

ASX:NCC

NAOS EMERGING OPPORTUNITIES COMPANY LIMITED

ABN 58 161 106 510

NCC generally invests in micro-cap industrial companies with a market cap of <\$250m

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 SEPTEMBER 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 Franked Dividends	Dividend Yield
\$0.91	\$0.91	\$0.94	\$0.81	13	\$0.65	9.26%

The above NTA figures are inclusive of the 3.75 cents per share FY22 final dividend, which went ex-dividend on 5 October 2022 and has a payment date of 28 October 2022.

Market Insight

September saw equity markets continue to rebase in the face of continued interest rate increases and inflationary pressures that have not yet shown signs of easing as some may have expected. Emerging companies in particular bore the brunt of investor selling with the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) falling by -11.20%, significantly underperforming the S&P/ASX 200 Accumulation Index (XJOAI) which fell by -6.17%. The NCC investment portfolio outperformed the benchmark index, falling by -6.76% for the month. Since inception the investment portfolio has now returned +9.81% p.a., substantially outperforming the XSOAI which has returned +4.12% p.a. over the same period. In regard to stock specific events there was little that occurred of any significance which was no surprise, given that the majority of holdings provided detailed updates in the August reporting season.

Investment Portfolio Performance Monthly and FY Returns*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY23	+3.30%	+4.78%	-6.76%										+0.93%
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%

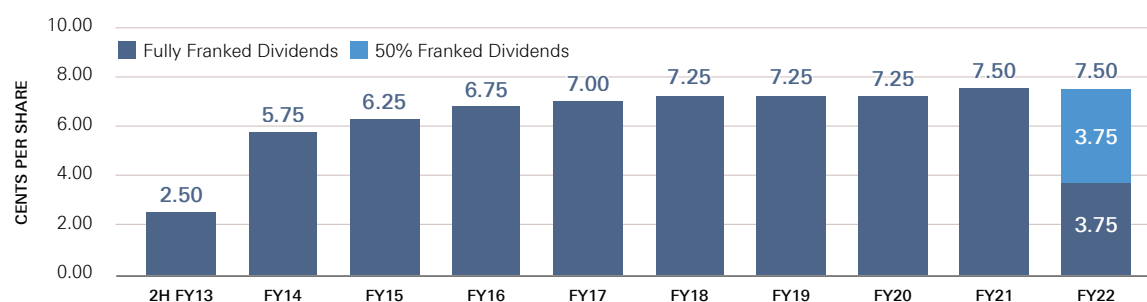
*Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

As our publicly listed investments had a quiet month, this is an opportune time to provide an update on the two private investments held in the NCC investment portfolio, namely MitchCap and Ordermentum. These two investments combined represent a small part of the overall gross portfolio value and importantly these are truly private businesses rather than "pre-IPO" investments and display many similar attributes to the listed businesses held in the investment portfolio. In the case of both investments, we are a substantial shareholder with representation on the board of each business.

MitchCap is a commercial distribution financier to both dealers (floorplans) and OEMs (original equipment manufacturers) for the marine, caravans, motorcycle, and agricultural sectors. For many dealerships in these sectors a certain amount of inventory must be held to operate optimally. Depending on the average cost of a product (e.g., a caravan) the amount of capital required to hold this inventory by a dealership can be significant. MitchCap provides dealerships with the debt

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

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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

facility required to ensure they are able to hold the required level of inventory for sale on their dealership floor. Whilst floorplan financing is commonplace in the car industry, as it provides significant benefits to both the dealerships & vehicle manufacturers and the vehicles act as the loan security, this type of financing is not as prevalent in the niche sectors in which MitchCap operates. During the COVID-19 pandemic MitchCap's customer base held little inventory predominantly due to global supply chain issues, which heavily impacted the available inventories dealerships could acquire to satisfy strong demand. As supply chains normalise, we expect the 'utilisation' levels of the debt facilities MitchCap provides to its dealership customers to return to historically normal levels and therefore provide a significant boost to MitchCap's earnings base. Longer term we do not expect MitchCap to solely be a financier, but to provide several core offerings to its customer base. Over time, customers may benefit from other services such as managing foreign exchange (as inventories are typically imported) and arranging finance for the dealerships' end customers purchasing the vehicles. Founded in 2019 MitchCap very much remains an emerging business, but importantly is run by a proven and highly aligned management team in a market that has significant scale.

Founded in 2014, Ordermentum is a software platform for the hospitality industry that connects food and beverage wholesalers with over 30,000 cafés, restaurants and event holders. It uses technology to streamline the ordering & payments relationship between venues and their suppliers, which has historically been a cumbersome, paper-based process that often leads to poor execution of payment terms for wholesale providers and can put undue stress on hospitality venues. For venues, using the Ordermentum platform allows a venue to order a wide range of products from a multitude of suppliers at once, with payment to those suppliers made directly at the time the order is placed. For a supplier, using the Ordermentum platform can improve working capital therefore reducing credit risk as well as provide significant exposure to many thousands of hospitality venues as potential customers which previously they may not have had access to. As with Mitchcap, the key to Ordermentum's success will be further scaling its marketplace and expanding the product range available to hospitality venues, in addition to providing suppliers with valuable opportunities to form new customer relationships with venues.

Core Investment Portfolio Examples



COG Financial Services Ltd
ASX: COG

COG Financial Services is Australia's leading aggregator of finance brokers and equipment-leasing services to small to medium-sized enterprises (SMEs). COG's two complementary business divisions of finance broking and aggregation, and lending and funds management, service the financial needs of the SME sector nationwide.



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, the Australian Government, Lendlease, and Ampol.



BTC Health
ASX: BTC

BTC health is a company focused on the distribution of world-class medical products and making them available to patients in Australia and New Zealand. Through its underlying companies, BTC invests in the acquisition, development and commercialisation of innovative medical products in the Australian and New Zealand hospital healthcare market. The company is currently building a group of high-growth businesses, which together deliver superior patient health outcomes.

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*	-6.76%	-15.82%	+2.57%	+2.02%	+7.95%	+9.81%	+145.25%
S&P/ASX Small Ordinaries Accumulation Index	-11.20%	-22.56%	-0.80%	+4.07%	+7.17%	+4.12%	+47.32%
Performance Relative to Benchmark	+4.44%	+6.74%	+3.37%	-2.05%	+0.78%	+5.69%	+97.93%

*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	\$131.7 million
Cash Weighting	0.32%
Standard Deviation of Returns (NCC)	16.31%
Standard Deviation of Returns (XSOAI)	17.37%
Downside Deviation (NCC)	11.20%
Downside Deviation (XSOAI)	11.24%
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	\$89.00



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.

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