

MONTHLY INVESTMENT REPORT & NTA UPDATE

AS AT 31 DECEMBER 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
\$1.53	\$1.50	\$1.41	\$1.20	11	\$0.3485	4.96%

Market Insight

The month of December saw the NAC Investment Portfolio decrease by -1.26%, underperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAL) which increased by +1.79% and its smaller counterpart the S&P/ASX Small Ordinaries Accumulation Index which increased by +1.41%. This brings portfolio performance since inception to +16.84% p.a., outperforming the benchmark index which has returned +8.65% p.a. over the same period. After an 18-month period of strong outperformance with very few significant drawdown events we were unpleasantly reminded of what can go wrong at a stock specific level, not just once but twice in December. Two core positions being Urbanise.com (ASX: UBN) and Step One Clothing (ASX: STP) combined to detract over -5.50% for the month, more than offsetting some of the significant positive contributions generated by the likes of Gentrack Group (ASX: GTK) and Experience Co. (ASX: EXP) which increased +12% and +6% respectively in December.

Investment Portfolio Performance Monthly and FY Returns*

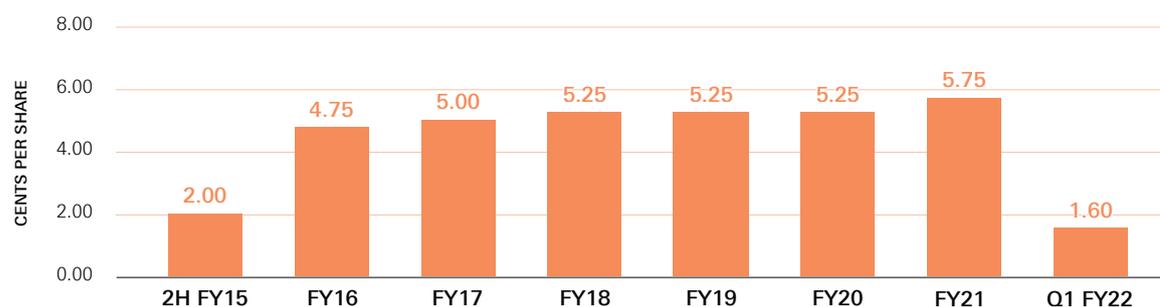
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	-4.12%	+1.05%	+7.06%	+4.21%	-3.57%	-1.26%							+2.92%
FY21	+5.04%	+11.43%	+3.96%	+5.24%	+5.41%	-5.38%	-2.24%	+10.04%	+2.57%	+4.55%	+4.27%	+6.33%	+63.36%
FY20	+0.50%	+8.14%	+6.58%	+1.99%	+0.98%	+0.87%	+2.31%	-13.80%	-22.22%	+8.81%	+18.84%	+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.

UBN fell sharply after what some considered to be an abrupt exit of the CEO and the subsequent search for a replacement. We believe that what most likely unnerved the market is the risk of UBN not converting on its immediate sales pipeline and subsequently requiring some degree of equity funding. If this were to eventuate, we would not consider this to be a major issue assuming that growth rates (especially in the strata division) continue to be +20% p.a. The more immediate issue that needs to be addressed from our perspective is clearly defining and implementing a strategy that has measurable and tangible outcomes and plays to UBN's strengths. It continues to be our view that UBN has a dominant position within the strata space and therefore must focus on achieving a >65% market share of a ~\$40 million p.a. recurring revenue market in the shortest time possible. With a current ARR/market capitalisation of just 5 times there is clearly little faith from the wider market that UBN can grow in the medium term, but if UBN can demonstrate that it can grow at ~20% p.a. then the resultant multiple applied to a B2B enterprise SAAS business is likely to be significantly higher.

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

There are not too many businesses listed on the ASX where you can say that you use their product/service frequently because you believe the product/service is best of breed. For us STP fits that bill and is a business we have been analysing and getting to know in more detail ever since it considered listing 6 or so months ago. Within the last 5 years STP has gone from virtually \$0 in revenue to potentially ~\$75 million in annual sales of men's underwear, mainly in Australia and the UK. The business listed in November at an issue price of \$1.53 with the shares soaring to \$3.00 shortly after issue. NAC initially acquired shares at ~\$2.25 in early December, and following a company update that revenue growth would be 1-5% higher than the prospectus forecast of 19.9% for FY22, the shares fell back to the IPO price. The share price reaction suggested this update was well below the markets very bullish expectations with many shareholders selling out until they see more evidence of consistent growth again. We added to our STP investment post the trading update and believe that via geographic and product expansion STP will continue to grow at a reasonable rate over the coming years.

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.



Over The Wire
ASX: OTW

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.



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.)	6 Years (p.a.)	Inception (p.a.)	Inception (Total return)
NAC Investment Portfolio Performance*	-1.26%	+31.63%	+25.68%	+14.19%	+15.56%	+16.84%	+203.57%
S&P/ASX 300 Industrials Accumulation Index	+1.79%	+19.45%	+13.71%	+8.97%	+8.71%	+8.65%	+80.80%
Outperformance Relative to Benchmark	-3.05%	+12.18%	+11.97%	+5.22%	+6.85%	+8.19%	+122.77%

*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	\$221.5 million
Cash Weighting	0.79%
Standard Deviation of Returns (NAC)	17.68%
Standard Deviation of Returns (XKIAI)	14.04%
Downside Deviation (NAC)	10.81%
Downside Deviation (XKIAI)	9.53%
Shares on Issue	46,318,585
NAC Directors Shareholding (Ordinary Shares)	8,160,357
NAC Options Closing Price (ASX: NACOA)	\$0.170
NAC Options on Issue	20,097,270
NAC Convertible Notes Closing Price (ASX: NACGA)	\$105.00
NAC Convertible Notes on Issue	175,000
Fully Diluted pre-tax NTA	\$1.34
Fully Diluted post-tax NTA	\$1.26

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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