

## MONTHLY INVESTMENT REPORT &amp; NTA UPDATE

AS AT 31 JANUARY 2022

## 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
\$1.19	\$1.19	\$1.15	\$1.03	13	\$0.575	7.28%

## Market Insight

For the month of January, the NCC Investment Portfolio outperformed the benchmark S&P / ASX Small Ordinaries Accumulation Index (XSOAI) by +5.83% with the investment portfolio decreasing by -3.17% compared to the benchmark which fell by -9.00% in an extremely volatile month for domestic equities. The NCC Investment Portfolio has now returned +12.64% p.a. since inception in February 2013, significantly outperforming the XSOAI which has returned +6.58% p.a. over this time. January brought with it a number of notable events in lead up to the February reporting season where the majority of the NCC investee companies will report their 1H FY22 earnings. Both Saunders International (ASX: SND) and COG Financial Services (ASX: COG) provided strong trading updates and Contango Asset Management (ASX: CGA) provided a Q2 FY22 Quarterly Activities Report which showed that the company was cash flow positive after a steady increase in funds under management (FUM) over the last couple of years.

## Investment Portfolio Performance Monthly and FY Returns\*

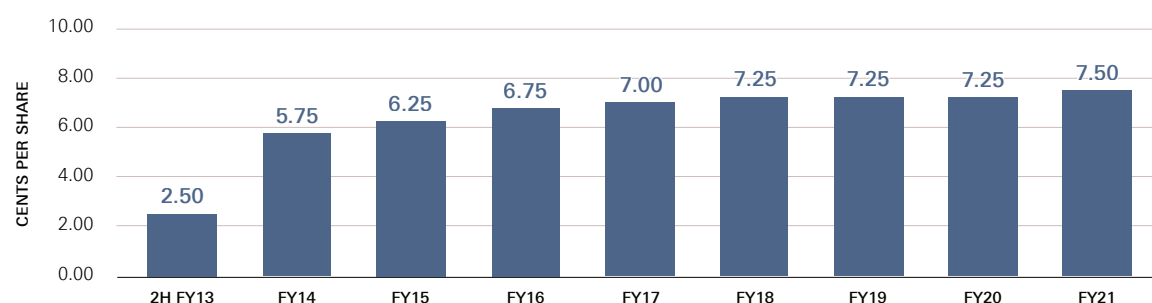
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	+1.29%	+0.55%	-0.10%	+0.06%	+0.80%	+1.76%	-3.17%						+1.12%
FY21	+7.98%	-0.90%	+3.69%	+6.01%	+5.57%	+1.25%	+0.23%	+4.28%	-0.79%	+8.79%	+2.72%	+1.82%	+48.34%
FY20	+6.85%	+2.86%	+6.56%	-3.56%	-0.04%	+4.11%	+11.11%	-8.57%	-28.25%	+5.39%	+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 continued its impressive run of positive announcements, providing a 1H FY22 trading update which saw revenue in line with guidance, but reported EBIT that was almost double the previous guidance due to margins remaining as strong as at the FY21 full-year result. In our view this was an extremely pleasing result and highlights how much the SND business has improved and matured over the past few years. Management also stated that they will be updating the FY22 guidance at the 1H FY22 result. SND was recently awarded the largest contract in the company's history, and as such we would expect revenue and EBIT to be significantly upgraded. We will be looking for detail as to how the benefits of scale flow through to the EBIT line and therefore how much EBIT margins can further increase from the current level of circa 9%. It is also worth noting that the cash balance of the business now sits at \$36 million with minimal to no debt.

## 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

COG also provided a trading update for its upcoming 1H FY22 results. Pleasingly, the company expects NPATA to be \$10.4 million which compares favourably to the \$8.4 million generated in 1H FY21, excluding the impact of government grants and subsidies. Importantly the quality of the earnings has increased dramatically with the broking and aggregation division generating \$6.9 million of NPATA compared to the lending division which generated \$3.8 million. The funds management business of Westlawn is included within the lending division meaning the earnings generated from pure finance funding are even lower than the \$3.8 million stated. Looking forward, COG expects the two recent acquisitions to contribute significantly in 2H FY22 and the company continues to consider acquisitions that fit their strategic direction. We believe that at the full-year result COG should post a very strong funding position which will highlight how much capital it has available to pursue internally funded acquisitions.

Finally, CGA released their Q2 Quarterly Activities Report and reported a positive net cash flow of \$0.29 million. This figure was assisted by a small amount of annual fees not being paid in the second quarter but does highlight that the recurring revenue base has continually increased for several years to a level which is almost self-sustaining. It was also notable for the month of January (to the 28th of January) CGA had achieved net FUM inflows of circa \$8.6 million, which is a commendable achievement considering many global stock markets were down ~10% for the month at that time. We will eagerly await the 1H FY22 result which will hopefully shed more light on the new product partnership that CGA announced in December, as well as the potential for the business to be profitable for 2H FY22.

## 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	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	Inception (p.a.)	Inception (Total return)
<b>NCC Investment Portfolio Performance*</b>	-3.17%	+19.03%	+13.57%	+6.13%	+9.77%	+12.64%	+189.53%
<b>S&amp;P/ASX Small Ordinaries Accumulation Index</b>	-9.00%	+6.65%	+10.12%	+9.64%	+9.68%	+6.58%	+76.65%
<b>Performance Relative to Benchmark</b>	+5.83%	+12.38%	+3.45%	-3.51%	+0.09%	+6.06%	+112.88%

\*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	\$138.0 million
Cash Weighting	0.35%
Standard Deviation of Returns (NCC)	15.79%
Standard Deviation of Returns (XSOAI)	16.28%
Downside Deviation (NCC)	10.72%
Downside Deviation (XSOAI)	10.28%
Shares on Issue	72,952,814
NCC Directors Shareholding (Ordinary Shares)	5,321,774
NCC convertible notes on issue (ASX: NCCGA)	230,000
NCC convertible note price	\$100.75

## 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

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### 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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