

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 31 DECEMBER 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
\$1.12	\$1.13	\$1.13	\$1.035	(7.59%)	7.00%

MARKET INSIGHT

For the month of December, the Investment Portfolio produced a positive return of +4.11%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which fell by -0.29%. This brings the inception return over the past 6 years and 11 months to +12.81% p.a. or +128.13% on a total return basis, outperforming the XSOAI which has increased by +6.32% p.a. or +52.05% over the same period. In what is traditionally a quiet period for company announcements it was an unusually eventful month for the NCC Investment Portfolio. Significant updates were provided by CML Group (ASX: CGR), Wingara Ag (ASX: WNR), BTC Health (ASX: BTC) and Enero Group (ASX: EGG).

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%	+4.11%							+17.55%
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.

CGR provided the most significant update after it received a non-binding indicative proposal from major competitor Scottish Pacific Group, which is owned by private equity firm Affinity Equity Partners. The indicative proposal is for \$0.60 per share, consisting of cash consideration of \$0.57 per share and a \$0.03 per share special dividend, and we await further announcements following the completion of due diligence by Scottish Pacific as to whether a binding offer is to be made. Given the timeline of the current Scheme of Arrangement with Consolidated Operations Group (ASX: COG) we expect further clarity over the coming weeks.

Secondly, WNR released a trading update for both its hay processing and blast freezing facilities. Pleasingly the company stated that it has secured over 40,000 tonnes of fodder and that it expects demand for its fodder products from its export customers alone to be 55,000 tonnes over CY20. The company was also confident enough to release EBITDA margin guidance of \$80 per tonne before corporate costs.

FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)



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

With regards to the Polar cold storage division, the Company stated that EBITDA before corporate costs is expected to be in excess of \$2.75 million, and processing has increased over 30% to the prior corresponding period as a result of increased capacity.

With no market update being made since the FY19 results, BTC provided an investor presentation as well as releasing a trading update. Pleasingly the recently acquired medical device distribution business is performing in-line with expectations with the company reiterating revenue growth guidance of +15% p.a. The company also provided more detail around the potential for further acquisitions as well as the organic pipeline of medical devices that they are able to in-licence and on-sell in the Australian and New Zealand markets.

Finally, EGG announced that its CEO Matthew Melhuish will resign at the end of March 2020. This is a significant loss for the group as Matt has been part of EGG for over 8-years and has led a highly successful turnaround of the business. Even so we remain very positive on the outlook for the Company as EGG is a holding company for a number of key public relations and communications businesses (such as Hotwire PR and Orchard Communications) that each have their own highly regarded management teams.

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)	29.64%
Calliden Group Limited (ASX: CIX)	15.59%
Capitol Health Limited (ASX: CAJ)	15.16%
Enero Group Limited (ASX: EGG)	13.60%
CML Group Limited (ASX: CGR)	12.87%

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*	+4.11%	+15.16%	+2.03%	+8.77%	+9.98%	+12.81%	+128.13%
S&P/ASX Small Ordinaries Accumulation Index	-0.29%	+21.36%	+9.99%	+10.65%	+8.10%	+6.32%	+52.05%
Performance Relative to Benchmark	+4.40%	-6.20%	-7.96%	-1.88%	+1.88%	+6.49%	+76.08%

* 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	\$90.4 million
Number of Holdings	11 Long Positions
Cash Weighting	4.30%
Standard Deviation of Returns (NCC)	11.41%
Standard Deviation of Returns (XSOAI)	12.96%
Downside Deviation (NCC)	5.40%
Downside Deviation (XSOAI)	7.15%
Percentage of Positive Months (NCC)	63%
Percentage of Positive Months (XSOAI)	56%
Shares on Issue	61,503,908
NCC Directors Shareholding (Ordinary Shares)	4,220,147

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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