

## MONTHLY INVESTMENT REPORT &amp; NTA UPDATE

AS AT 30 JUNE 2022

## 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
\$0.90	\$0.91	\$0.96	\$0.875	13	\$0.3805	7.26%

## Market Insight

The month of June saw the NAC investment portfolio return -7.25%, outperforming the benchmark S&P/ASX-300 Industrials Accumulation Index (XKIAI) by +0.92% and its smaller counterpart the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) by +5.84% as the indexes fell by -8.17% and -13.09% respectively in a brutal month for equities. This brings portfolio performance since inception to +10.30% p.a., outperforming the benchmark index which has returned +5.97% p.a. over the same period. It was a relatively quiet end to FY22 for the NAC investment portfolio with just Urbanise.com (ASX: UBN) and Gentrack Group (ASX: GTK) having news flow of any significance.

## 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%	-1.26%	-8.56%	-7.95%	-1.13%	-1.74%	-8.22%	-7.25%	-28.36%
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%

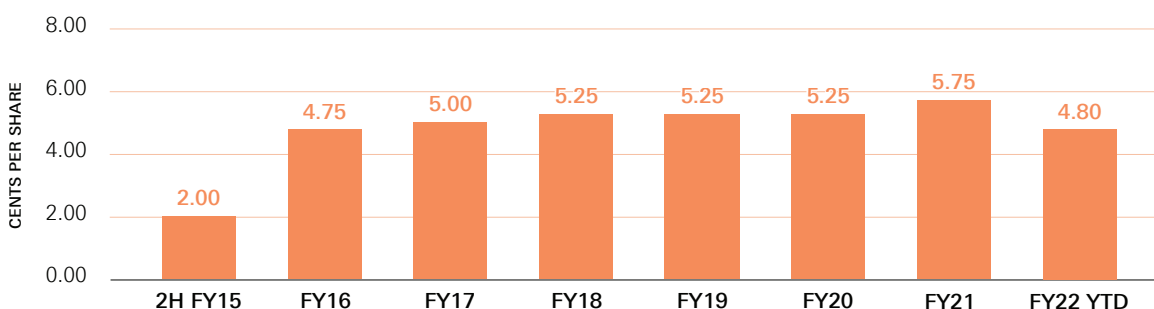
\*Investment portfolio performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

After an almost 6-month search process for a new Chief Executive Officer (CEO) the UBN board of directors announced that the interim CEO and current CFO Simon Lee would be appointed to the role of full-time CEO and Executive Director. Even though we felt the process took an inordinate amount of time we firmly believe that Simon's appointment is an excellent decision. Within the announcement a number of other notable points were released, the first of which was that the project with Colliers Australia continues to progress. This in turn has led to engagement with other Colliers entities in their Asia Pacific portfolio. Secondly, management and the board stated that they continue to believe the cash position of the business will be sufficient to get to a sustainable cash position by Q2 FY23. Keeping in mind that UBN recently lost Ventia (ASX: VNT) as a client, if this statement proves correct we believe it will demonstrate the current health of the sales pipeline and management's ability to convert these leads into signed deals over the short term. UBN will provide a detailed Q4 FY22 update in July, and this should provide more clarity on why the board and management remain comfortable with their current cash position.

In the UK press, a few articles were released regarding the sales process of Bulb Energy, which is a sizeable GTK customer. The list of engaged participants has reduced to just two, namely Octopus Energy which is a large shareholder in GTK competitor Kraken, and a Middle Eastern energy company. The process was due to be finalised on 1 July but at the time of writing no update had been provided.

## 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

After the worst financial year in NAC's history the investment team is firmly looking forward and believes that the current investment portfolio will provide strong long-term risk adjusted returns for our shareholders. In our view, the only silver lining to such a poor year of performance is that we believe we are entering FY23 with a very solid group of investments at prices that represent excellent value as a significant amount of downside risk is already priced in. All core investments outside of property-backed Eureka Group Holdings (ASX: EGH) remain in a net cash balance sheet position and we would argue many of these investments could be entering business-defining years. Such examples include Gentrack, which should see a significant uplift in profitability in FY23 if management are to remain on track to achieve their FY24 20% cash EBITDA target. As mentioned above, UBN should reach a cash flow breakeven level off the back of consistent and not insignificant contract wins; and Maxiparts (ASX: MXI), who are yet to release a clean set of accounts as a standalone entity, should be well on their way to becoming a highly cash generative, predictable, and profitable business. No matter what occurs over the next 12 months, FY23 will certainly be an eventful year for the NAC investment portfolio.

## Core Investment Portfolio Examples



**Gentrack Group Limited**  
ASX: GTK

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.



**Experience Co**  
ASX: EXP

Experience Co is the largest operator of tandem skydives within Australia and New Zealand with over 150,000 tandem jumps per year. EXP also operates a number of cruise and diving experiences in far north Queensland (Cairns and Port Douglas) that generally accommodate over 250,000 customers per year.



**Urbanise.com Limited**  
ASX: UBN

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.

## Investment Portfolio Performance

	1 Month	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	Inception (p.a.)	Inception (Total return)
<b>NAC Investment Portfolio Performance*</b>	-7.25%	-28.36%	+9.16%	+6.86%	+9.89%	+10.30%	+111.32%
<b>S&amp;P/ASX 300 Industrials Accumulation Index</b>	-8.17%	-9.56%	+2.20%	+4.98%	+5.74%	+5.97%	+55.68%
<b>Outperformance Relative to Benchmark</b>	+0.92%	-18.80%	+6.96%	+1.88%	+4.15%	+4.33%	+55.64%

\*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	\$146.0 million
Cash Weighting	4.09%
Standard Deviation of Returns (NAC)	18.39%
Standard Deviation of Returns (XKIAI)	14.55%
Downside Deviation (NAC)	11.53%
Downside Deviation (XKIAI)	10.00%
Shares on Issue	45,241,308
NAC Directors Shareholding (Ordinary Shares)	8,394,479
NAC Options Closing Price (ASX: NACOA)	\$0.003
NAC Options on Issue	19,948,972
NAC Convertible Notes Closing Price (ASX: NACGA)	\$94.20
NAC Convertible Notes on Issue	175,000
Fully Diluted pre-tax NTA	\$0.90
Fully Diluted post-tax NTA	\$0.96

## NAOS Asset Management Giving Back

NAOS Asset Management Limited, the Investment Manager, donates approximately 1% of all management fees to the following charities.



**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.

## Our Team

### Chairman

David Rickards OAM  
(Independent)

### Directors

Warwick Evans  
Sebastian Evans  
Sarah Williams  
(Independent)

### Chief Investment Officer

Sebastian Evans

### Portfolio Managers

Robert Miller  
Brendan York

### Senior Investment Analyst

Jared Tilley

### Associate Investment Analyst

Nelson De Mestre

### ESG Officer

Julie Coventry

### Chief Financial/ Operating Officer

Richard Preedy

### Head of Legal and Compliance

Rajiv Sharma

### Marketing & Communications Manager

Angela Zammit

### Marketing Coordinator

Hayley Coy

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