

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 NOVEMBER 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
\$1.35	\$1.35	\$1.25	\$1.10	7	\$0.289	4.82%

* Pre-tax NTA is after the payment of \$251k (0.55 cents per share) in tax during the month.

Market Insight

The month of November saw the NAC Investment Portfolio increase by +5.41%, underperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI) which increased by a substantial +10.12%, and the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) returning an equally impressive +10.27%. This brings portfolio performance since inception to +15.86% p.a., outperforming the benchmark index which has returned +7.17% p.a. over the same period. The incredibly strong market return for November was driven by two key events, namely the apparent victory of Joe Biden to become the next president of the United States, and potentially more importantly by the news that three vaccine candidates have shown very high levels of efficacy in late stage trials. Annual General Meeting (AGM) season continued with Eureka Group Holdings (ASX: EGH) and Objective Corporation (ASX: OCL) providing detailed updates. Finally, most of the state borders were opened towards the end of the month and we believe that this will provide significant momentum for domestic tourism businesses such as Experience Co. (ASX: EXP).

Investment Portfolio Performance Monthly and FY Returns*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY21	+5.04%	+11.43%	+3.96%	+5.24%	+5.41%								+34.99%
FY20	+0.50%	+8.14%	+6.58%	+1.99%	+0.98%	+0.87%	+2.31%	-13.80%	-22.22%	+8.81%	+18.84%	+4.15%	+11.16%
FY19	+0.24%	+6.23%	-1.46%	-10.41%	+1.93%	-4.57%	+5.20%	+0.10%	-0.10%	+3.65%	-4.74%	+2.29%	-2.86%
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%	+10.25%
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%	+6.69%
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%	+30.16%
FY15					+0.54%	-1.66%	+2.77%	+0.88%	+2.73%	+0.43%	+4.87%	-1.54%	+9.21%

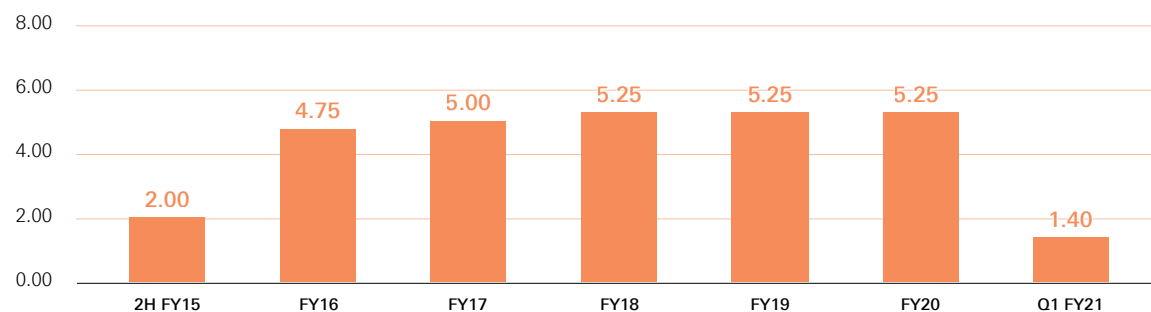
* Investment portfolio performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

EGH provided a market update at their AGM in early November which included FY21 guidance at the EBITDA level of \$9.8 million - \$10.2 million, representing a significant increase on the PCP EBITDA result of \$8.1 million. Pleasingly occupancy has remained strong at >95% and the sale of non-core assets continues to progress, which may provide funds for organic and inorganic growth opportunities. We continue to believe that EGH has numerous levers that will facilitate earnings growth at a significant rate going forward, and when overlaid with the current industry tailwinds we strongly believe that EGH will be highly attractive to investors, especially in an extremely low interest rate environment.

Similarly to previous years, OCL released a detailed presentation at their AGM. There were no new material comments provided, but in our view a few interesting comments that support the long-term growth potential of the business. Firstly, FY21 guidance was reiterated for "material growth in revenue and profitability", secondly acquisitions remain a core part of the strategy, and

Fully Franked Dividend Profile (Cents Per Share)

NAC 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

Market Insight Continued

finally more detail was provided on the integration of iTree, together with the recent product launches of Gov365 and Objective Build. With the annualised recurring revenue ('ARR') now standing at \$53 million we believe that OCL remains on target to achieve or even exceed their long term ARR ambition of >\$127 million as per the release at their 2018 AGM. From a valuation perspective, in our view the highly publicised IPO of Nuix is a fair comparable to OCL, with the former expected to raise close to \$1 billion at a revenue multiple of 9 times. It is also worth noting there are some significant differences between the businesses, which include Nuix capitalising >85% of their R&D, as opposed to OCL which expenses 100%.

Finally, many of the domestic state borders are either now open or expected to be opened in the near future. Clearly, this will continue to provide Experience Co with a strong tailwind leading into the key summer holiday season. With EXP's Australian operations running at between 30% and 40% capacity to the PCP before the border re-openings, we believe there is significant earnings potential from greater domestic demand which may lead to greater profit leverage. In theory, EXP should emerge from COVID-19 as a much more efficient business with a lower overall cost base and greatly reduced commission model to 3rd party sellers, which may result in EBITDA being significantly higher than the results the business delivered under the previous management's strategy.

Core Investment Portfolio Examples

Objective	PEOPLE INFRASTRUCTURE	mnf group
Objective Corporation ASX: OCL Objective is a founder led enterprise software company providing specialist software for regulated industries such as government, councils and financial services. Objective has mission critical software, built on providing improved governance, service delivery and workflow/process efficiency., OCL is a global leader in this space, with over 1000 customers and 10 product offerings across many countries.	People Infrastructure ASX: PPE People Infrastructure is a founder led provider of specialist staffing solutions mainly to the healthcare & IT industries. Growth in the industry is being driven by demand for more flexibility in working hours by both staff and employers. PPE has over 3,000 clients including Wesley Mission, Healthscope and NSW Health.	MNF Group ASX: MNF MNF is a founder led software company, which specialises in proprietary digital network infrastructure for voice communications. With 'next generation' networks in Australia, NZ and Singapore, MNF provides voice carriage and value-added software services to some of the world's largest software companies and wants to expand further into the APAC region.

Investment Portfolio Performance

	1 Month	1 Year	3 Years (p.a.)	5 Years (p.a.)	Inception (p.a.)	Inception (Total return)
NAC Investment Portfolio Performance*	+5.41%	+25.79%	+13.23%	+15.60%	+15.86%	+143.74%
S&P/ASX 300 Industrials Accumulation Index	+10.12%	-2.59%	+6.02%	+7.49%	+7.17%	+52.01%
Outperformance Relative to Benchmark	-4.71%	+28.38%	+7.21%	+8.11%	+8.69%	+91.73%

* 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. Since inception (P.A. and Total Return) includes part performance for the month of November 2014. Returns compounded for periods greater than 12 months.

Key Metrics – Summary Data

Weighted Average Market Capitalisation of the Investments	\$477.7 million
Cash Weighting	2.52%
Standard Deviation of Returns (NAC)	17.95%
Standard Deviation of Returns (XKIAI)	14.92%
Downside Deviation (NAC)	11.42%
Downside Deviation (XKIAI)	10.23%
Shares on Issue	45,371,534
NAC Directors Shareholding (Ordinary Shares)	8,071,679
NAC Options Closing Price (ASX: NACOA)	\$0.13
NAC Options on Issue	23,431,619
Fully Diluted pre-tax NTA	\$1.24
Fully Diluted post-tax NTA	\$1.18

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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