

## MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 31 JANUARY 2019

## NET TANGIBLE ASSET VALUE BREAKDOWN

PRE TAX NTA	POST TAX & PRE UNREALISED GAINS TAX NTA	POST TAX NTA	SHARE PRICE	PREMIUM/ (DISCOUNT) TO NTA (PRE TAX)	FULLY FRANKED DIVIDEND YIELD
\$0.79	\$0.80	\$0.81	\$0.695	(12.03%)	8.06%

## MARKET INSIGHT

For the month of January, the NSC Investment Portfolio increased by +4.16%, compared to the Benchmark Small Ordinaries Accumulation Index (ASX: XSOAI) which increased by +5.56%. January was a quiet month for stock specific news due to the blackout period prior to half year reporting in February. In saying this there was one significant release from Consolidated Operations Group (ASX: COG) together with some industry developments that may have at the very least an indirect impact on MNF Group (ASX: MNF).

Firstly, COG announced the appointment of a new Chairman and CEO, together with the creation of a new Executive Director role to head up the finance broking and aggregation businesses. Patrick Tuttle will assume the role of Chairman, and alongside the CEO, will also assume greater responsibility for market communications and investor relations. We believe this is a sound appointment as Mr Tuttle was the former Managing Director of Pepper Group, a large non-bank financial that was acquired by private equity firm Kohlberg Kravis Roberts (KKR) in 2016. Secondly, current Executive Director Andrew Bennett will assume the role of CEO with a focus on capital management and funding arrangements for the existing equipment leasing business, together with any potential white label finance product to be offered through the COG broking network. Finally, the founder and CEO Cameron McCullagh will move to an Executive Director role with a sole focus on managing the COG finance broker and aggregations business, which we believe is a sound fit considering his previous involvement with the Steadfast Group (ASX: SDF) and his role in COG's acquisitions to date.

Although not directly stock specific, there were a number of developments within the industry in which MNF operates both domestically and internationally. Google (US: GOOGL) recently announced that its Voice App will be updated so that voice calls can now be made through a Voice Over IP network (VOIP), meaning that a phone call can be made anywhere an internet connection is present, even if mobile phone reception is not available. Secondly 8x8 (US: EGHT), a large Nasdaq listed firm that sells next generation voice communication services which mainly use VOIP and cloud services, announced that it has appointed a senior executive to lead a direct sales team in the Australia and New Zealand region. Previously, the ANZ region was only serviced by third party resellers. Finally, another large US technology firm that develops cloud based telecommunication services with a focus on customer call centres announced that its recent expansion into the Australian market has been more successful than originally expected, and due to this they are looking to expand their team from 5 to over 40 in just 12 months, and into 3 new cities so that they can assist with "strategic customer engagement initiatives". We believe these three examples, all of which were released in January, highlight significant movements within products and services that offer some form of voice functionality, and may create demand for some of the services and functionality that MNF can offer and develop internally.

## 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



## INVESTMENT PORTFOLIO PERFORMANCE

	1 MONTH	6 MONTHS	1 YEAR	INCEPTION (P.A.)	INCEPTION (NOM.)
NSC Investment Portfolio Performance*	+4.16%	-7.27%	-11.14%	-9.48%	-10.99%
S&P/ASX Small Ordinaries Accumulation Index	+5.56%	-6.95%	-3.06%	-0.43%	-0.50%
<b>Outperformance Relative to Benchmark</b>	<b>-1.40%</b>	<b>-0.32%</b>	<b>-8.08%</b>	<b>-9.05%</b>	<b>-10.49%</b>

\* Investment Portfolio Performance is post all operating expenses, before fees, taxes and interest. Performance has not been grossed up for franking credits received by shareholders. Inception performance (p.a. and nom) is from 1 December 2017.

## FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

NSC aims to deliver shareholders a sustainable growing stream of fully franked quarterly dividends.



## STOCK CONTRIBUTION ANALYSIS

The table below lists the top 5 positive stock contributors to the investment portfolio since inception.

TOP 5 POSITIVE CONTRIBUTORS	CONTRIBUTION TO RETURN (%NAV)
Over The Wire Limited (ASX: OTW)	2.53%
Service Stream Limited (ASX: SSM)	1.34%
Enero Group Limited (ASX: EGG)	1.22%
360 Capital Total Return Fund (ASX: TOT)	0.81%
360 Capital Group (ASX: TGP)	0.38%

## KEY METRICS – SUMMARY DATA

Weighted Average Market Capitalisation of the Investments	\$198.1 million
Number of Holdings	11 Long Positions
Cash Weighting	0.00%
Convertible Notes on Issue (NSCG)	265,000
Convertible Note Price	\$101.20
Shares on Issue	168,995,806
NSC Directors Shareholding (Ordinary Shares)	1,933,235

## INVESTMENT PORTFOLIO PERFORMANCE MONTHLY RETURNS\*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY19	-0.60%	+4.07%	-1.34%	-7.61%	-3.04%	-3.21%	+4.16%					
FY18						+1.11%	-0.93%	-0.57%	+0.25%	-3.35%	-1.16%	+1.24%

\* Investment Portfolio Performance is post all operating expenses, before fees, taxes and interest. Performance has not been grossed up for franking credits received by shareholders.

NAOS

## OUR TEAM

Chairman  
Trevor Carroll (Independent)

Directors  
Warwick Evans  
Sebastian Evans  
David Rickards (Independent)

Company Secretary/  
Senior Legal Counsel  
Rajiv Sharma

Chief Investment Officer  
Sebastian Evans

Portfolio Managers  
Robert Miller  
Ben Rundle

Investment Analyst  
Rachel Folder

Chief Financial/  
Operating Officer  
Richard Preedy

Business Development  
Manager  
Julia Stanistreet

Distribution &  
Sales Manager  
Scott Hildebrand

## ENQUIRIES

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### Important Information:

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