

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 OCTOBER 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
\$0.88	\$0.89	\$0.91	\$0.79	11	\$0.65	9.49%

Market Insight

Volatility remained in vogue throughout October, although somewhat unexpectedly to the upside, as the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) finished up +6.46%, and its larger counterpart the S&P/ASX-200 Accumulation Index (XJOAI) returning +6.04%. The NCC investment portfolio finished up +0.97%, with a number of positive news flow items from investee companies failing to translate into share price gains. Saunders International (ASX: SND) announced two major contracts as well as upgrading its tender pipeline, and both Big River Industries (ASX: BRI) and COG Financial Services (ASX: COG) provided detailed trading updates. Finally, Wingara Ag (ASX: WNR) completed the long-awaited divestment of its loss-making Austco Polar business and BTC Health (ASX: BTC) appointed NAOS executive Brendan York to its Board of Directors.

Investment Portfolio Performance Monthly and FY Returns*

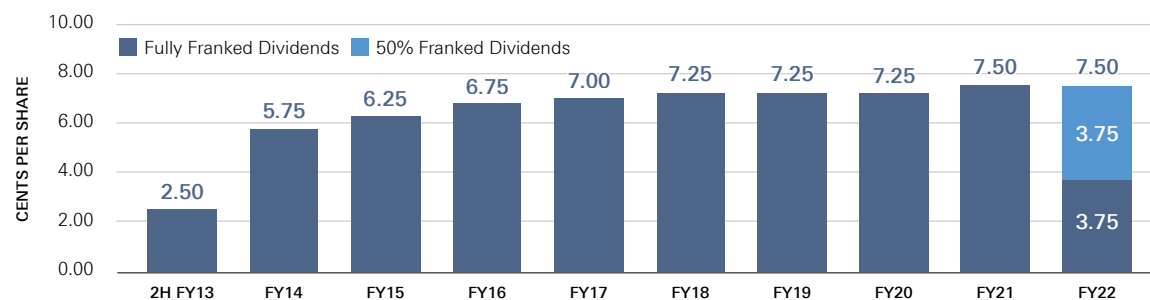
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY23	+3.30%	+4.78%	-6.76%	+0.97%									+1.90%
FY22	+1.29%	+0.55%	-0.10%	+0.06%	+0.80%	+1.76%	-3.17%	-3.00%	+0.55%	+4.85%	-9.08%	-9.74%	-15.14%
FY21	+7.98%	-0.90%	+3.69%	+6.01%	+5.57%	+1.25%	+0.23%	+4.28%	-0.79%	+8.79%	+2.72%	+1.82%	+48.34%
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.

Core investment SND released a number of positive news flow items during October. Firstly, SND announced that it has been awarded a \$44m contract to build the fuel terminal for the new Western Sydney Airport over the next 24 months. The following week SND announced they had won a contract to design and build a new diesel storage tank in Newcastle as part of the Government's plan to boost fuel storage in Australia. SND also advised the market that their tender pipeline has increased by \$200 million to over \$1.5 billion in just the past 2 months, highlighting the significant activity in their markets. The SND AGM will be held in early November which may well bring with it further commentary around trading conditions and client activity.

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

BRI held their AGM and provided the market with a detailed trading update for Q1 FY23, which in our view was pleasingly strong. Compared to the prior corresponding period, revenue, EBITDA and EBIT were up +33%, +62% and +84% respectively. Annualising these quarterly figures implies an EBIT figure close to \$50 million, which compares very favourably to a market capitalisation of just \$170 million. Despite this update the share price of BRI finished the month down, which we ascribe to very low levels of liquidity as well as concerns about how the macro environment may affect BRI over the medium term.

COG released a Q1 FY23 trading update stating that NPATA had grown by +30%, albeit with a significant contribution from previously announced acquisitions. If COG is able to meet consensus FY23 profit estimates of ~\$28 million NPATA, then this would imply COG is trading at an NPATA multiple of just 10 times, as the share price of COG also fell over the course of October.

After several months of delays, it was pleasing to see WNR divest their non-core and loss-making Austco Polar business. The sale of this business provides WNR with much needed financial stability and a clean and simple hay processing operation exposed to sound industry fundamentals. We believe the future for WNR now looks much brighter with numerous options available to the business as it moves forward.

Finally, NAOS executive Brendan York was appointed to the BTC Health board. BTC has been a poor performing investment for the NCC investment portfolio, even though it is exposed to an industry with very sound fundamentals. Moving forward, we expect the management of BTC to articulate a more tangible and actionable strategy that can maximise shareholder returns over the long term.

Core Investment Portfolio Examples

		
COG Financial Services Ltd ASX: COG	Saunders International ASX: SND	BTC Health ASX: BTC
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 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 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*	+0.97%	-15.05%	+4.14%	+1.75%	+7.54%	+9.82%	+147.62%
S&P/ASX Small Ordinaries Accumulation Index	+6.46%	-18.31%	+1.46%	+4.16%	+7.08%	+4.76%	+56.84%
Performance Relative to Benchmark	-5.49%	+3.26%	+2.68%	-2.41%	+0.46%	+5.06%	+90.78%

*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	\$126.8 million
Cash Weighting	0.43%
Standard Deviation of Returns (NCC)	16.24%
Standard Deviation of Returns (XSOAI)	17.40%
Downside Deviation (NCC)	11.16%
Downside Deviation (XSOAI)	11.21%
Shares on Issue	72,952,814
NCC Directors Shareholding (Ordinary Shares)	5,371,775
NCC convertible notes on issue (ASX: NCCGA)	230,000
NCC convertible note price	\$84.50



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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