

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 28 FEBRUARY 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
\$1.14	\$1.15	\$1.12	\$1.035	13	\$0.6125	7.25%

The above NTA figures are inclusive of the 3.75 cents per share fully franked 1H FY22 dividend, which goes ex-dividend on 28 March 2022 and will be paid on 21 April 2022. *Pre-tax NTA is after the payment of \$252k (0.35 cents per share) in tax during the month.

Market Insight

For the month of February, the NCC Investment Portfolio fell by -3.00% against the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which fell by -0.01% in another extremely volatile month for domestic equities. The NCC Investment Portfolio has now returned +12.15% p.a. since inception in February 2013, significantly outperforming the XSOAI which has returned +6.52% p.a. over this time. As expected, February was a very eventful month with all but one of the NCC investments releasing their 1H FY22 results. In our view, the majority of results were very strong and importantly sets these businesses up for further growth over the next 12-24 months. Despite this, the share prices of many of the NCC investments were relatively unchanged or down for the month of February. Those companies which in our view fall into this category included Saunders International (ASX: SND), COG Financial Services (ASX: COG) and Big River Industries (ASX: BRI). The only negative result came from BSA Limited (ASX: BSA) which we elaborate 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%	-3.17%	-3.00%					-1.92%
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 their 1H FY22 result, after pre-releasing 1H earnings guidance in late January. As expected, SND produced a stellar result with the financial metrics in line with the pre-released figures. Cash flow was again excellent, the balance sheet has no bank debt and cash of circa \$30 million, and full-year FY22 guidance was upgraded for revenue between \$115-\$130 million and EBIT margins of ~7%. Looking to the longer-term, SND is now tendering on a record amount of work with an estimated value of ~\$1 billion. The SND share price for the month of February fell ~2%.

COG Financial Services (ASX: COG) announced a capital light acquisition that we believe should increase NPATA by approximately +10% on an annualised basis, as well as signing a term sheet for an inaugural acquisition debt facility of \$31 million.

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

The 1H FY22 result was pre-released with the previous month's trading update, which saw EPSA increase by ~+16%. Pleasingly COG also declared a record 3.50 cents per share interim dividend. The COG share price finished flat for the month.

Big River Industries (ASX: BRI) posted a record profit with earnings per share increasing over +100% on the prior corresponding period due to strong organic growth in the core business as well as the more recently acquired businesses. This has led to a significant de-leveraging of the business with net debt to EBIT now ~2 times. The strength of this result also resulted in BRI declaring a record interim dividend of 5.50 cps. Following the result, the share price increased by ~+7% yet BRI is still on a p/e multiple of <11 times FY22 earnings, a 40% discount to other listed building materials businesses.

BSA was again the major disappointment of the reporting season, releasing a result that was in line with the previously downgraded trading update. Looking forward we still believe that there is a clear and realistic path to restoring and achieving fair value for our investment in BSA. Listed peer Service Stream (ASX: SSM) demonstrated at their 1H FY22 result that COVID has had little impact on their business, and they were able to extract reasonable margins in work from clients such as NBN Co. (which is a major BSA client). BSA reported revenue of >\$210 million for 1H FY22 which in our view is of sufficient scale to generate reasonable margins. The BSA client base now includes the likes of TPG Telecom, Telstra and Aldi to complement NBN Co. which for many contracting businesses would be considered a tier-1 client list. Execution is key for BSA to restore value and in our view the macro backdrop for the services that BSA provide will remain strong for at least the medium term.

Core Investment Portfolio Examples



COG Financial Services Ltd
ASX: COG

COG Financial Services Limited is Australia's leading finance broker aggregator and equipment leasing business for small to medium-sized enterprises (SMEs). COG has two complementary business divisions, Finance Broker & Aggregation and Lending.



Saunders International
ASX: SND

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.



BTC Health
ASX: BTC

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.

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)
NCC Investment Portfolio Performance*	-3.00%	+10.73%	+10.63%	+5.90%	+8.87%	+12.15%	+180.84%
S&P/ASX Small Ordinaries Accumulation Index	-0.01%	+5.02%	+7.74%	+9.35%	+8.42%	+6.52%	+76.64%
Performance Relative to Benchmark	-2.99%	+5.71%	+2.89%	-3.45%	+0.45%	+5.63%	+104.20%

*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	\$143.4 million
Cash Weighting	0.10%
Standard Deviation of Returns (NCC)	15.77%
Standard Deviation of Returns (XSOAI)	16.21%
Downside Deviation (NCC)	10.69%
Downside Deviation (XSOAI)	10.24%
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	\$100.40

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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