

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 JUNE 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
\$0.90	\$0.91	\$0.93	\$0.83	14	\$0.6125	9.04%

Market Insight

June brought an end to what has been a disastrous year for small cap equities and those expecting a relief rally at the end of the financial year were left very disappointed as the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) fell by -13.09%, its worst monthly decline since the onset of the COVID-19 pandemic in March 2020. The NCC investment portfolio fared slightly better, returning -9.74% for June, outperforming the benchmark by +3.35% for the month. The NCC investment portfolio has now returned +9.97% p.a. since inception in February 2013, significantly outperforming the XSOAI which has returned +4.29% p.a. over the same period. From a news flow perspective, it was a relatively eventful month with COG Financial Services (ASX: COG) providing an FY22 trading update, as well as greater detail around the earnings drivers of the business, and Wingara Ag (ASX: WNR) finally delivered some positive news, announcing the sale of their loss-making division Austco Polar Cold Storage.

Investment Portfolio Performance Monthly and FY Returns*

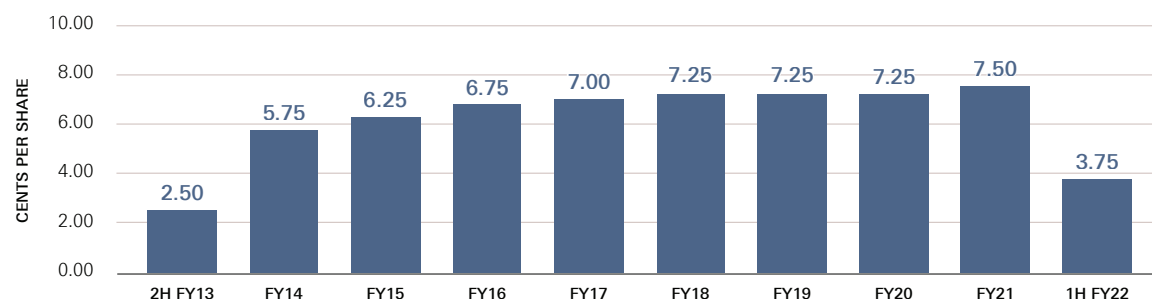
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	+1.29%	+0.55%	-0.10%	+0.06%	+0.80%	+1.76%	-3.17%	-3.00%	+0.55%	+4.85%	-9.08%	-9.74%	-15.14%
FY21	+7.98%	-0.90%	+3.69%	+6.01%	+5.57%	+1.25%	+0.23%	+4.28%	-0.79%	+8.79%	+2.72%	+1.82%	+48.34%
FY20	+6.85%	+2.86%	+6.56%	-3.56%	-0.04%	+4.11%	+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.

COG provided FY22 NPATA guidance of between \$22.4 - \$23.9 million, a significant increase on the \$17.7 million NPATA profit achieved in FY21 (on an underlying basis). What we found of more interest was the detail around the composition of this NPATA, with 35% derived from COG owned finance brokers, 26% via the aggregation network and 9% and 6% from funds management activities and insurance broking respectively. The balance is made up of lending, the stake in Earlypay (ASX: EPY) and head office costs. This granular information has not been released previously and highlights that 75% of COG earnings are derived from capital light earnings streams and are somewhat repeatable in nature. The insurance broking and funds management earnings streams are still very much in their infancy, but in the case of insurance broking, management have previously stated this has the potential to be ~50% of the NPATA derived from finance broking.

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

N
A
O
SInvestment
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

Early in July COG also announced the acquisition of a Queensland based broking firm via their subsidiary QPF. This highlights the significant opportunity that exists for COG to acquire high-quality brokers which they are familiar with through use of the COG aggregation platform; a similar model to Steadfast Group (ASX: SDF) acquiring member brokers.

WNR released what we believe to be a significant event in WNR's relatively short corporate life by announcing the sale of the Austco Polar Cold Storage division. The funds received from the sale of the business are relatively immaterial but when viewed in the context of removing a +10-year lease liability together with an annual EBIT loss contribution of -\$1.30 million we believe this is an outstanding outcome for the WNR business. This now allows management to focus on their core competency, namely the processing and exporting of hay-related products. The success of processing hay not only comes down to buying sound inventory but being able to run an efficient processing facility with little unplanned down time and delays. In mid-June the WNR shares were suspended pending the announcement of a proposed transaction, which we will discuss next month pending further details.

We do not expect significant company updates prior to the release of FY22 financial results in mid to late August, but we will be eagerly awaiting the full-year results from core investments Saunders International (ASX: SND) and Big River Industries (ASX: BRI), both of which have gone through a period of significant revenue growth which should in theory flow through to a meaningful growth in profitability.

Core Investment Portfolio Examples

		
COG Financial Services Ltd ASX: COG	Saunders International ASX: SND	BTC Health ASX: BTC
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 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 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*	-9.74%	-15.14%	+7.78%	+3.25%	+7.38%	+9.97%	+142.99%
S&P/ASX Small Ordinaries Accumulation Index	-13.09%	-19.52%	+0.38%	+5.07%	+6.64%	+4.29%	+48.02%
Performance Relative to Benchmark	+3.35%	+4.38%	+7.40%	-1.82%	+0.74%	+5.68%	+94.97%

*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	\$147.0 million
Cash Weighting	0.29%
Standard Deviation of Returns (NCC)	16.27%
Standard Deviation of Returns (XSOAI)	16.80%
Downside Deviation (NCC)	11.19%
Downside Deviation (XSOAI)	10.92%
Shares on Issue	72,952,814
NCC Directors Shareholding (Ordinary Shares)	5,332,207
NCC convertible notes on issue (ASX: NCCGA)	230,000
NCC convertible note price	\$90.00

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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