

## MONTHLY INVESTMENT REPORT &amp; NTA UPDATE

AS AT 31 MARCH 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
\$1.18	\$1.17	\$1.16	\$1.00	9	\$0.3645	6.15%

## Market Insight

The month of March saw the NAC Investment Portfolio decrease by -1.13%, underperforming both the benchmark S&P/ASX 300 Industrials Accumulation Index (XKIAI) which increased by +5.72% and also its smaller counterpart the S&P/ASX Small Ordinaries Accumulation Index which increased +5.26%. In the case of the XSOAI the strong performance was driven by materials and businesses that have a high correlation to energy prices i.e., lithium, coal and oil. This brings portfolio performance since inception to +13.38% p.a., outperforming the benchmark index which has returned +7.94% p.a. over the same period. After a number of eventful months for many of the NAC investments, March was much quieter in regard to investee company news flow. Gentrack Group (ASX: GTK) publicly stated that they had been selected to upgrade the IT systems and customer experience for NZ-based energy and broadband retailer Pulse Energy and Eureka Group Holdings (ASX: EGH) provided two updates. The first was related to the recent flooding events in Northern NSW and the second relating to the settlement of a previously announced acquisition.

## Investment Portfolio Performance Monthly and FY Returns\*

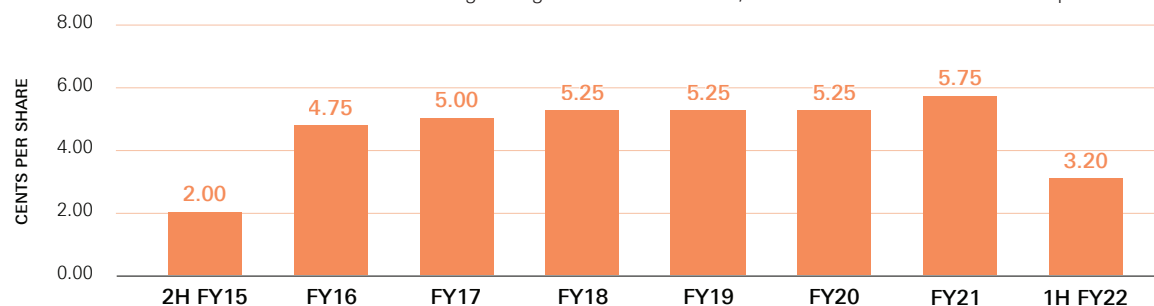
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total Return
FY22	-4.12%	+1.05%	+7.06%	+4.21%	-3.57%	-1.26%	-8.56%	-7.95%	-1.13%				-14.35%
FY21	+5.04%	+11.43%	+3.96%	+5.24%	+5.41%	-5.38%	-2.24%	+10.04%	+2.57%	+4.55%	+4.27%	+6.33%	+63.36%
FY20	+0.50%	+8.14%	+6.58%	+1.99%	+0.98%	+0.87%	+2.31%	-13.80%	-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.

As mentioned above GTK publicly stated that they have partnered with NZ-based energy and broadband retailer Pulse Energy to assist in transforming their IT systems to deliver a new and innovative customer experience across their entire business. This contract is not material in its own right but does go a long way to solidifying our investment thesis. For the last couple of years GTK has been very much internally focused which has seen a refreshed executive team, a rebuilding of its technology stack, and a focus on ensuring GTK achieves acceptable margins for high quality client outcomes. The management team of GTK has made no secret that a culmination of this strategy would be signing tier-1 clients. Although Pulse is not a tier-1 client it does show that GTK can, once again, compete effectively against the likes of Kraken who many believe have a superior technology offering. We believe that GTK has not only an excellent technological offering but also a flawless implementation track record which for most clients is just as important as the technological offering itself. With this in mind we believe a tier-1 client signing is just a matter of time. This should in turn lead to a significant re-rate in the GTK share price.

## 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

EGH updated the market regarding their village based in Lismore, NSW. Unfortunately, this village was completely destroyed by the catastrophic flooding events in the region. Fortunately, none of the tenants or employees were seriously injured during these events. EGH will now lose the earnings contribution from this village which we estimate to be circa 6% of group earnings. EGH also settled on the acquisition of a large management rights portfolio which comprises over 300 individual units. This should provide EGH with a long runway of units that they can acquire as and when they become available. In our view, this further demonstrates the management of EGH preparing the business for a significant increase in scale, as we have also seen through the recent executive hires.

The past few months have clearly been difficult from a performance perspective for the NAC investment portfolio. Looking forward the investment team continues to believe that significant value remains across all core NAC investments. When reviewing these investments we can categorically say they are all organically growing their earnings, they have solid balance sheets, and they operate within industries that are conducive to long term structural growth. Valuations have clearly moved against them more recently, but over the long term if these businesses continue to execute well, we believe these investments will re-rate significantly, just as a number of them did 18 months ago after the initial Covid-related volatility.

## 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.)	6 Years (p.a.)	Inception (p.a.)	Inception (Total return)
<b>NAC Investment Portfolio Performance*</b>	-1.13%	-0.71%	+16.24%	+10.24%	+11.65%	+13.38%	+152.63%
<b>S&amp;P/ASX 300 Industrials Accumulation Index</b>	+5.72%	+10.96%	+9.47%	+7.26%	+8.87%	+7.94%	+75.76%
<b>Outperformance Relative to Benchmark</b>	-6.85%	-11.67%	+6.77%	+2.98%	+2.78%	+5.44%	+76.87%

\*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	\$167.3 million
Cash Weighting	2.81%
Standard Deviation of Returns (NAC)	18.10%
Standard Deviation of Returns (XKIAI)	14.34%
Downside Deviation (NAC)	11.24%
Downside Deviation (XKIAI)	9.78%
Shares on Issue	45,475,641
NAC Directors Shareholding (Ordinary Shares)	8,384,109
NAC Options Closing Price (ASX: NACOA)	\$0.04
NAC Options on Issue	19,995,545
NAC Convertible Notes Closing Price (ASX: NACGA)	\$102.00
NAC Convertible Notes on Issue	175,000
Fully Diluted pre-tax NTA	\$1.14
Fully Diluted post-tax NTA	\$1.12

## 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

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