

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 31 JULY 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
\$0.97	\$0.97	\$1.01	\$0.825	(14.95%)	8.79%


MARKET INSIGHT

For the month of July, the Investment Portfolio produced a positive return of +7.98%, outperforming the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +1.39%. This brings the inception return of the investment portfolio to +10.40% p.a. or +108.42% on a total return basis, outperforming the XSOAI which has increased by +4.63% p.a. or +39.98% over the same period. There were a number of notable and generally positive stock specific events that occurred in July. Pleasingly they were from investments that have not updated the market recently and have also been a detractor to overall investment performance of late. The updates were released by Wingara Ag. (ASX: WNR), Contango Asset Management (ASX: CGA) and Consolidated Operations Group (ASX: COG).

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 

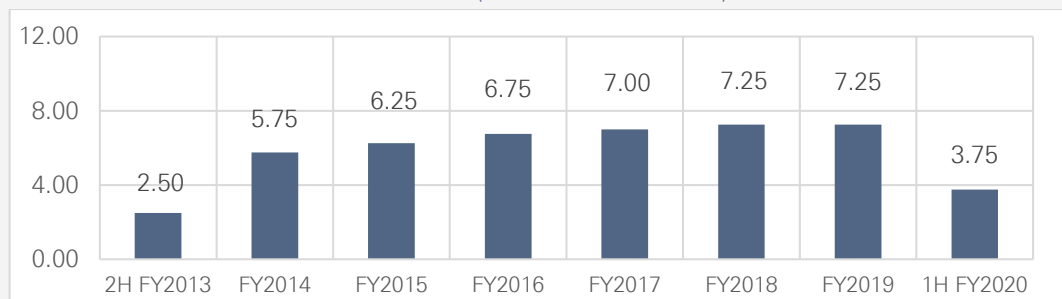
INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total Return
FY21	+7.98%												+7.98%
FY20	+6.85%	+2.86%	+6.56%	-3.56%	-0.04%	+4.11%	+11.11%	-8.57%	-28.25%	+5.39%	+8.70%	+1.32%	-0.54%
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, WNR provided a Q1 FY21 trading update as they have a March financial year-end. The Hay division continued its recent momentum, selling almost 12,000 tonnes of hay compared to 8,175 tonnes in the prior corresponding period. More pleasing is the 16,000 tonnes of Hay being held in storage, which should give WNR significant flexibility to maintain their current processing production rate for the foreseeable future, especially as this is a significant increase over the 9,000 tonnes held in storage a year ago. From a demand perspective, the key Asian export markets have reportedly held up well, with China in particular showing positive signs. WNR are also aiming to increase the current processing capacity utilisation of ~55,000 tonnes to ~75,000 tonnes by the next hay season. Pleasingly, WNR continues to grow revenue consistently, although we believe more commentary and strategic analysis should be provided around key return metrics such as Return on Assets (ROA), operating cash flow conversion and capex return hurdles to give the market a clear understanding of what the long term investment proposition is for all shareholders.

FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)



MARKET INSIGHT CONTINUED

CGA provided a Q4 FY20 trading update from both a qualitative and quantitative standpoint. Funds Under Management (FUM) increased to \$638 million, an increase of \$104m in the quarter. Pleasingly, CGA experienced net inflows every month throughout FY20 and a strong June 2020 net inflow figure of \$13 million. The two new products, WCM International Small Cap Growth Fund and a hedged version of the Global Growth Fund have seen traction in a short period of time. Most notable is the performance of the WCM Quality Global Growth strategy (exclusively distributed to retail investors in Australia by Contango) which has returned +17.9% p.a. over 5 years and 17.4% over the past 10 years. WCM now manages approximately \$85 billion globally, and its performance compares favourably to similar sized managers such as Magellan, which manages approximately \$100 billion, whose Global Fund has returned +12.02% p.a. over 5-years and +15.77% over 10 years. WCM manages ~500 million retail FUM in Australia, which highlights the potential runway for growth when compared with the domestic retail FUM base of Magellan. We believe WCM also has the potential to manage many billions of dollars in retail FUM within Australia.

Finally, COG provided unaudited FY20 results with NPATA expected to come in +6% ahead of last year's result, which we believe is an excellent outcome in the current environment. Most of the earnings were derived from the broking and aggregation division which contributed \$11.1 million in EBITDA for the year. These businesses are very similar in nature to insurance broking businesses Steadfast (ASX: SDF) or PSC Insurance (ASX:PSI), which exhibit excellent cash flow conversion and minimal ongoing capex requirements. We would implore the COG board to use these earnings to fund capital management initiatives such as a buyback or a maiden dividend.

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)	24.87%
Calliden Group Limited (ASX: CIX)	14.20%
Capitol Health Limited (ASX: CAJ)	13.81%
CML Group Limited (ASX: CGR)	11.66%
Enero Group Limited (ASX: EGG)	10.65%

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*	+7.98%	+0.51%	-0.90%	+6.65%	+5.76%	+10.40%	+108.42%
S&P/ASX Small Ordinaries Accumulation Index	+1.39%	-8.49%	+6.47%	+7.86%	+6.01%	+4.63%	+39.98%
Performance Relative to Benchmark	+6.59%	+9.00%	-7.37%	-1.21%	-0.25%	+5.77%	+68.44%

* 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	\$71.9 million
Number of Holdings	9 Long Positions
Cash Weighting	0.30%
Standard Deviation of Returns (NCC)	16.69%
Standard Deviation of Returns (XSOAI)	16.67%
Downside Deviation (NCC)	11.62%
Downside Deviation (XSOAI)	10.73%
Percentage of Positive Months (NCC)	64%
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)	\$0.007

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

Business Development
Manager
Nina Dunn

Compliance Officer
Julie Coventry

Marketing & Communications
Manager
Angela Zammit

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