

### MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 30 APRIL 2020

#### 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
\$0.82	\$0.82	\$0.89	\$0.76	(7.32%)	9.54%

#### MARKET INSIGHT

For the month of April, the Investment Portfolio produced a positive return of +5.39%, underperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +14.27%, the largest monthly return in its history. This brings the inception return to +8.14% p.a. or +75.26% on a total return basis, outperforming the XSOAI which has increased by +3.42% p.a. or +27.32% over the same period. In our view, it is too early to tell whether this sharp rally is a bear market rally or the beginnings of the next bull market. The conundrum facing investors was clearly evident in April, with high risk asset classes remaining somewhat resilient as cheap money flooded an array of markets globally, which in our view artificially distorts the underlying fundamental valuations of many businesses. From a portfolio perspective, there were significant updates from three companies during the month, namely Wingara AG (ASX: WNR), Saunders International (ASX: SND) and BSA Limited (ASX: BSA). Pleasingly the overall commentary from these releases was positive, as detailed below.

#### 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%	+11.11%	-8.57%	-28.25%	+5.39%			-9.69%
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.

Firstly, Wingara provided a quarterly update to 31 March 2020, which is also their financial year end. The report highlighted a number of key points, including a \$2.8 million improvement in operating cash flows from the prior year, record cash receipts of \$10.6 million for the March quarter, and finally an increase in cash reserves to \$3.5 million, which in our view places the business in a much stronger financial position. Looking forward, we expect the harvest season for hay to be very strong due to the increased levels of rain activity that has occurred over the past couple of months, which will lead to increased volumes and a lower price to acquire the hay. To date, WNR has experienced only a limited impact from COVID-19, with the only disruption of any significance being the greater lead times with regard to export logistics.

SND made two significant releases in April, the first being a company update in respect of COVID-19, noting that to date SND has not seen any significant adverse effects and works are continuing across all projects.

#### 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 

CONSTRUCTIVE ENGAGEMENT 

## MARKET INSIGHT CONTINUED

SND also announced the signing of a major contract worth in excess of \$20 million which is expected to start immediately and continue until the end of FY21, bringing SND's order book to \$108 million. Although not released to the ASX, the Manning River Times noted that Saunders won a tender to replace three bridges in the mid-north coast, funded by a federal government bridge replacement program, a tailwind accentuated by the recent bushfire events as hundreds if not thousands of bridges across Australia reach the end of their useful life.

BSA released a trading update which we believe highlights the resilience of the business model, stating that as at the end of March the business remains on track to meet internal forecasts, despite the impact of the COVID-19 lockdowns. In saying this, the BSA board decided to remove guidance as a precaution against what may occur in the last 3 months of trading. The one area of concern for BSA is within the smallest of their business units, being Maintain, where a number of its clients have seen a significant drop in short-term revenue which may lead them to defer non-essential maintenance work. Offsetting this, we believe the BSA Connect division volumes from NBN have continued to remain strong, particularly as more consumers join the network as they work from home. Longer term we believe the maintenance work associated with NBN will increase as users demand greater internet speeds and less downtime, particularly in locations away from CBD's that were not previously associated with such demand. Finally, BSA mentioned that their tender pipeline across the entire business is strong. Over the next 6 months we would expect the company to have secured additional work with both existing customers but also new customers i.e. Telstra, TPG Telecom and Vocus. We also expect to see BSA make significant moves into adjacent industries where their skillset is relevant in the medium-term.

## 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)	18.63%
Calliden Group Limited (ASX: CIX)	11.93%
Capitol Health Limited (ASX: CAJ)	11.60%
CML Group Limited (ASX: CGR)	9.80%
Lindsay Australia Limited (ASX: LAU)	7.70%

## INVESTMENT PORTFOLIO PERFORMANCE

	1 MONTH	1 YEAR	3 YEARS (P.A.)	5 YEARS (P.A.)	7 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (Total Return)
NCC Investment Portfolio Performance*	+5.39%	-10.81%	-5.05%	+3.07%	+7.30%	+8.14%	+75.26%
S&P/ASX Small Ordinaries Accumulation Index	+14.27%	-13.31%	+3.24%	+4.95%	+4.58%	+3.42%	+27.32%
Performance Relative to Benchmark	-8.88%	+2.50%	-8.29%	-1.88%	+2.72%	+4.72%	+47.94%

\* 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	\$64.1 million
Number of Holdings	11 Long Positions
Cash Weighting	0.44%
Standard Deviation of Returns (NCC)	16.52%
Standard Deviation of Returns (XSOAI)	16.51%
Downside Deviation (NCC)	11.79%
Downside Deviation (XSOAI)	10.88%
Percentage of Positive Months (NCC)	63%
Percentage of Positive Months (XSOAI)	56%
Shares on Issue	61,784,395
NCC Directors Shareholding (Ordinary Shares)	4,289,990
NCC Options Closing Price (ASX: NCCOB)	\$0.015

## 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

Chief Financial/  
Operating Officer  
Richard Preedy

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