

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 SEPTEMBER 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
\$1.60	\$1.58	\$1.45	\$1.18	9	\$0.3325	4.87%

Market Insight

The month of September saw the NAC Investment Portfolio increase by +7.06%, significantly outperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI) which decreased by -0.77% as well as its smaller counterpart the S&P/ASX Small Ordinaries Accumulation Index which decreased by -2.14%. This brings portfolio performance since inception to +17.64% p.a., outperforming the benchmark index which has returned +8.91% p.a. over the same period. As mentioned in last month's investment update, although we felt that many of the investments were primed for growth over the medium to long term, we did not expect such sharp share price increases in September. It was a very eventful month with Experience Co (ASX: EXP) announcing a large acquisition and capital raising, Urbanise.com (ASX: UBN) announcing that it has signed a facilities management contract with Colliers Australia, and Gentrack Group (ASX: GTK) providing an upgrade to FY21 guidance as well as positive commentary around the FY22 outlook. From a contribution perspective nearly all the NAC investments added value over the month with detractors kept to a minimum.

Investment Portfolio Performance Monthly and FY Returns*

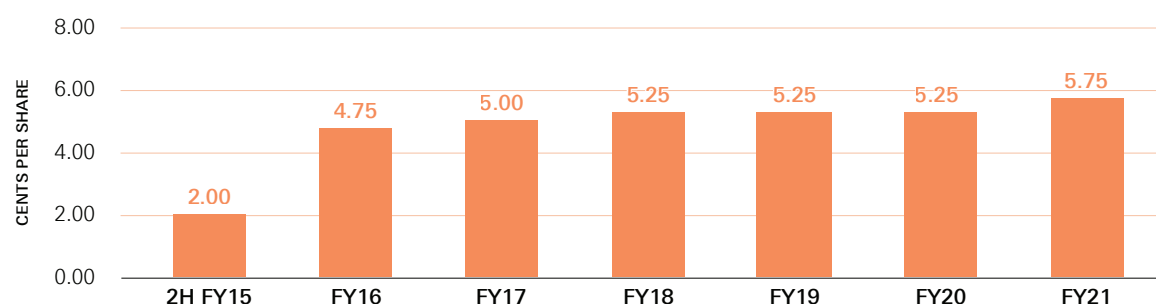
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	-4.12%	+1.05%	+7.06%										+3.73%
FY21	+5.04%	+11.43%	+3.96%	+5.24%	+5.41%	-5.38%	-2.24%	+10.04%	+2.57%	+4.55%	+4.27%	+6.33%	+63.36%
FY20	+0.50%	+8.14%	+6.58%	+1.99%	+0.98%	+0.87%	+2.31%	-13.80%	-22.22%	+8.81%	+18.84%	+4.15%	+11.16%
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.

On the last day of the month EXP went into trading halt and announced that it had entered into a binding agreement to acquire Tree Adventure, Australia's leading operator of adventure experiences (predominantly tree top rope courses). The total consideration payable was ~\$47 million which over time should equate to an EBITDA multiple of 6 times. We view the acquisition as highly complementary and very strategic for a number of reasons. Firstly, the business is the industry leader by some distance and is also vertically integrated i.e., it can source sites, design and operate, and there is also significant scope to double the number of sites over time, thus potentially doubling the EBITDA. In addition, with over 400,000 visits a year this provides EXP with a significant client base to cross sell their existing skydiving and cruise products to. The acquisition was funded via a \$55 million capital raise which was clearly more than what was required and will arguably be dilutionary in the short term. However, if management can execute on this acquisition and the earnings quality of the existing business comes through over time, balance sheet flexibility will grow significantly and potentially allow EXP to continue to grow out their 2 new business pillars via further complementary M&A.

Fully Franked Dividend Profile (Cents Per Share)

NAC 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

UBN signed what could in time be a significant contract win for the company (albeit this release was only made on their website and not the ASX). Although in the short term this agreement may not move the dial, from a potential point of view we believe this is an important development as it provides UBN with exposure to a global tier-1 Facilities Management (FM) services provider. Over the next 12 months we expect UBN to modify their systems so that they work effectively within the Colliers ecosystem, and if UBN can execute on this successfully then we see significant potential for UBN to expand this relationship with Colliers globally. The agreement is also not exclusive and as many would know there are a number of large FM players such as Cushman and Wakefield, CBRE and JLL, all of which may benefit from the use of the UBN technology platform.

Finally, GTK upgraded guidance for FY21 by ~20% and stated they expect revenue for FY22 to be ahead of FY21. We believe this is a significant announcement as GTK had experienced a number of client losses under previous management which is expected to impact the FY22 revenue run-rate. GTK will release their FY21 results in late November (as they have a September year-end), at which time we will comment in more detail.

Core Investment Portfolio Examples

 <p>Gentrack Group Limited ASX: GTK</p> <p>Gentrack provides leading utilities across the world with innovative cleantech solutions. Working with some of the world's biggest energy and water companies, as well as innovative challenger brands, they help companies reshape what it means to be a utilities business.</p>	 <p>Over The Wire ASX: OTW</p> <p>Over The Wire is a founder led B2B provider for IT & telecommunication systems. OTW's purpose is to simplify technology to empower business through service offerings such as a national voice network, public cloud, PaaS/ IaaS, cyber security services and on demand cloud connectivity.</p>	 <p>Urbanise.com Limited ASX: UBN</p> <p>Urbanise.com Limited is a SaaS business, headquartered in Australia, offering solutions for facilities and strata managers. Their cloud platforms are transformative for users by improving customer service, reducing operational costs, providing key analytics and enabling new revenue streams.</p>
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Investment Portfolio Performance

	1 Month	1 Year	3 Years (p.a.)	5 Years (p.a.)	6 Years (p.a.)	Inception (p.a.)	Inception (Total return)
NAC Investment Portfolio Performance*	+7.06%	+39.26%	+20.36%	+13.72%	+18.55%	+17.64%	+205.95%
S&P/ASX 300 Industrials Accumulation Index	-0.77%	+33.80%	+10.25%	+9.79%	+10.20%	+8.91%	+79.90%
Outperformance Relative to Benchmark	+7.83%	+5.46%	+10.11%	+3.93%	+8.35%	+8.73%	+126.05%

*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	\$197.4 million
Cash Weighting	2.44%
Standard Deviation of Returns (NAC)	17.84%
Standard Deviation of Returns (XKIAL)	14.26%
Downside Deviation (NAC)	10.96%
Downside Deviation (XKIAL)	9.68%
Shares on Issue	45,151,222
NAC Directors Shareholding (Ordinary Shares)	8,141,555
NAC Options Closing Price (ASX: NACOA)	\$0.125
NAC Options on Issue	21,971,016
NAC Convertible Notes Closing Price (ASX: NACGA)	\$107.50
NAC Convertible Notes on Issue	175,000
Fully Diluted pre-tax NTA	\$1.37
Fully Diluted post-tax NTA	\$1.28

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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