

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 NOVEMBER 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
\$1.56	\$1.55	\$1.43	\$1.225	8	\$0.3485	4.86%

*Pre-tax NTA is after the payment of \$304k (0.66 cents per share) in tax during the month.

Market Insight

The month of November saw the NAC Investment Portfolio decrease by -3.57%, underperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI) which decreased by -1.48% as well as its smaller counterpart the S&P/ASX Small Ordinaries Accumulation Index which decreased by -0.31%. This brings portfolio performance since inception to +17.27% p.a., outperforming the benchmark index which has returned +8.49% p.a. over the same period. After an eventful October, November didn't disappoint, with numerous events occurring which included Eureka Group (ASX: EGH) providing a trading update as well as announcing an acquisition, Gentrack Group (ASX: GTK) releasing their FY21 results, along with numerous Annual General Meetings (AGMs) for companies such as Urbanise.com (ASX: UBN), Experience Co. (ASX: EXP) and Objective Corporation (ASX: OCL).

Investment Portfolio Performance Monthly and FY Returns*

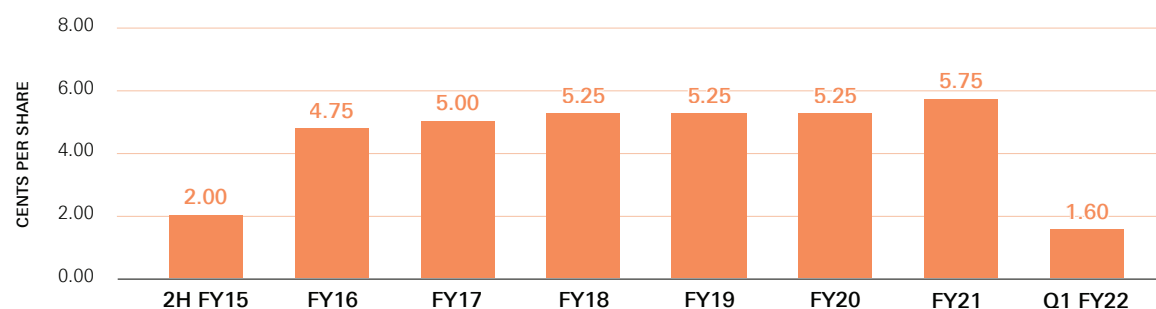
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	-4.12%	+1.05%	+7.06%	+4.21%	-3.57%								+4.24%
FY21	+5.04%	+11.43%	+3.96%	+5.24%	+5.41%	-5.38%	-2.24%	+10.04%	+2.57%	+4.55%	+4.27%	+6.33%	+63.36%
FY20	+0.50%	+8.14%	+6.58%	+1.99%	+0.98%	+0.87%	+2.31%	-13.80%	-22.22%	+8.81%	+18.84%	+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.

EGH announced the acquisition of a management and letting rights portfolio based in Queensland for a consideration of \$6.10 million, which is expected to generate a 13% per annum return on a pre-tax basis. On face value we believe this is an excellent acquisition for EGH as it allows the business to scale its management rights portfolio, but more importantly it provides the business with a pipeline of units that they can acquire as and when they come up for sale. EGH also held their AGM and provided FY22 EBITDA guidance of \$11.5 - \$11.8 million, which reflects growth of ~10% YOY. We believe this guidance is conservative after factoring in both the contributions from prior year acquisitions and margin expansion from increased efficiency gains. We continue to believe the outlook for EGH has never been brighter as they now have a sound 2-3-year growth outlook driven by greenfield expansion, acquisition opportunities and converting managed units into owned units. Once EGH clearly articulates how they plan to fund this growth pipeline we believe that the shares will significantly re-rate as the business now has the capability and runway to increase the number of units it owns by 2-3 times over the next three to five years. In our view, such a scale increase would lead to an institutionalisation of the industry and a significant reduction in cap rates applied to the asset values which may result in EGH's Net Tangible Assets per share increasing significantly to >\$0.75.

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

The most notable event for the month came from one of our more recent portfolio additions, Gentrack Group, as they released their FY21 results. In our view we believe the result was a significant positive step in reaching, and potentially exceeding, their FY24 targets. In our view, there were three key highlights to the result. Firstly, the number of new business wins in both the utility and airports divisions arguably exceeded management's expectations and has led to stronger revenue growth in the short term. This is also clear vindication that the GTK software and service offering is highly competitive and has improved significantly in a short period of time under the stewardship of a new management team. Secondly, the working capital management was excellent with few, if any bad debts, which has resulted in GTK sitting on a very healthy net cash balance sheet. Finally, disclosure has also improved which has allowed current and potential investors to make more objective and rational decisions about the businesses outlook. In our view, the market continues to heavily discount the growth potential of the business (which has multiple avenues) as well as applying a discount to a management team who have successfully worked together at a much larger organisation in an adjacent industry to that of GTK.

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*	-3.57%	+26.14%	+24.26%	+14.02%	+17.29%	+17.27%	+207.45%
S&P/ASX 300 Industrials Accumulation Index	-1.48%	+16.85%	+12.49%	+9.54%	+9.00%	+8.49%	+77.62%
Outperformance Relative to Benchmark	-2.09%	+9.29%	+11.77%	+4.48%	+8.29%	+8.78%	+129.83%

*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	\$221.2 million
Cash Weighting	0.39%
Standard Deviation of Returns (NAC)	17.76%
Standard Deviation of Returns (XKIAL)	14.12%
Downside Deviation (NAC)	10.88%
Downside Deviation (XKIAL)	9.58%
Shares on Issue	46,281,083
NAC Directors Shareholding (Ordinary Shares)	8,160,357
NAC Options Closing Price (ASX: NACOA)	\$0.155
NAC Options on Issue	20,262,103
NAC Convertible Notes Closing Price (ASX: NACGA)	\$106.00
NAC Convertible Notes on Issue	175,000
Fully Diluted pre-tax NTA	\$1.35
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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Important Information: This material has been prepared by NAOS Asset Management Limited (ABN 23 107 624 126, AFSL 273529) (NAOS) as investment manager of the listed investment company referred to herein (Company). This material is provided for general information purposes only and must not be construed as investment advice. It does not take into account the investment objectives, financial situation or needs of any particular investor. Before making an investment decision, investors should consider obtaining professional investment advice that is tailored to their specific circumstances. Past performance is not necessarily indicative of future results and neither NAOS nor the Company guarantees the future performance of the Company, the amount or timing of any return from the Company, or that the investment objectives of the Company will be achieved. To the maximum extent permitted by law, NAOS and the Company disclaims all liability to any person relying on the information contained herein in relation to any loss or damage (including consequential loss or damage), however caused, which may be suffered directly or indirectly in respect of such information. This material must not be reproduced or disclosed, in whole or in part, without the prior written consent of NAOS.

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