

## MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 31 AUGUST 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
\$1.17	\$1.18	\$1.14	\$1.005	(14.10%)	5.22%

The above NTA figures include the 2.5 cents per share fully franked FY18 final dividend, which went ex-dividend on 3 September 2018 and will be paid on 19 September 2018.

## MARKET INSIGHT

August brought with it the end of another reporting season for the NAC investment portfolio and pleasingly the majority of the Company updates were well received, with the investment portfolio producing a monthly return of +6.23%, outperforming the Benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI) which increased by +2.89% over the same period. This brings the investment portfolio return to +78.03% against XKIAI which has returned 37.95% over the last 3 years and 9 months.

As many of our shareholders would understand it is core to the NAOS investment philosophy to preserve shareholders' capital in any investment decision that we make. Against this backdrop it was pleasing to see that a majority of the investments held within the portfolio achieved this goal, with a number of investments posting significant positive gains over the month of August, including Smartgroup Corporation (ASX: SIQ), Service Stream Ltd (ASX: SSM) and Helloworld Travel (ASX: HLO).

Travel agency group Helloworld reported a strong set of results together with full year guidance for FY19 to which the market reacted favourably, with the HLO share price finishing up over 15% for the month. We believe that HLO still currently trades at a significant discount to listed peers Corporate Travel Management (ASX: CTD) and Flight Centre Travel Group (ASX: FLT), despite having similar qualities to the two. HLO management have an impressive track record with 30 years of experience within the industry and are strongly aligned with shareholders via a 35% equity ownership stake. The company trades on less than 15x our estimated FY19 earnings and has a healthy balance sheet, which places it in a strong position for selective acquisitive growth.

Smartgroup (ASX: SIQ) reported another strong half year result, resulting in a share price increase of over 12% in August, which we believe was driven by the level of organic earnings growth the company continues to achieve. Over the past 12 months SIQ has been able to grow its existing salary packaging client base by delivering multiple services such as payroll and HR functions. As a result, the group now has 138 of its clients using at least two services provided by SIQ, and 11 clients using at least three services. By increasing penetration within its existing client base, the competitive position of SIQ becomes stronger, as clients may be less likely to move to another provider during contract tender periods. Furthermore, it allows Smartgroup to develop a greater understanding of the needs of its client base and hence improve its offering to increase customer satisfaction.

## INVESTMENT PORTFOLIO PERFORMANCE

	1 MONTH	6 MONTH	1 YEAR (P.A.)	2 YEARS (P.A.)	3 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (NOM.)
NAC Investment Portfolio Performance*	+6.23%	+5.16%	+17.14%	+7.20%	+18.10%	+16.39%	+78.03%
S&P/ASX 300 Industrials Accumulation Index	+2.89%	+7.46%	+14.24%	+10.38%	+10.43%	+8.84%	+37.95%
Outperformance Relative to Benchmark	+3.34%	-2.30%	+2.90%	-3.18%	+7.67%	+7.55%	+40.08%

\* 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 November 2014. 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)

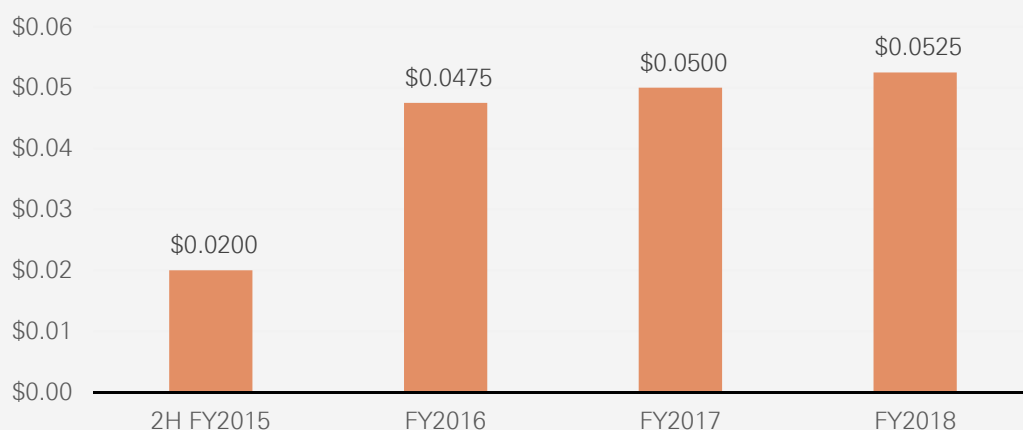


MANAGEMENT ALIGNMENT



## FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

NAC aims to deliver shareholders a sustainable growing stream of fully franked quarterly 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)
MNF Group Limited (ASX: MNF)	+8.99%
Smartgroup Corporation Limited (ASX: SIQ)	+7.37%
BSA Limited (ASX: BSA)	+7.02%
Event Hospitality & Entertainment Limited (ASX: EVT)	+6.13%
Elders Limited (ASX: ELD)	+5.81%

## KEY METRICS – SUMMARY DATA

Weighted Average Market Capitalisation of the Investments	\$886.9 million
Number of Holdings	11 Long Positions
Cash Weighting	8.09%
Standard Deviation of Returns (NAC)	9.32%
Standard Deviation of Returns (XKIAI)	11.02%
Downside Deviation (NAC)	2.84%
Downside Deviation (XKIAI)	5.94%
Percentage of Positive Months (NAC)	63%
Percentage of Positive Months (XKIAI)	65%
Shares on Issue	52,536,889
NAC Directors Shareholding (Ordinary Shares)	7,450,952

## INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS\*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY19	+0.24%	+6.23%										
FY18	-0.54%	+0.76%	+1.22%	+2.28%	+6.69%	+3.18%	-0.27%	-1.99%	+0.23%	-2.05%	+0.85%	-0.25%
FY17	+3.81%	+5.01%	+3.84%	-0.22%	-0.63%	-1.98%	+0.35%	-2.56%	+1.48%	-2.78%	-0.11%	+0.65%
FY16	+0.31%	-1.35%	+1.98%	+3.38%	+3.63%	+7.93%	-2.39%	-1.02%	+5.97%	+4.48%	+4.83%	-0.51%
FY15					+0.54%	-1.66%	+2.77%	+0.88%	+2.73%	+0.43%	+4.87%	-1.54%

\* 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.

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NAOS

## OUR TEAM

### Chairman

David Rickards (Independent)

### Directors

Warwick Evans

Sebastian Evans

### Company Secretary/

Senior Legal Counsel

Rajiv Sharma

### Chief Investment Officer

Sebastian Evans

### Portfolio Managers

Robert Miller

Ben Rundle

### Investment Analyst

Rachel Folder

### Chief Financial/

Operating Officer

Richard Preedy

### Business Development

Manager

Julia Stanistreet

### Communications

& Marketing

Megan Walker

### Distribution &

Sales Manager

Scott Hildebrand

## ENQUIRIES

Telephone: (02) 9002 1576

Email: [enquiries@naos.com.au](mailto:enquiries@naos.com.au)

[www.naos.com.au](http://www.naos.com.au)