

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 OCTOBER 2021

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
\$1.21	\$1.22	\$1.17	\$1.085	13	\$0.575	6.91%

Market Insight

For the month of October, the NCC Investment Portfolio increased by +0.06% compared to the benchmark S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +0.92%. The NCC Investment Portfolio has now returned +13.12% p.a. since inception in February 2013, significantly outperforming the XSOAI which has returned +7.81% p.a. over this time. October brought with it the beginning of AGM season, which in our view will be one of the more important recent AGM seasons due to the impact of COVID-19 lockdowns on the economy. Two of the largest NCC investments, Saunders International (ASX: SND) and Big River Industries (ASX: BRI) held their AGMs in October and both provided relatively detailed trading updates. There were also trading updates provided by COG Financial Services (ASX: COG) which reported Q1 FY22 NPATA of \$4.7m, an increase of 147% on the prior comparative period, Wingara Ag (ASX: WNR) which reaffirmed its EBITDA guidance range, and finally BSA Limited (ASX: BSA) which downgraded their FY22 guidance due to a soft Q1 as a result of COVID-19 lockdowns.

Investment Portfolio Performance Monthly and FY Returns*

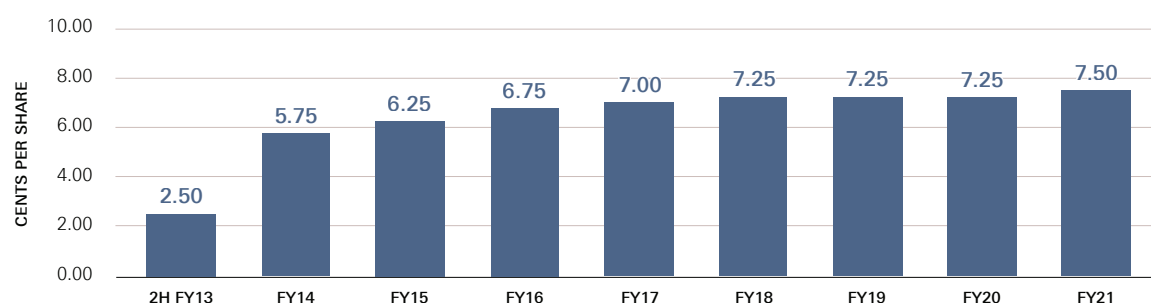
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	+1.29%	+0.55%	-0.10%	+0.06%									+1.81%
FY21	+7.98%	-0.90%	+3.69%	+6.01%	+5.57%	+1.25%	+0.23%	+4.28%	-0.79%	+8.79%	+2.72%	+1.82%	+48.34%
FY20	+6.85%	+2.86%	+6.56%	-3.56%	-0.04%	+4.11%	+11.11%	-8.57%	-28.25%	+5.39%	+8.70%	+1.32%	-0.54%
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, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

SND held what we expected to be the most important AGM update across the NCC portfolio (and the 70th AGM in SND's history). Pleasingly, SND provided revenue guidance of \$95-\$105 million together with EBIT margins of 4.5% - 5.5%. Even though this would imply a flat revenue result and a slightly lower EBIT year-on-year this would still be a commendable result as SND have been severely affected by the state-wide lockdowns and border closures. The medium-term future for SND has arguably never looked more promising with the near-term pipeline of potential work now standing at over \$800 million and management stating that they expect to see contracts being awarded late in CY21. As we have said for quite some time, we believe that SND will enter FY23 and FY24 a much larger, more mature and sophisticated business, and as such the size of contracts awarded to SND may potentially be larger and of a more complex nature. The recent acquisition of automation

Fully Franked Dividend Profile (Cents Per Share)

NCC aims to deliver shareholders a sustainable growing stream of dividends, franked to the maximum extent possible.



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

Market Insight Continued

focused Plantweave is an example of SND's increased capability set. If SND can secure these types of contracts and also develop a greater level of recurring revenues from contracts delivered to a tier-1 and government client base, then SND will be a much larger and more valuable company than the one that it is today. In addition, unlike many of its peers, SND has the financial capacity to secure such revenue growth with over \$23 million in cash on hand and \$25 million of bonding facilities meaning in theory we believe SND could fund circa \$500 million of revenue.

BRI provided what we viewed as a very upbeat trading update at their AGM in late October. FY22 revenue is now expected to be at the top end of the previous guidance i.e., ~\$350 million, and this figure does not allow for any contribution for the recently acquired United Building Supplies which could add another ~\$10 million revenue for FY22. Notably the company also stated that not only has there been strong demand from segments relating to infrastructure and new homes, but multi-residential and commercial sectors are also showing signs of growth which the company expects to flow through in FY23.

We expect BRI to continue to re-rate as the market starts to appreciate the long runway for growth this business has. The stock should also increase in liquidity and relevance as we would expect the private equity firm who owns ~30% of BRI to sell down in order to meet their own internal fund maturity deadlines over the next 12-24 months.

Core Investment Portfolio Examples



BSA
ASX: BSA

BSA is a solutions focused technical services organisation. BSA assist clients in implementing their physical assets, needs and goals in the areas of Building Services, Infrastructure and Telecommunication. BSA clients include National Broadband Network (NBN), Aldi Supermarkets, Foxtel and the Fiona Stanley Hospital.



Saunders International
ASX: SND

Saunders International was established in 1951 and provides construction, maintenance and remediation services to the energy, resources and infrastructure sectors. Clients include Sydney Water, Australian Government, Lend Lease and Rio Tinto.



BTC Health
ASX: BTC

BTC Health is a founder led high growth distributor of niche high quality medical devices in Australia and New Zealand. The company's strategy is to make active investments in businesses that acquire, develop and commercialize product opportunities in the healthcare space which will benefit from greater access to development capital.

Investment Portfolio Performance

	1 Month	1 Year	5 Years (p.a.)	7 Years (p.a.)	Inception (p.a.)	Inception (Total return)
NCC Investment Portfolio Performance*	+0.06%	+28.40%	+6.61%	+10.13%	+13.12%	+191.50%
S&P/ASX Small Ordinaries Accumulation Index	+0.92%	+31.01%	+11.45%	+10.59%	+7.81%	+91.99%
Performance Relative to Benchmark	-0.86%	-2.61%	-4.84%	-0.46%	+5.31%	+99.51%

*Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO and all subsequent capital raising costs. 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	\$127.1 million
Cash Weighting	1.57%
Standard Deviation of Returns (NCC)	15.94%
Standard Deviation of Returns (XSOAI)	16.18%
Downside Deviation (NCC)	10.84%
Downside Deviation (XSOAI)	10.08%
Shares on Issue	72,952,814
NCC Directors Shareholding (Ordinary Shares)	5,231,774
NCC convertible notes on issue (ASX: NCCGA)	230,000
NCC convertible note price	\$101.00

NAOS Asset Management Giving Back

NAOS Asset Management Limited, the Investment Manager, donates approximately 1% of all management fees to the following charities.



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