

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 OCTOBER 2020

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
\$1.02	\$1.02	\$1.03	\$1.01	10	\$0.50	7.18%

Market Insight

For the month of October, the NCC Investment Portfolio returned +6.01%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by just +0.46%. This brings the inception return of the investment portfolio to +11.27% p.a. or +127.03% on a total return basis, outperforming the benchmark XSOAI, which has increased by +5.10% p.a. or +46.55% over the same period. There were numerous meaningful company updates from within the NCC Investment Portfolio and pleasingly these were all neutral to positive. Saunders International (ASX: SND) reaffirmed guidance at their Annual General Meeting (AGM), Experience Co (ASX: EXP) provided a trading update and both Consolidated Operations Group (ASX: COG) and Contango Asset Management (ASX: CGA) provided quarterly business updates for Q1 FY21.

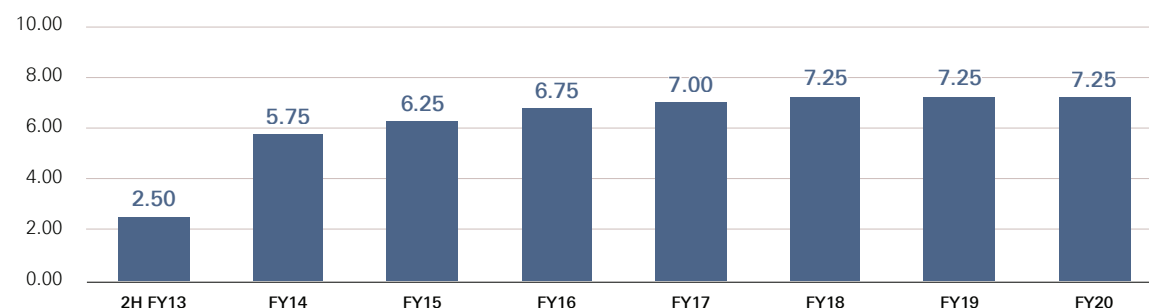
Investment Portfolio Performance Monthly and FY Returns*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY21	+7.98%	-0.90%	+3.69%	+6.01%									+17.62%
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, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders.

Experience Co provided a trading update at its AGM late in the month. Pleasingly, the business has been EBITDA and cash flow positive for the first 3 months of the year. We also believe that the trajectory of earnings has improved every month since June as the number of customers has continued to accelerate. To put this into perspective the Great Barrier Reef Experience division is running at 40% of its total passenger volumes compared to last year even though the QLD border with both NSW and VIC remains closed. The net debt position continues to improve markedly with the business in a net cash position of \$5.6 million prior to asset finance of \$10.1 million. The business remains focussed on executing a small number of bolt-on acquisitions which we believe can be internally financed and may well be highly complementary to the EXP customer database. We continue to believe EXP has the potential to earn >\$20 million EBITDA p.a. once the interstate borders are fully open.

Fully Franked Dividend Profile (Cents Per Share)



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

CGA provided a business update for the 1st quarter of FY21. From a financial perspective, the net cash outflow was -\$56,000 post a large GST payment, which if adding back CGA would have been cash flow positive by approximately \$110,000. We believe this is a significant turning point for a business that has been loss-making for a number of years. Funds Under Management (FUM) continued to rise in Q1, finishing at \$751 million, which represents an increase of 18% on the 30 June 2020 FUM. Even after the significant recent share price appreciation the enterprise value of CGA is \$23.7m, which represents an EV/FUM percentage of just 3.16%, which we believe is far too low compared to peers. When compared to the Antipodes and the Hyperion global fund offerings, in our view the WCM products have significant momentum.

Finally, COG provided a trading update for Q1 FY21, reporting NPATA of \$3.2 million, an increase of +129% to the prior comparative period. This growth has been driven predominantly driven by the Finance Broking & Aggregation segment which has seen both continued demand for finance from SME's, as well as an uptick in margins. We expect this trend to continue over the next 12 months, especially given the tailwind generated by the Federal Government's instant asset write-off scheme, which has been significantly expanded. Going forward we will be looking at the progress of the Managed Investment Scheme (MIS) which will be launched later this year via Westlawn. The Company continues to offer insurance products via its broking network, which has seen significant traction and may have the potential to match the earnings generated by finance broking volumes.

Core Investment Portfolio Examples



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 and which will benefit from greater access to development capital.



Saunders International
ASX: SND

Saunders International was established in 1951 and provides constructions, maintenance and remediation services to the energy, resources and infrastructure sectors. Clients include Sydney Water, Australian Government, Lend Lease and Rio Tinto.



Experience Co
ASX: EXP

Experience Co is the largest operator of tandem skydives within Australia and New Zealand with over 150,000 tandem jumps per year. EXP also operates a number of cruise and diving experiences in far north Queensland (Cairns and Port Douglas) that generally accommodate over 250,000 customers per year.

Investment Portfolio Performance

	1 Month	1 Year	5 Years (p.a.)	7 Years (p.a.)	Inception (p.a.)	Inception (Total return)
NCC Investment Portfolio Performance*	+6.01%	+3.57%	+8.80%	+7.09%	+11.27%	+127.03%
S&P/ASX Small Ordinaries Accumulation Index	+0.46%	-2.40%	+8.56%	+5.91%	+5.10%	+46.55%
Performance Relative to Benchmark	+5.55%	+5.97%	+0.24%	+1.18%	+6.17%	+80.48%

* Investment Portfolio Performance is post all operating expenses, before fees, taxes and initial IPO and placement commissions. 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	\$72.5 million
Cash Weighting	3.62%
Standard Deviation of Returns (NCC)	16.56%
Standard Deviation of Returns (XSOAI)	16.62%
Downside Deviation (NCC)	11.44%
Downside Deviation (XSOAI)	10.59%
Shares on Issue	61,911,125
NCC Directors Shareholding (Ordinary Shares)	4,346,103
NCC Options Closing Price (ASX: NCCOB)	\$0.06

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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