

### MONTHLY INVESTMENT REPORT AND NTA UPDATE AS AT 30 JUNE 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
\$1.00	\$1.02	\$1.01	\$0.825	(17.50%)	6.55%

#### MARKET INSIGHT

For the month of June, the NAC Investment Portfolio increased by +2.29%, slightly underperforming the benchmark S&P/ASX 300 Industrials Accumulation Index (ASX: XKIAl) which increased by +2.98%. This brings the inception performance over 4 years and 8 months to +62.43% on a total return basis, vs. the benchmark index which has returned +45.85%.

#### 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 MONTHLY AND FY RETURNS\*

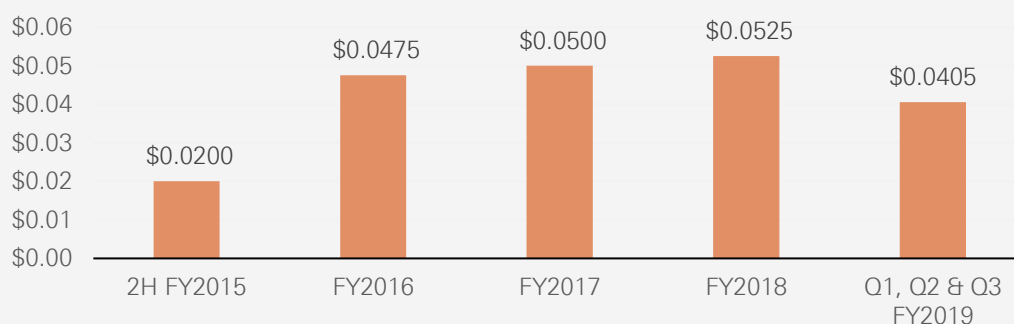
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FY Total Return
FY19	+0.24%	+6.23%	-1.46%	-10.41%	+1.93%	-4.57%	+5.20%	+0.10%	-0.10%	+3.65%	-4.74%	+2.29%	-2.86%
FY18	-0.54%	+0.76%	+1.22%	+2.28%	+6.69%	+3.18%	-0.27%	-1.99%	+0.23%	-2.05%	+0.85%	-0.25%	+10.25%
FY17	+3.81%	+5.01%	+3.84%	-0.22%	-0.63%	-1.98%	+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.

There were three notable stock specific events that occurred over the course of June. These developments related to People Infrastructure Group (ASX: PPE), CYBG Plc (ASX: CYB) and AP Eagers (ASX: APE). PPE had a very eventful June, completing a \$20 million equity raising early in the month and then later in the month finalising two acquisitions, both of which operate in the healthcare staffing industry. These acquisitions continue with the thematic that PPE has been focussed on since listing, which seeks to provide its clients with the best staff on a timely basis across home care, public hospitals, private hospitals and aged care facilities. PPE stated that 2H FY19 has been stronger than 1H FY19, which is pleasing considering the 1H was a very strong result. Secondly, CYB released their investor day presentation for 2019 with the share price reacting positively and finishing up almost 10% for June. CYB confirmed FY19 guidance, but there were a number of significant changes for expectations in the later years out to FY22. These changes included GBP 200 million of cost savings, above system asset growth in areas outside of mortgages and finally a ROTE of >12% by the end of FY22. In our view many of these releases should have been expected, but clearly the market has been more focussed on the short-term noise around Brexit and the upcoming UK leadership changes. Even though we believe that CYB still represents value we believe the stock now lacks a catalyst and we used the strong share price appreciation to remove the position from the portfolio.

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

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



## MARKET INSIGHT CONTINUED

Two updates relevant for APE were announced in the month of June. Firstly, the ACCC's preliminary views on the proposed merger with AHG were released, detailing their view that the merger is unlikely to lessen competition in most markets except for the Newcastle and Hunter Valley region where both groups have large market share. APE believe there will continue to be choice and competition for consumers in these markets, and in our view, they can achieve this through asset divestment. Secondly, the company announced the sale and leaseback of a Newstead property for \$61m, earning \$26m PBT on the sale. APE still have \$280m of property on the balance sheet that they can continue to divest to improve their debt position and reduce their cost base through rationalising their dealer footprint. Looking to the longer term we expect this strategy, along with the merger, to yield even greater fruits as new car sales rebound from cyclical lows. With a market leading position, a very strong balance sheet, growth in dealership finance volumes, a proven and aligned management team and significant cost synergies to come for many years we believe that APE will be able to grow the earnings of the business even if the industry backdrop remains weak.

## 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)	10.49%
Service Stream Limited (ASX: SSM)	6.70%
BSA Limited (ASX: BSA)	6.46%
Elders Limited (ASX:ELD)	5.63%
Event Hospitality & Entertainment Limited (ASX: EVT)	5.14%

## 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*	+2.29%	-2.86%	+3.49%	+4.55%	+10.43%	+11.05%	+62.43%
S&P/ASX 300 Industrials Accumulation Index	+2.98%	+10.54%	+9.30%	+10.37%	+8.49%	+8.49%	+45.85%
<b>Performance Relative to Benchmark</b>	<b>-0.69%</b>	<b>-13.40%</b>	<b>-5.81%</b>	<b>-5.82%</b>	<b>+1.94%</b>	<b>+2.56%</b>	<b>+16.58%</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	\$390.9 million
Number of Holdings	15 Long Positions
Cash Weighting	11.25%
Standard Deviation of Returns (NAC)	11.02%
Standard Deviation of Returns (XKIAI)	11.11%
Downside Deviation (NAC)	5.89%
Downside Deviation (XKIAI)	6.03%
Percentage of Positive Months (NAC)	61%
Percentage of Positive Months (XKIAI)	64%
Shares on Issue	52,076,616
NAC Directors Shareholding (Ordinary Shares)	7,526,514

## OUR TEAM

### Chairman

David Rickards (Independent)

### Directors

Warwick Evans

Sebastian Evans

Sarah Williams (Independent)

### Company Secretary/ Senior Legal Counsel

Rajiv Sharma

### Chief Investment Officer

Sebastian Evans

### Portfolio Managers

Robert Miller

Ben Rundle

### Investment Analyst

Rachel Cole

### Chief Financial/ Operating Officer

Richard Preedy

### Business Development Manager

Julia Stanistreet



### Important Information:

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