

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 31 JULY 2019

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
\$1.07*	\$1.07	\$1.09	\$1.00	(6.54%)	7.25%

*The NTA before tax is after the provision for tax of \$976k (1.6cps) for the 2019 financial year.

MARKET INSIGHT

For the month of July, the Investment Portfolio returned +6.85%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +4.51%. This brings the inception return over the past 6 years and 6 months to +12.02% p.a. or +107.36% on a total return basis, outperforming the XSOAI which has increased by +6.84% p.a. or +52.96% over the same period. From a portfolio perspective, significant positive contributors for the month were Wingara Ag (ASX: WNR), Enero Group (ASX: EGG) as well as BTC Health (ASX: BTC). Importantly, and for the first time in several months, there were no significant detractors to the portfolio's performance.

INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS*

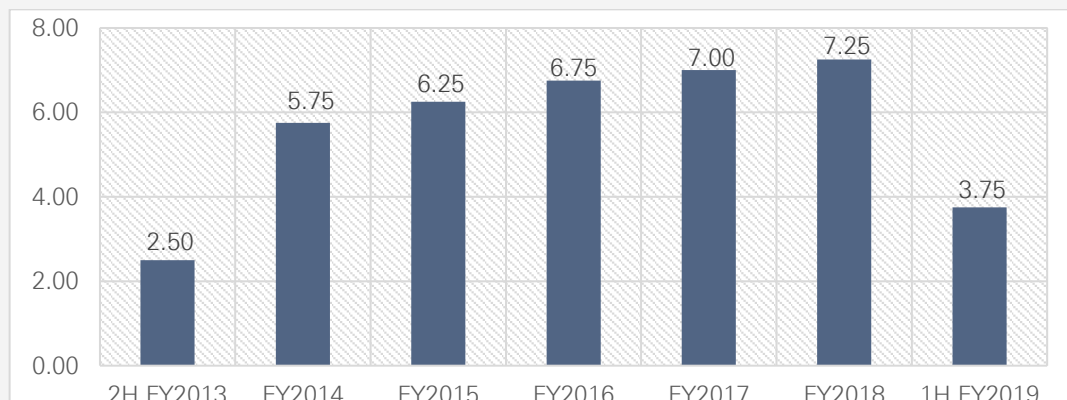
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total Return
FY20	+6.85%												
FY19	-2.42%	+3.94%	+2.88%	-6.09%	-6.12%	-2.92%	-0.24%	+4.96%	-1.80%	-3.54%	-1.43%	+0.20%	-12.51%
FY18	+3.43%	+4.94%	-1.24%	+2.32%	+2.39%	+0.14%	-0.77%	-1.52%	+0.43%	-1.49%	-1.89%	+0.44%	+7.13%
FY17	+4.63%	+6.48%	+3.65%	-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.

There were three notable stock specific events in the month of July with Wingara Ag (ASX: WNR), Saunders International (ASX: SND) and Big River Industries (ASX: BRI) all making what we believe to be significant announcements. The most noteworthy of these came from WNR, which announced the sale and lease back of the property which houses its blast freezing and storage business. The property was sold for \$21 million with first right to acquire the property if it is sold during the lease term by the lessor. This transaction leaves WNR with minimal debt and significant financial flexibility. WNR also released its quarterly report which showed that receipts had increased to almost \$8 million for the quarter, and net cash from operating activities was close to \$2 million over the same period.

FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

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



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



MARKET INSIGHT CONTINUED

SND released profit guidance for its FY19 results, and provided an update on the order book and profitability moving forward. For the year just ended, SND announced EBITDA inclusive of all restructuring costs of -\$0.75 - \$1.25 million and revenue of ~\$50 million. With regard to the outlook, management stated that the business had won \$21 million of new work in the past three months and that work in hand was \$60.5 million. A more general comment was made that management believe the business is set up to be profitable in FY20. In our view the FY19 result is not ideal, although not unexpected. A significant amount of change has been made to the SND business with the relocation to one main facility, together with a significant overhaul of management. Pleasingly, the work in hand figure of \$60.5 million is the largest figure at the start of any financial year going as far back as FY13. Notably, this work in hand figure does not include any large contract wins in the core tank construction business. We continue to believe that SND can organically grow its revenue base significantly, and with a much-improved business structure should be able to deliver an increase in margins over time.

Finally, BRI announced the acquisition of a building materials distribution business based in Townsville. Although only a small acquisition in financial terms, we believe BRI will be able to combine the acquisition with its existing Townsville operations to deliver significant synergies as well as improve the overall offering to its client base. We would expect BRI to continue to acquire a number of these smaller businesses on sensible earnings multiples over the next 12-24 months.

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)	24.57%
Calliden Group Limited (ASX: CIX)	14.51%
Capitol Health Limited (ASX: CAJ)	14.11%
Consolidated Operations Group Limited (ASX: COG)	11.03%
Enero Group Limited (ASX: EGG)	10.98%

INVESTMENT PORTFOLIO PERFORMANCE

	1 MONTH	1 YEAR	3 YEARS (P.A.)	5 YEARS (P.A.)	6 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (Total Return)
NCC Investment Portfolio Performance*	+6.85%	-4.21%	+2.47%	+6.85%	+9.42%	+12.02%	+107.36%
S&P/ASX Small Ordinaries Accumulation Index	+4.51%	+7.61%	+9.27%	+9.18%	+8.99%	+6.84%	+52.96%
Performance Relative to Benchmark	+2.34%	-11.82%	-6.80%	-2.33%	+0.43%	+5.18%	+54.40%

* 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	\$83.0 million
Number of Holdings	9 Long Positions
Cash Weighting	2.00%
Standard Deviation of Returns (NCC)	11.34%
Standard Deviation of Returns (XSOAI)	13.22%
Downside Deviation (NCC)	5.43%
Downside Deviation (XSOAI)	7.26%
Percentage of Positive Months (NCC)	64%
Percentage of Positive Months (XSOAI)	57%
Shares on Issue	60,031,984
NCC Directors Shareholding (Ordinary Shares)	4,140,992

OUR TEAM

Chairman

David Rickards (Independent)

Directors

Warwick Evans

Sebastian Evans

Sarah Williams (Independent)

Chief Investment Officer

Sebastian Evans

Portfolio Managers

Robert Miller

Ben Rundle

Investment Analyst

Rachel Cole

Chief Financial/

Operating Officer

Richard Preedy

Business Development

Manager

Julia Stanistreet

Compliance Officer

Julie Coventry

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