

ASX:NAC

NAOS EX-50 OPPORTUNITIES COMPANY LIMITED

ABN 49 169 448 837

NAC generally invests in mid-cap industrial companies with a market cap of \$400m-\$1b+

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 30 SEPTEMBER 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
\$0.91	\$0.94	\$0.96	\$0.85	10	\$0.3915	6.94%

Market Insight

September saw equity markets continue to rebase in the face of continued interest rate increases and inflationary pressures that have not yet shown signs of easing as some may have expected. Emerging companies in particular bore the brunt of investor selling with the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) falling by -11.20%, significantly underperforming the S&P/ASX 200 Accumulation Index (XJOAI) which fell by -6.17%. The NAC investment portfolio returned -6.43%, outperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI) which fell by -7.65%. This brings portfolio performance since inception to +10.27% p.a., outperforming the benchmark index which has returned +5.72% p.a. over this period. With regard to stock specific news flow Gentrack Group (ASX: GTK) provided a strong update, and both MOVE Logistics (NZX: MOV) and Urbanise.com (ASX: UBN) provided releases of note.

Investment Portfolio Performance Monthly and FY Returns*

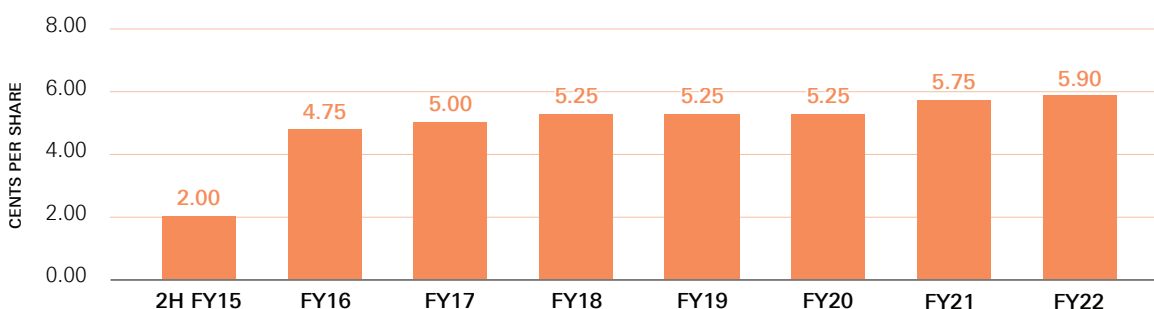
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY23	+8.72%	+0.52%	-6.43%										+2.27%
FY22	-4.12%	+1.05%	+7.06%	+4.21%	-3.57%	-1.26%	-8.56%	-7.95%	-1.13%	-1.74%	-8.22%	-7.25%	-28.36%
FY21	+5.04%	+11.43%	+3.96%	+5.24%	+5.41%	-5.38%	-2.24%	+10.04%	+2.57%	+4.55%	+4.27%	+6.33%	+63.36%
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.

It was a very eventful month for GTK with the much-anticipated launch of G2, their overhauled operating system. Much of the adverse feedback we have collated on GTK over the past 12-18 months has centred around the technical shortcomings of the core GTK offering and this has been a focus of the new management team. G2 is the culmination of this strategy, and it sees GTK partner with industry-leading service providers Salesforce and Amazon Web Services (AWS) who will provide the respective CRM and cloud capabilities. Management provided some more granularity around the market opportunity with 200 global utility companies with >400 meter points, expected to seek a new customer billing solution by 2025, and also announced a contract had been secured with Mercury Energy in New Zealand, which recently merged with Trust Power. The combined business has selected Gentrack to provide them with an IT system to run across the merged entity and offer numerous services to their customers. Finally, FY22 guidance was upgraded with revenue expected to be circa \$125 million (vs \$105.7 million in FY21) and EBITDA in the high single digit millions. We view this as an exceptional result especially when GTK was facing a significant revenue headwind from customers who had either failed or merged with competitors due to the regulatory issues in the UK energy market. Management remains confident in achieving their ambitious FY24 targets and in our view they look distinctly achievable following the upgraded FY22 guidance. As we have said since making our initial investment, we believe GTK should trade above \$3 if these targets are achieved.

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

N
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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

Generally, when things look too good to be true, they often are, and in the case of MOVE's previously announced acquisition of private logistics operator Fluidex Transport it appears that the vendor of this business realised this and has subsequently sought to re-negotiate the terms. We commend the MOVE management team for maintaining discipline and walking away from this acquisition. Although this will result in a short-term impact on earnings and reduce the fleet capability, we remain optimistic on both the organic and inorganic opportunities for MOVE, given the logistics industry is dominated by private players which generally have an owner or owners who are >60 years of age with few succession options. These are also businesses which have very few potential acquirers as they require not just the capital, but also significant industry knowledge.

Finally, Urbanise.com appointed a new CFO to replace Simon Lee, who was recently appointed CEO. A new Director was also appointed to replace a non-independent outgoing Director at the upcoming AGM. Pleasingly, the new Director has experience in property related software businesses, including as a founder & CEO, despite possessing no previous public market directorship experience. We believe it is a step in the right direction for UBN from the perspective of board renewal, and we would expect further change to occur over the short to medium term.

Core Investment Portfolio Examples



Gentrack Group Limited
ASX: GTK

Gentrack Group 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.



MaxiPARTS Limited
ASX: MXI

MaxiPARTS is a supplier of commercial truck and trailer parts to the road transportation industry. In operation for over 30 years, MaxiPARTS is one of the largest operators in Australia, with a unified support and distribution network across 25 sites nationwide.



Urbanise.com Limited
ASX: UBN

Urbanise.com 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.)	7 Years (p.a.)	Inception (p.a.)	Inception (Total return)
NAC Investment Portfolio Performance*	-6.43%	-29.36%	+4.73%	+7.04%	+10.10%	+10.27%	+116.11%
S&P/ASX 300 Industrials Accumulation Index	-7.65%	-13.82%	+0.69%	+5.07%	+6.40%	+5.72%	+55.04%
Outperformance Relative to Benchmark	+1.22%	-15.54%	+4.04%	+1.97%	+3.70%	+4.55%	+61.07%

*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	\$139.0 million
Cash Weighting	1.15%
Standard Deviation of Returns (NAC)	18.50%
Standard Deviation of Returns (XKIAI)	14.88%
Downside Deviation (NAC)	11.51%
Downside Deviation (XKIAI)	10.11%
Shares on Issue	44,896,821
NAC Directors Shareholding (Ordinary Shares)	8,412,696
NAC Options Closing Price (ASX: NACOA)	\$0.004
NAC Options on Issue	19,948,972
NAC Convertible Notes Closing Price (ASX: NACGA)	\$94.00
NAC Convertible Notes on Issue	175,000
Fully Diluted pre-tax NTA	\$0.91
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

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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

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