

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 30 NOVEMBER 2018

NET TANGIBLE ASSET VALUE BREAKDOWN

PRE TAX NTA	POST TAX & PRE UNREALISED GAINS TAX NTA	POST TAX NTA	SHARE PRICE	PREMIUM/ (DISCOUNT) TO NTA (PRE TAX)	FULLY FRANKED DIVIDEND YIELD
\$1.12	\$1.12	\$1.12	\$1.15	2.68%	6.30%

MARKET INSIGHT

For the month of November, the Investment Portfolio returned -6.12% underperforming the benchmark Small Ordinaries Accumulation Index (XSOAI) which fell by -0.37%. This brings the inception return over the past 5 years and 10 months to 13.19% p.a. or 104.06% in nominal terms, outperforming XSOAI which has increased by 4.77% p.a. Clearly the negative -6.12% performance for the month of November is extremely disappointing but what made this even more frustrating was that we felt the majority of company updates over the Annual General Meeting Season were positive. Companies which updated the market included CML Group (ASX: CGR), which upgraded FY2019 guidance, yet the share price fell by approximately -15% on low volumes. BSA Limited (ASX: BSA) held their AGM and maintained revenue guidance in excess of \$500 million, together with providing more clarity around the strategic options of the construction operations, yet the shares fell by -10% in the month. As we have seen before in times of increased market volatility many fund managers are quick to sell out of micro-cap businesses and remove their exposure entirely to this end of the market. This is often due to the reversal of fund flows, as many investors tend to pull their money out of funds, which can in turn mean the fund manager is a forced seller of stocks. Ultimately, we believe this is an opportune time to be increasing positions in our current portfolio or even adding new positions if the valuations do not reflect the long-term fundamentals of a business, and there is minimal risk of permanent capital loss.

As mentioned previously, CML Group updated the market at their AGM in late November. The obvious financial highlight was that EBITDA guidance increased from \$20-\$21 million to in excess of \$21 million. However, in our view the key highlight was the appointment of Mark Cleaver as MD of the invoice finance division. Mark was previously MD of Bibby Financial Services in the UK and Australia for a number of years, prior to the acquisition of the Bibby business by Scottish Pacific in 2015. This sends a strong signal to the market that CGR has long term intentions to enter the invoice financing market which is clearly a much larger and more risk averse market to that of invoice discounting, albeit with smaller margins. Based on the current CGR guidance, we believe the business is trading on just 10 times NPAT compared to the 18 times that competitor Scottish Pacific (ASX: SCO) was acquired for very recently.

BSA held their AGM in November and supplied the market with a number of key new updates. Firstly, strategic advisers have been appointed to assess the structure of the current BSA divisions and see if any opportunities exist to consolidate or divest a division to maximise shareholder returns. Secondly, exploratory talks have commenced with parties looking to consolidate the opportunities within the Connect space and enable BSA to bolster the range of capabilities it can offer to its tier-1 client list. BSA also provided revenue guidance in excess of \$500 million, with a focus on eradications of HVAC Build losses and expanding their footprint into new growth markets such as meter reading, mobile communications and energy utilisation management.


INVESTMENT PORTFOLIO PERFORMANCE


	1 MONTH	1 YEAR	3 YEARS (P.A.)	4 YEARS (P.A.)	5 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (NOM.)
NCC Investment Portfolio Performance*	-6.12%	-12.24%	+10.68%	+8.15%	+8.82%	+13.19%	+104.06%
S&P/ASX Small Ordinaries Accumulation Index	-0.37%	-1.63%	+10.39%	+9.41%	+7.07%	+4.77%	+30.76%
Outperformance Relative to Benchmark	-5.75%	-10.61%	+0.29%	-1.26%	+1.75%	+8.42%	+73.30%

*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 nom.) includes part performance for the month of February 2013. Returns compounded for periods greater than 12 months.

INVESTMENT BELIEFS

VALUE WITH LONG TERM GROWTH 


QUALITY OVER QUANTITY 

INVEST FOR THE LONG TERM 

PERFORMANCE V LIQUIDITY FOCUS 

IGNORE THE INDEX 

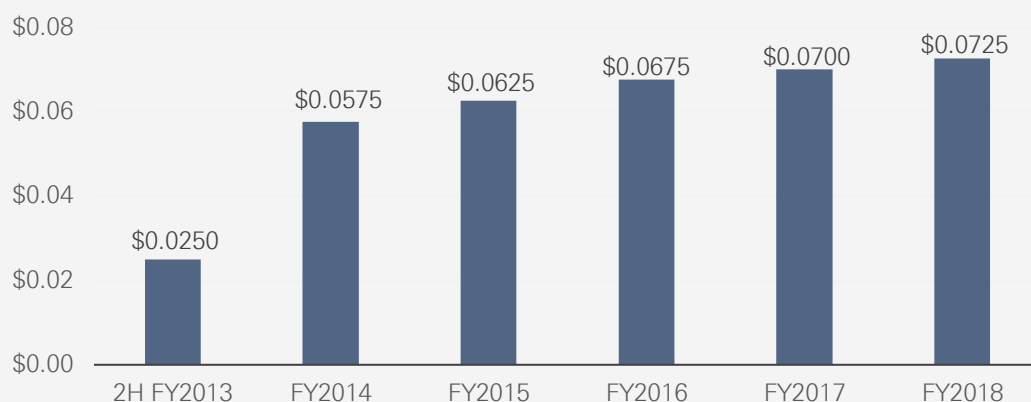
PURE EXPOSURE TO INDUSTRIALS 

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) 

MANAGEMENT ALIGNMENT 

FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

NCC aims to deliver shareholders a sustainable growing stream of fully franked dividends.



STOCK CONTRIBUTION ANALYSIS

The table below lists the top 5 positive stock contributors to the investment portfolio since inception.

TOP 5 POSITIVE CONTRIBUTORS	CONTRIBUTION TO RETURN (%NAV)
BSA Limited (ASX: BSA)	+21.02%
Calliden Group Limited (ASX: CIX)	+14.32%
Capitol Health Limited (ASX: CAJ)	+13.93%
Consolidated Operations Group Limited (ASX: COG)	+12.84%
Lindsay Australia Limited (ASX: LAU)	+9.24%

KEY METRICS – SUMMARY DATA

Weighted Average Market Capitalisation of the Investments	\$86 million
Number of Holdings	9 Long Positions
Cash Weighting	0.00%
Standard Deviation of Returns (NCC)	11.21%
Standard Deviation of Returns (XSOAI)	13.20%
Downside Deviation (NCC)	5.50%
Downside Deviation (XSOAI)	7.47%
Percentage of Positive Months (NCC)	67%
Percentage of Positive Months (XSOAI)	57%
Shares on Issue	59,905,339
NCC Directors Shareholding (Ordinary Shares)	4,000,375

INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY19	-2.42%	+3.94%	+2.88%	-6.09%	-6.12%							
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%
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%
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%
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%
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%
FY13								+0.03%	+3.81%	+3.03%	+4.48%	-0.99%

*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.

NAOS

OUR TEAM

Chairman
David Rickards (Independent)

Directors
Warwick Evans
Sebastian Evans

Company Secretary/
Senior Legal Counsel
Rajiv Sharma

Chief Investment Officer
Sebastian Evans

Portfolio Managers
Robert Miller
Ben Rundle

Investment Analyst
Rachel Folder

Chief Financial/
Operating Officer
Richard Preedy

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