

#### 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
\$1.00	\$1.02	\$1.01	\$0.85	(15.00%)	6.35%

#### MARKET INSIGHT

For the month of July, the NAC Investment Portfolio increased by +0.50%, underperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (ASX: XKIAI) which increased by +3.43%. This brings the inception performance over 4 years and 9 months to +63.24% on a total return basis, outperforming the benchmark index which has returned +50.85%. The major positive contributors to performance were Smartgroup (ASX: SIQ), AP Eagers (ASX: APE) and Automotive Holdings (ASX: AHG), which contributed approximately +1.00%, +0.50% and +0.30% respectively. There was only one major detractor to performance which again was MNF Group (ASX: MNF), which detracted over -1.50% to portfolio performance. Of these positions, only APE released any news during July.

#### INVESTMENT PORTFOLIO PERFORMANCE MONTHLY AND FY RETURNS\*

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total Return
FY20	+0.50%												
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, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders.

The two notable stock specific events in the portfolio came from AP Eagers (ASX: APE) and Lifestyle Communities Group (ASX: LIC). LIC announced an update to both their FY19 results and their new home settlements for the year. While the FY19 result and settlements were in line, LIC flagged that FY20 settlements would be lower than previously expected due to planning delays with two of their projects. The company also provided settlement guidance for FY21 for the first time, which was better than expectations – driven by new developments in the pipeline. In our view, the near-term delay is not a result of weakness in demand or problems with the projects, but rather due to somewhat standard delays that can be experienced during the planning approval process. Whilst a little frustrating, we believe it does not hinder the long-term growth of the company and their ability to sustain growth in settlements beyond FY21. We continue to like the stock as we are confident that their growth can be maintained and self-funded, driving an increasing pool of annuity style earnings over the long term. In our view, LIC is an excellent business and one of only a few pure play exposures to the accelerating thematic of the aging demographic in Australia, especially outside of the healthcare industry.

#### FULLY FRANKED DIVIDEND PROFILE (CENTS PER SHARE)

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



#### 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 

## MARKET INSIGHT CONTINUED

Finally, APE was given conditional authorisation from the Australian Competition and Consumer Commission (ACCC) to acquire Automotive Holdings Group (ASX: AHG). As part of the process, APE provided an undertaking that it would sell a group of dealerships within the Newcastle and Hunter region which, in our view, only represents a minor concession and further de-risks the merger process. Looking forward we believe the APE management team will be able to extract significant cost synergies out of AHG with a key focus on the property portfolio, lease expenses, gross margins and overheads. Regarding revenue synergies, we believe that as with the current APE business, the management team can focus on increasing the proportion of vehicle sales that are financed through their dealerships, and with that, benefit from increasing margins over time.

Another interesting point is that even though APE is a business with a \$2 billion market capitalisation, to date it has not been included within the S&P/ASX 200 Index (XJO) or even the S&P/ASX Small Ordinaries Index (XSO) due to lack of liquidity. Many large fund managers who use such indexes as benchmarks for their own performance tend not to spend time looking at these businesses as there is little to no opportunity cost. Post the acquisition, the APE business will have a market capitalisation of over \$3 billion and a more liquid share register. We believe that over time, i.e. 3-12 months, there is a strong possibility APE will enter the XSO index and then the ASX-200. If this occurs, we believe APE will command a higher earnings multiple, as many fund managers may be forced to own APE as it forms part of their benchmark.

## 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)
People Infrastructure Limited (ASX: PPE)	10.76%
Service Stream Limited (ASX: SSM)	6.69%
BSA Limited (ASX: BSA)	6.45%
Elders Limited (ASX: ELD)	5.60%
Event Hospitality & Entertainment Limited (ASX: EVT)	5.13%

## INVESTMENT PORTFOLIO PERFORMANCE

	1 MONTH	1 YEAR	2 YEARS (P.A.)	3 YEARS (P.A.)	4 YEARS (P.A.)	INCEPTION (P.A.)	INCEPTION (Total Return)
NAC Investment Portfolio Performance*	+0.50%	-2.60%	+4.03%	+3.43%	+10.49%	+10.95%	+63.24%
S&P/ASX 300 Industrials Accumulation Index	+3.43%	+12.51%	+11.67%	+9.36%	+7.95%	+9.11%	+50.85%
<b>Performance Relative to Benchmark</b>	<b>-2.93%</b>	<b>-15.11%</b>	<b>-7.64%</b>	<b>-5.93%</b>	<b>+2.54%</b>	<b>+1.84%</b>	<b>+12.39%</b>

\* Investment Portfolio Performance is post all operating expenses, before fees, taxes and initial IPO and placement commissions. 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	\$404.9 million
Number of Holdings	11 Long Positions and 2 Short Positions
Cash Weighting	8.10%
Standard Deviation of Returns (NAC)	10.92%
Standard Deviation of Returns (XKIAI)	11.08%
Downside Deviation (NAC)	5.85%
Downside Deviation (XKIAI)	6.00%
Percentage of Positive Months (NAC)	61%
Percentage of Positive Months (XKIAI)	65%
Shares on Issue	51,776,353
NAC Directors Shareholding (Ordinary Shares)	7,526,514

## OUR TEAM

### Chairman

David Rickards (Independent)

### Directors

Warwick Evans

Sebastian Evans

Sarah Williams (Independent)

### Chief Investment Officer

Sebastian Evans

### Portfolio Managers

Robert Miller

Ben Rundle

### Investment Analyst

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### Chief Financial/

### Operating Officer

Richard Preedy

### Business Development

### Manager

Julia Stanistreet

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### Important Information:

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