

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 DECEMBER 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
\$1.26	\$1.26	\$1.20	\$1.075	9	\$0.289	4.93%

* Pre-tax NTA is after the payment of \$226k (0.50 cents per share) in tax during the month.

Market Insight

The month of December saw the NAC Investment Portfolio decrease by -5.38%, underperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAL) which fell by -0.43% and the S&P/ASX Small Ordinaries Accumulation Index (XSOAI), which delivered a positive return of +2.76%. This brings portfolio performance since inception to +14.59% p.a., outperforming the benchmark index which has returned +6.99% p.a. over the same period. It was an eventful end to CY20 for the NAC investment portfolio with People Infrastructure Limited (ASX: PPE) and Over The Wire Holdings (ASX: OTW) providing significant updates. The other notable event which unfolded towards the end of the month that will have ramifications for Experience Co. (ASX: EXP) (albeit out of the company's control) was the flare up of COVID-19 community transmissions in NSW, which has again led to a number of border restrictions or even closures.

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%	-5.38%							+27.73%
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%

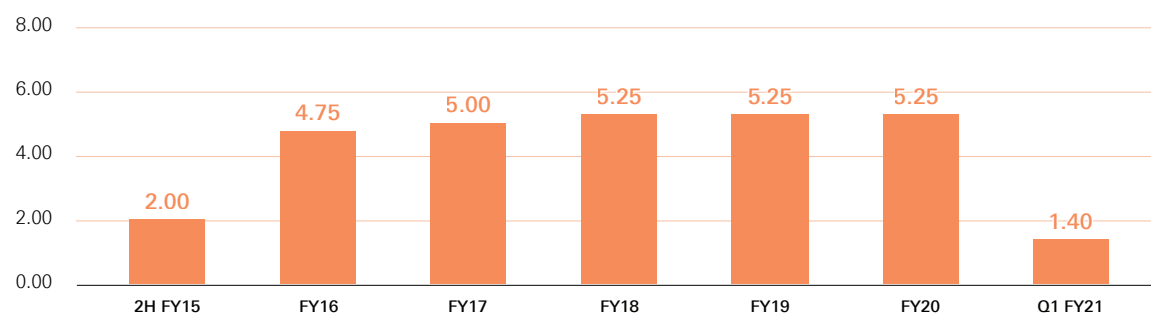
* Investment portfolio performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

Firstly, PPE made two small but strategically important acquisitions of businesses which provide employment solutions for technology roles in NSW government and blue-chip organisations. The acquisitions will be highly accretive as they are expected to produce EBITDA of \$1.30 million on an annualised basis, and total consideration paid was just over \$5 million. We believe these are strategically important acquisitions for PPE for two specific reasons. Firstly, the management talent that comes with the two founders of these businesses will now become an integral part of the PPE offering on technology roles, and secondly the geographical presence and customer list that these acquisitions bring, given they have a strong NSW presence, together with key clients such as NSW Government and large finance and insurance organisations.

OTW provided a business update for 1H FY21 which also included profit guidance for the period. On face value, the profit guidance for 1H FY21 was lower than many would have been expecting. To their credit, OTW management provided excellent transparency around the drivers of the guidance figures with the non-recurring revenue division the clear reason behind the weaker 1H. Looking further out there were a number of positive comments, including the large recurring contract signed with

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

Eagers Automotive (ASX: APE), as well as positive progress regarding their tier 1 nationwide voice network which should be up and running in 2H FY21, with the potential for >\$2million of cost synergies in the 12 months following implementation. As was the case with FY20, it will be critical for OTW management to show that the business can continue to grow the recurring revenue line at ~10% p.a. with excellent free cash flow generation.

Finally, at the time of writing QLD, WA and VIC have closed their borders to all NSW residents with very little warning. Such events cause significant challenges for tourism operators as these border closures have occurred during the peak holiday season and the borders (based on recent experience) are not expected to open prior to the end of school holidays. Clearly these events will be detrimental to the short-term earnings of EXP, and more concerning in our view is how these events affect the potential earnings of the business if stimulus programs such as JobKeeper cease to operate at the end of March as they are currently scheduled to. Taking a longer term view we believe EXP is one of the better positioned domestic tourism operators as they have a dominant market position with a proven management team and minimal debt. In a strange way these recent events may lead to an ideal acquisition candidate finally willing to negotiate due to today's extreme circumstances, which could be a significant boon for EXP over the longer term.

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*	-5.38%	+17.99%	+10.01%	+12.59%	+14.59%	+130.62%
S&P/ASX 300 Industrials Accumulation Index	-0.43%	-0.09%	+5.62%	+6.68%	+6.99%	+51.36%
Outperformance Relative to Benchmark	-4.95%	+18.08%	+4.39%	+5.91%	+7.60%	+79.26%

* 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	\$422 million
Cash Weighting	0.46%
Standard Deviation of Returns (NAC)	18.03%
Standard Deviation of Returns (XKIAL)	14.82%
Downside Deviation (NAC)	11.47%
Downside Deviation (XKIAL)	10.17%
Shares on Issue	45,508,508
NAC Directors Shareholding (Ordinary Shares)	8,080,379
NAC Options Closing Price (ASX: NACOA)	\$0.10
NAC Options on Issue	23,294,645
Fully Diluted pre-tax NTA	\$1.18
Fully Diluted post-tax NTA	\$1.14

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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Our Team

Chairman

David Rickards
(Independent)

Directors

Warwick Evans
Sebastian Evans
Sarah Williams
(Independent)

Chief Investment Officer

Sebastian Evans

Portfolio Managers

Robert Miller
Ben Rundle

Chief Financial/Operating Officer

Richard Preedy

Business Development Manager

Nina Dunn

Head of Legal and Compliance

Rajiv Sharma

Marketing & Communications Manager

Angela Zammit

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A
O
S

Enquiries

(02) 9002 1576

enquiries@naos.com.au

www.naos.com.au