

MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 31 OCTOBER 2018

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
\$1.19	\$1.19	\$1.18	\$1.205	1.26%	6.02%

MARKET INSIGHT

For the month of October, the Investment Portfolio returned -6.09%, outperforming the Benchmark Small Ordinaries Accumulation Index (XSOAI) which fell by -9.60%. This brings the performance since inception of 5 years and 8 months to +117.37% vs. the Benchmark which has returned +31.24% over the same period. Aside from the market volatility, October was a busy month for our portfolio companies with Saunders International (ASX: SND), Big River Group (ASX: BRI) and Enero Group (ASX: EGG) all providing trading updates for FY19 at their Annual General Meetings (AGMs). The last day of the month also saw the release of the Wingara Ag (ASX: WNR) 1H FY19 result.

At the beginning of the month, SND provided a qualitative update which was positive for two of the three divisions, yet the tank construction business remains unable to convert any significant tenders over the near term, which will continue to hold back the earnings of SND. In saying this, the pipeline remains solid for this division, and work can only be deferred for so long particularly when the macro drivers for tank storage remain positive.

EGG also held their AGM early in October and pleasingly reported strong Q1 FY19 performance, in-line with expectations when allowing for the full contribution from the acquisition of Orchard (a creative technology firm). Of more interest was the increase in disclosure around clients such as Facebook across three different markets, Eaton Corporate in sixteen markets, and McAfee across eight different markets. Together with Australian accounts for Aldi, Hyundai and several government agencies, EGG has significant momentum going into the end of 1H FY19 as well as a significant cash balance that could be deployed on a strategic acquisition.

Pleasingly the BRI AGM provided a significant increase in disclosure across each business division and their respective profitability. Across the industry there have clearly been issues in NSW and QLD due to the significant amount of wet weather in October. Despite this, BRI managed to produce positive like-for-like distribution sales growth together with actual sales growth including acquisitions of 6%. It is encouraging to see last year's issue within the manufacturing business appear to have been addressed, with the division producing a 5% contribution increase YOY, even with lower volume output.


Finally, WNR released their maiden half year result under their new March financial year-end. At a headline level EBITDA rose to \$2.8 million, with five out of the six months benefiting from the Austco Polar Cold Storage business acquisition. Importantly, WNR was able to fund all of the capital investment, labour and training for the new hay processing and storage site at Raywood which, when added to the existing operations, will see WNR have a combined hay processing capacity of at least 100,000 tonnes per annum. This facility had no contribution on the 1H FY19 but we expect it to make a small contribution in 2H FY19.


INVESTMENT PORTFOLIO PERFORMANCE


	1 MONTH	1 YEAR	3 YEARS (P.A.)	4 YEARS (P.A.)	5 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (NOM.)
NCC Investment Portfolio Performance*	-6.09%	-4.28%	+13.45%	+10.03%	+9.12%	+14.66%	+117.37%
S&P/ASX Small Ordinaries Accumulation Index	-9.60%	+2.59%	+10.53%	+8.45%	+6.00%	+4.91%	+31.24%
Outperformance Relative to Benchmark	+3.51%	-6.87%	+2.92%	+1.58%	+3.12%	+9.75%	+86.13%

*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 nom.) includes part performance for the month of February 2013. Returns compounded for periods greater than 12 months.

INVESTMENT BELIEFS

VALUE WITH LONG TERM GROWTH 

QUALITY OVER QUANTITY 

INVEST FOR THE LONG TERM 

PERFORMANCE V LIQUIDITY FOCUS 

IGNORE THE INDEX 

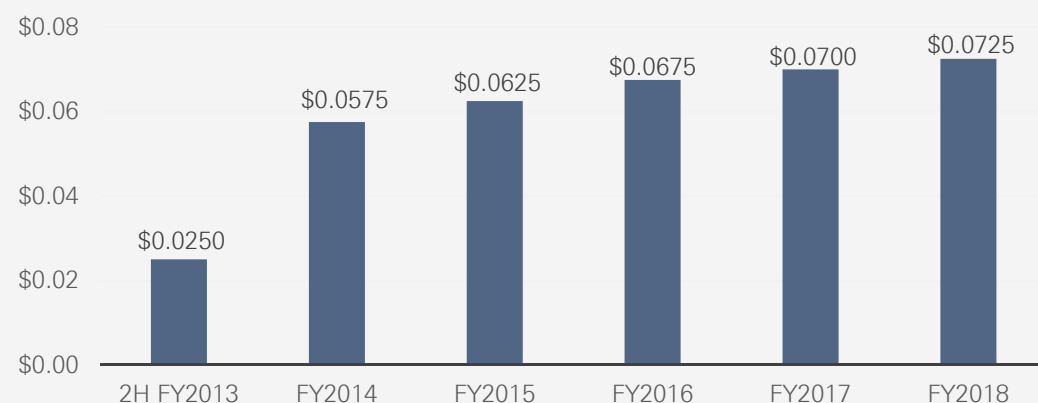
PURE EXPOSURE TO INDUSTRIALS 

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) 

MANAGEMENT ALIGNMENT 

FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

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



STOCK CONTRIBUTION ANALYSIS

The table below lists the top 5 positive stock contributors to the investment portfolio since inception.

TOP 5 POSITIVE CONTRIBUTORS	CONTRIBUTION TO RETURN (%NAV)
BSA Limited (ASX: BSA)	+23.02%
Calliden Group Limited (ASX: CIX)	+15.26%
Capitol Health Limited (ASX: CAJ)	+14.83%
Consolidated Operations Group Limited (ASX: COG)	+13.69%
CML Group Limited (ASX: CGR)	+11.44%

KEY METRICS – SUMMARY DATA

Weighted Average Market Capitalisation of the Investments	\$89 million
Number of Holdings	9 Long Positions
Cash Weighting	0.00%
Standard Deviation of Returns (NCC)	10.87%
Standard Deviation of Returns (XSOAI)	13.29%
Downside Deviation (NCC)	5.07%
Downside Deviation (XSOAI)	7.51%
Percentage of Positive Months (NCC)	68%
Percentage of Positive Months (XSOAI)	57%
Shares on Issue	59,905,339
NCC Directors Shareholding (Ordinary Shares)	4,000,375

INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY19	-2.42%	+3.94%	+2.88%	-6.09%								
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%
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%
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%
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%
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%
FY13								+0.03%	+3.81%	+3.03%	+4.48%	-0.99%

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NAOS

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David Rickards (Independent)

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Sebastian Evans

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Rajiv Sharma

Chief Investment Officer
Sebastian Evans

Portfolio Managers
Robert Miller
Ben Rundle

Investment Analyst
Rachel Folder

Chief Financial/
Operating Officer
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