

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 JULY 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
\$1.02	\$1.02	\$1.03	\$0.88	10	\$0.3805	7.22%

Market Insight

The month of July saw the NAC investment portfolio return +8.72%, outperforming the benchmark S&P/ASX-300 Industrial Accumulation Index (XKIAI) which rose by +8.33% but underperforming its smaller counterpart the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) which increased by +11.43%. This brings portfolio performance since inception to +11.38% p.a., outperforming the benchmark index which has returned +7.01% p.a. over this period. July is a blackout period for most of the NAC investments prior to the release of their full year results in August, so predictably it was a quiet month with regards to stock-specific news flow. From a contribution perspective, it was pleasing to see that there were no detractors to performance of any significance and a few substantial contributors to performance for the month.

Investment Portfolio Performance Monthly and FY Returns*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY23	+8.72%												+8.72%
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%

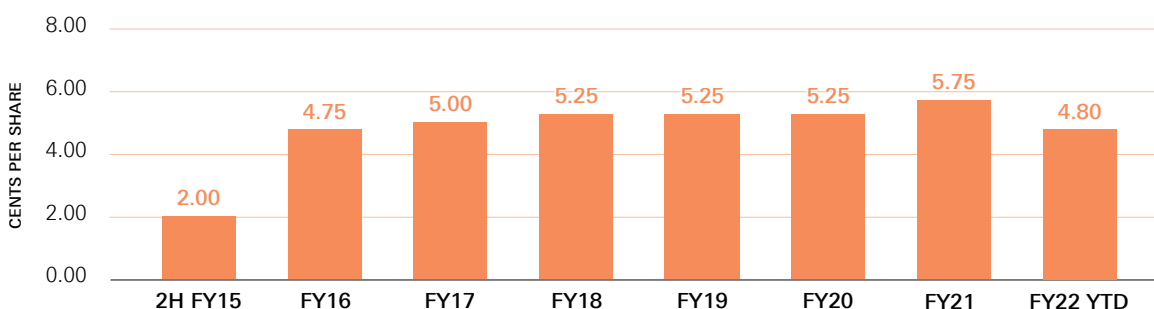
*Investment portfolio performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders.

However, it was not all good news in July, with Eureka Group Holdings (ASX: EGH) releasing their 2nd downgrade to FY22 earnings within the last 4 months. This time much of the downgrade was driven by the closure of the Lismore facility, following the tragic natural disaster events that occurred in the region recently. At this stage, we do not expect this facility to be a contributor to the EGH group earnings profile over the medium term and potentially not at all. Disappointingly, the remainder of the downgrade was due to the delayed settlement of recent acquisitions as well as an increase in operational expenditure. The company maintains the view that the drivers of the FY22 downgrade outside of the Lismore facility will not affect earnings into FY23. Whilst we believe that the effect on earnings will be minimal, in our view this downgrade brings a level of uncertainty around FY23 earnings. Thankfully, the industry tailwinds for EGH remain strong which should see occupancy levels remaining in the high 90 percentiles, however if a further downgrade were to occur in the near-term we believe the market's confidence in EGH would be significantly shaken.

Although not released to the ASX, Gentrack Group (ASX: GTK) released a PR statement that they had won a contract from one of Singapore's largest and most established energy generators and retailers as part of a consortium which includes Accenture and Smart Energy Water. Although the contract is not material in its own right, we view this as another tick for management's strategy to not only reinvest into GTK's systems to maintain their current client base, but also expand into new geographies and potentially adjacent market opportunities.

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

Finally, Urbanise.com (ASX: UBN) released its Q4 FY22 quarterly activities & cash flow report. Pleasingly, UBN produced a cash flow positive quarter, and new CEO Simon Lee appears to be making considerable progress with regard to reaching a cash flow sustainable position in the near-term. A key part of this strategy revolves around a refreshed go-to-market strategy, to increase the conversion rate of sales leads into signed contracts, and this focus appears to be paying dividends. Arvida, a large, aged care operator in New Zealand signed as a customer in Q4, together with a national tyre distribution retail business, and a medium-sized strata management business. Notably, the clients mentioned above do not all operate in industries where UBN has gained most of its clients to date. This highlights the significant market opportunity that UBN has, assuming it can continue to deliver a product and an associated service that clients need and demand. We expect the full-year result to provide more clarity around its sales pipeline, and where UBN is seeing the most demand for its products.

Core Investment Portfolio Examples



Gentrack Group Limited
ASX: GTK

Gentrack Group Limited is a technology partner responsible for the design, development, implementation and support of specialist software solutions for energy utilities, water companies and airports. Gentrack's customer and billing focused products and services are mission critical for utility retailing companies across the UK, Australia, New Zealand and Singapore. Gentrack's Veovo airport operations software is used by more than 140 airports and transport authorities globally.



Experience Co
ASX: EXP

Experience Co. Limited is an adventure tourism company founded in 1988 with a wide range of operations across Australia and New Zealand. Experience Co. is the largest tandem skydiving operator with 17 locations and also the number one tree ropes and zip line operator with 14 locations in Australia. Experience Co. also operate a number of far north Queensland cruise and diving experiences as well as walking tours across a number of Australian states.



Urbanise.com Limited
ASX: UBN

Urbanise.com Limited is an Australian headquartered cloud-based software business, providing innovative and integrated solutions for both facilities and strata managers across Asia Pacific and the Middle East. The Urbanise Strata Platform is a market leading accounting & administration used by strata bodies and funds. The Urbanise Facilities Management Platform is used for compliance, maintenance, workflow and administration solution across a wide range of facilities management companies.

Investment Portfolio Performance

	1 Month	1 Year	3 Years (p.a.)	5 Years (p.a.)	6 Years (p.a.)	7 Years (p.a.)	Inception (p.a.)	Inception (Total return)
NAC Investment Portfolio Performance*	+8.72%	-18.75%	+12.06%	+8.78%	+7.66%	+11.16%	+11.38%	+129.75%
S&P/ASX 300 Industrials Accumulation Index	+8.33%	-1.75%	+3.79%	+6.87%	+6.53%	+6.14%	+7.01%	+68.65%
Outperformance Relative to Benchmark	+0.39%	-17.00%	+8.27%	+1.91%	+1.13%	+5.02%	+4.37%	+61.10%

*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	\$172.9 million
Cash Weighting	0.83%
Standard Deviation of Returns (NAC)	18.50%
Standard Deviation of Returns (XKIAI)	14.74%
Downside Deviation (NAC)	11.48%
Downside Deviation (XKIAI)	9.95%
Shares on Issue	44,966,821
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)	\$95.00
NAC Convertible Notes on Issue	175,000
Fully Diluted pre-tax NTA	\$1.02
Fully Diluted post-tax NTA	\$1.03

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

NAOS

Enquiries

(02) 9002 1576
enquiries@naos.com.au

www.naos.com.au