Roads and NSW Roads for its Asset Vision/Eagle Eye software to assist in their real time road inspections by analysing which works are of most importance. It is rare that a business of this scale can not only win work with such large clients but also renew contracts with these clients as well. Clearly the scale of the work completed to date has not been company defining, but the sheer scale of the road network in VIC and NSW alone means there is significant opportunity for FFT to grow over the longer term if they can continue to improve their software offering and support it with the people talent that clients such as the ones mentioned above demand of their service providers.

## 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>	+1.76%	+23.21%	+6.84%	+10.37%	+13.18%	+198.99%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	+1.41%	+16.90%	+11.17%	+11.31%	+7.79%	+94.11%
<b>Performance Relative to Benchmark</b>	+0.35%	+6.31%	-4.33%	-0.94%	+5.39%	+104.88%

\*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	\$139.5 million
Cash Weighting	0.42%
Standard Deviation of Returns (NCC)	15.79%
Standard Deviation of Returns (XSOAI)	16.03%
Downside Deviation (NCC)	10.75%
Downside Deviation (XSOAI)	10.00%
Shares on Issue	72,952,814
NCC Directors Shareholding (Ordinary Shares)	5,312,774
NCC convertible notes on issue (ASX: NCCGA)	230,000
NCC convertible note price	\$101.00

## 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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**Important Information:** This material has been prepared by NAOS Asset Management Limited (ABN 23 107 624 126, AFSL 273529) (NAOS) as investment manager of the listed investment company referred to herein (Company). This material is provided for general information purposes only and must not be construed as investment advice. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making an investment decision, investors should consider obtaining professional investment advice that is tailored to their specific circumstances. Past performance is not necessarily indicative of future results and neither NAOS nor the Company guarantees the future performance of the Company, the amount or timing of any return from the Company, or that the investment objectives of the Company will be achieved. To the maximum extent permitted by law, NAOS and the Company disclaims all liability to any person relying on the information contained herein in relation to any loss or damage (including consequential loss or damage), however caused, which may be suffered directly or indirectly in respect of such information. This material must not be reproduced or disclosed, in whole or in part, without the prior written consent of NAOS.

## Our Team

### Chairman

David Rickards OAM  
(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

### Associate Investment Analyst

Nelson De Mestre

### Chief Financial/ Operating Officer

Richard Preedy

### Head of Legal and Compliance

Rajiv Sharma

### Marketing & Communications Manager

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