

## MONTHLY INVESTMENT REPORT &amp; NTA UPDATE

AS AT 31 AUGUST 2020

## Net Tangible Asset Value Breakdown

Pre Tax NTA	Post Tax & Pre Unrealised Gains Tax NTA	Post Tax NTA	Share Price	Number of Holdings	Cumulative Fully Franked Dividends	Fully Franked Dividend Yield
\$0.71	\$0.75	\$0.75	\$0.58	10	\$0.135	6.90%

The above NTA figures are exclusive of the 1.00 cent per share fully franked Q4 FY20 dividend, which went ex-dividend on 31 August 2020 and will be paid on 16 September 2020

## Market Insight

The NSC Investment Portfolio returned +3.17% for the month of August, compared to the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which posted a positive monthly return of +7.24%, well above its larger counterpart the S&P/ASX 200 Accumulation Index (XJOAI) which returned +2.83%. August was particularly informative with all holdings of the NSC investment portfolio apart from one releasing their FY20 results, and in some cases providing a broad outlook for FY21.

The most notable positive contributors to performance for August were Consolidated Operations Group (ASX: COG), which finally announced a maiden dividend; Eureka Group Holdings (ASX: EGH) which surpassed market expectations and resumed its earnings growth momentum; and Over The Wire (ASX: OTW) which announced an acquisition and reported a very strong trading result for 2HFY20. These three positions provided a total positive contribution of over +5.50%. Offsetting these gains were BSA Limited (ASX: BSA) and MNF Group (ASX: MNF) which had a combined negative contribution of -3.50% for the month. Although the monthly performance could have been better it was pleasing to see that all positions reported sound results with no significant negative events or disappointing outlook statements for FY21. Importantly, all investments reported strong liquidity positions which we believe will further improve going forward or provide the necessary flexibility for capex requirements or potential acquisitions.

## Investment Portfolio Performance Monthly and FY Returns\*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY21	+1.53%	+3.17%											+4.74%
FY20	-0.18%	+12.91%	+8.10%	+0.17%	-1.80%	-0.57%	+2.50%	-10.15%	-18.50%	-1.65%	+8.22%	+7.77%	+2.59%
FY19	-0.60%	+4.07%	-1.34%	-7.61%	-3.04%	-3.21%	+4.16%	-3.88%	+1.14%	+0.69%	-5.17%	+1.33%	-13.29%
FY18						+1.11%	-0.93%	-0.57%	+0.25%	-3.35%	-1.16%	+1.24%	-3.44%

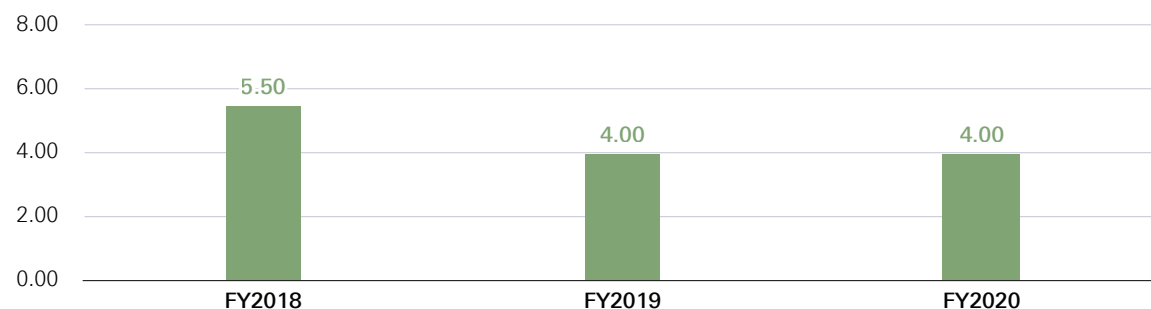
\* Investment Portfolio Performance is post all operating expenses, before fees, taxes and interest. Performance has not been grossed up for franking credits received by shareholders.

Potentially the most notable announcement in August came from OTW. They announced the acquisition of the Australian and New Zealand voice businesses of J2 Global Inc (NASDAQ: JCOM), together with their FY20 results which confirmed the business had continued to grow organically and that EBITDA margins had recovered post their dip in 1HFY20.

The acquired J2 Global assets are strategic for OTW for one notable reason, in that they offer inbound voice services, whereby the current OTW voice offering is predominantly outbound. Theoretically, if you have a relationship selling inbound voice services to a corporation it should be easier to additionally secure the outbound services by leveraging the long-standing relationship via the sticky inbound services. To quantify this opportunity OTW is bringing on another 9,000+

## Fully Franked Dividend Profile (Cents Per Share)

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



Conviction. Long Term. Aligned

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

