

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 30 NOVEMBER 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
\$1.08	\$1.09	\$1.10	\$1.00	(7.41%)	7.25%

MARKET INSIGHT

For the month of November, the Investment Portfolio returned -0.04%, underperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which produced a strong positive return of +1.56%. This brings the inception return over the past 6 years and 10 months to +12.31% p.a. or +119.13% on a total return basis, outperforming the XSOAI which has increased by +6.44% p.a. or +52.49% over the same period. There were a number of significant announcements during the month with Consolidated Operations Group (ASX: COG) and CML Group (ASX: CGR) announcing a merger of equals, and BSA Group (ASX: BSA), BTC Health (ASX: BTC) and Wingara AG (ASX: WNR) all providing meaningful trading updates. The significant positive contributors to portfolio performance were CGR, SND and EGH, though as with the previous month they were offset by EGG, WNR and BTC which again fell on low volumes, and in our view not due to the outlook or fundamentals of the respective businesses.

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



INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS*

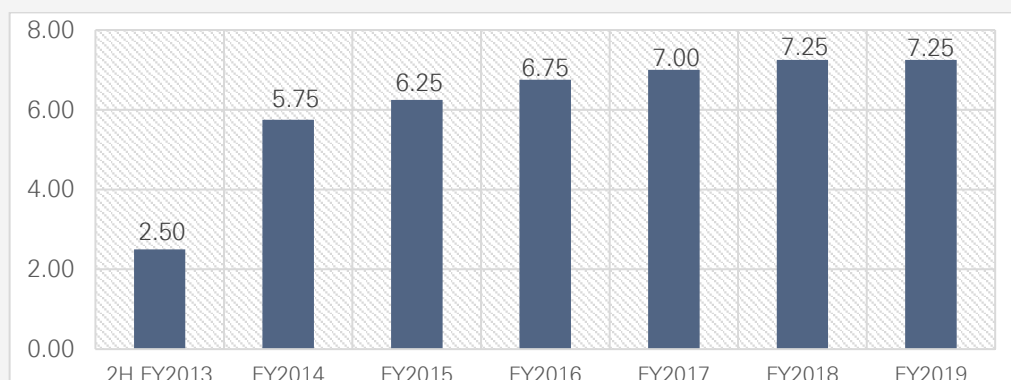
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total Return
FY20	+6.85%	+2.86%	+6.56%	-3.56%	-0.04%								+12.91%
FY19	-2.42%	+3.94%	+2.88%	-6.09%	-6.12%	-2.92%	-0.24%	+4.96%	-1.80%	-3.54%	-1.43%	+0.20%	-12.51%
FY18	+3.43%	+4.94%	-1.24%	+2.32%	+2.39%	+0.14%	-0.77%	-1.52%	+0.43%	-1.49%	-1.89%	+0.44%	+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.

The most notable event that occurred in November was the announcement of the merger between COG and CGR. As a substantial investor in both companies we must view the merits of the merger from both perspectives, and post reviewing the deal we believe it is firmly positive for both sets of shareholders. The main reasons for this are fourfold 1) the revenue synergies over the next 3-5 years have the potential to be significant as COG has a broker network that CGR can now access more effectively; 2) it will increase the depth of the management team; 3) the listed entity will become significantly larger and more liquid therefore more relevant for potential investors; and 4) the ability for the combined group to access more flexible and lower cost funding structures

FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

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



MARKET INSIGHT CONTINUED

will lower cost but also can assist in growing the revenue base. Based on the disclosure to date the combined entity would have made a pro-forma NPATA of \$17 million in FY19. Looking forward, when taking into account several factors such as the CGR acquisition of Classic Funding in FY20, the potential cost savings within the merged entity, and organic growth potential through FY20 and FY21, we believe an NPATA figure of \$25 million in FY21 is readily achievable.

BTC and BSA also provided business updates in November with both companies re-affirming guidance provided at the start of the financial year. BTC announced that sales have been in-line with historical trends and a targeted revenue growth rate of 15% YOY. This is a positive outcome in a period of significant transition, and we believe that through gaining market share and executing on new in-licencing deals to distribute new medical devices the 15% growth rate may well prove to be conservative. BSA reaffirmed guidance of expected profit growth and revenue in the order of \$500 million. The company also announced a new contract win within their Maintain division to be a national asset maintenance provider for Aldi and their >500 stores around Australia. This is a significant win of a Tier-1 client and illustrates the service that BSA can provide to clients with property portfolios nationwide, in addition to demonstrating an ability to diversify earnings away from NBN related activities.

STOCK CONTRIBUTION ANALYSIS

The table below lists the top 5 positive stock contributors to the investment portfolio since inception, February 2013. The stocks listed below may or may not be current holdings within the portfolio.

TOP 5 POSITIVE CONTRIBUTORS	CONTRIBUTION TO RETURN (%NAV)
BSA Limited (ASX: BSA)	29.36%
Calliden Group Limited (ASX: CIX)	14.97%
Capitol Health Limited (ASX: CAJ)	14.56%
Enero Group Limited (ASX: EGG)	13.35%
Consolidated Operations Group Limited (ASX: COG)	10.87%

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*	-0.04%	+7.39%	+1.31%	+8.00%	+8.58%	+12.31%	+119.13%
S&P/ASX Small Ordinaries Accumulation Index	+1.56%	+16.62%	+11.40%	+10.82%	+8.60%	+6.44%	+52.49%
Performance Relative to Benchmark	-1.60%	-9.23%	-10.09%	-2.82%	-0.02%	+5.87%	+66.64%

* 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	\$95.3 million
Number of Holdings	10 Long Positions
Cash Weighting	1.00%
Standard Deviation of Returns (NCC)	11.42%
Standard Deviation of Returns (XSOAI)	13.03%
Downside Deviation (NCC)	5.42%
Downside Deviation (XSOAI)	7.19%
Percentage of Positive Months (NCC)	63%
Percentage of Positive Months (XSOAI)	57%
Shares on Issue	61,503,908
NCC Directors Shareholding (Ordinary Shares)	4,205,147

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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