

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
\$1.13	\$1.13	\$1.13	\$1.07	(5.31%)	6.78%

MARKET INSIGHT

For the month of February, the Investment Portfolio returned +4.96%, underperforming the Benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which had a significant rise of +6.78%. This brings the inception return over the past 6 years to +12.92% p.a. or +107.42% in nominal terms, outperforming the XSOAI by 7.00% p.a. or 66.19% in nominal terms. NCC declared a fully franked dividend of 3.75 cents per share, to be paid on the 27th of March 2019. February brought with it the end of the half year reporting season with disparate results across industries, highlighted by the monthly performance of their respective ASX 300 indexes. Strong share price gains for resources +6.15%, financials +8.09% and information technology +6.95%, were in stark contrast to several so-called industrial industries which lagged significantly, including Consumer Staples, Healthcare and Communication Services which produced monthly returns of -2.18%, +1.28% and +2.70% respectively.

Pleasingly, many of the core holdings reported solid half year updates, though there were a couple of investments that held back the overall returns and prevented the portfolio from returning a figure significantly higher than the monthly return of +4.96%. Starting with the positive, Eneo Group (ASX: EGG), CML Group (ASX: CGR) and BSA Group (ASX: BSA) were the standout results. EGG increased their EBITDA for the first half to \$10 million, compared to \$5.70 million in the prior corresponding period. CGR continued to make steady and measured progress, we believe that continuing on this trajectory will see the 2H provide the catalyst for the market to continue to re-rate the CGR valuation multiple. Finally, BSA produced a solid underlying result even when including the historically poor performing construction business. BSA also updated the market on strategic options for their Build business as well as providing 2H EBITDA guidance for only the second time under the current management team's tenure.

There were only 2 positions which produced negative returns over the month of February, although given the concentrated portfolio structure of NCC, the effect on the total portfolio return was a significant drag of over -4.42%. Firstly, Saunders International (ASX: SND) produced a positive EBITDA result, but one which was well down on their historical average. Pleasingly however, on an industry level the backdrop for SND has improved significantly with a number of large tenders in the pipeline. SND have also implemented a number of efficiency initiatives, and we believe these one-off costs in the 1H result masked the underlying result where actual EBITDA margins were potentially above +5%. Finally, Big River Group (ASX: BRI) produced a result in line with their recently downgraded guidance, but the illiquid nature of BRI allowed the share price to catch up with the recent downgrade which had not previously been factored in by the market. Going forward, BRI need to continue to consolidate the highly fragmented trade building materials distribution market, and demonstrate that they can grow their scale significantly to benefit from revenue and cost synergies.


INVESTMENT PORTFOLIO PERFORMANCE


	1 MONTH	1 YEAR	3 YEARS (P.A.)	5 YEARS (P.A.)	6 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (NOM.)
NCC Investment Portfolio Performance*	+4.96%	-8.84%	+9.09%	+8.13%	+12.93%	+12.92%	+107.42%
S&P/ASX Small Ordinaries Accumulation Index	+6.78%	+3.48%	+13.45%	+7.74%	+5.76%	+5.92%	+41.23%
Outperformance Relative to Benchmark	-1.82%	-12.32%	-4.36%	+0.39%	+7.17%	+7.00%	+66.19%

*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 

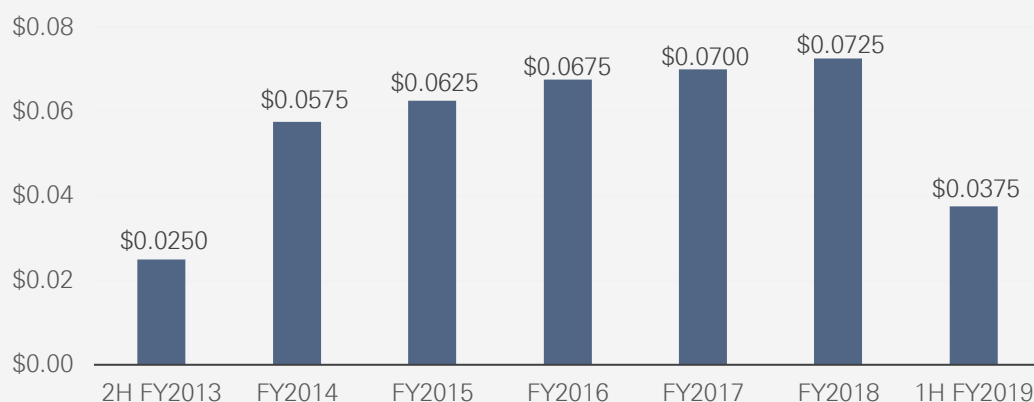
PURE EXPOSURE TO INDUSTRIALS 

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)	+22.48%
Calliden Group Limited (ASX: CIX)	+14.55%
Capitol Health Limited (ASX: CAJ)	+14.15%
Careers Multilist Limited (ASX: CGR)	+12.42%
Consolidated Operations Group Limited (ASX: COG)	+11.99%

KEY METRICS – SUMMARY DATA

Weighted Average Market Capitalisation of the Investments	\$87.9 million
Number of Holdings	9 Long Positions
Cash Weighting	1.99%
Standard Deviation of Returns (NCC)	11.22%
Standard Deviation of Returns (XSOAI)	13.47%
Downside Deviation (NCC)	5.47%
Downside Deviation (XSOAI)	7.44%
Percentage of Positive Months (NCC)	65%
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%	-2.92%	-0.24%	+4.96%				
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

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Sebastian Evans
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Rajiv Sharma

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Sebastian Evans

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Important Information:

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