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NAOS PROVIDES INVESTORS WITH POSITIVE EXPOSURE TO NICHE MARKET SECTORS WHERE WE HAVE A CLEAR COMPETITIVE ADVANTAGE TO OUTPERFORM AND DELIVER VALUE FOR OUR SHAREHOLDERS OVER THE LONG TERM

- THESE MARKET NICHES ARE OFTEN NOT THE CORE COMPETENCY OF MANY INVESTORS
- WE MANAGE TWO LISTED INVESTMENT COMPANIES BEING ASX: NCC AND ASX: NAC
- \$130 MILLION IN ASSETS UNDER MANAGEMENT
- 9 FULL TIME EMPLOYEES
- INDEPENDENTLY OWNED BY EMPLOYEES AND PRIVATE INVESTORS

NAOS BELIEVE THAT LONG TERM INVESTMENT OPPORTUNITIES ARISE DUE TO MARKET INEFFICIENCIES THAT OCCUR FOR THE FOLLOWING REASONS:

- 1) SHORT TERMISM OF MARKET PARTICIPANTS I.E. 12 MONTHS OR LESS
- 2) LUMPINESS OF A COMPANY'S PROFITABILITY AND CASH GENERATION PROFILE
- 3) BIAS TOWARDS PARTICULAR COMPANIES OF A LARGE SIZE, HIGH LEVELS OF LIQUIDITY OR IN PARTICULAR INDUSTRIES
- 4) LOW LIQUIDITY PERCEIVED TO BE ASSOCIATED WITH HIGH INVESTMENT RISK



7 MONTH REVIEW TO 31/01/2017

NAOS Emerging Opportunities Company (ASX:NCC)

N \ O \

Gross Assets \$65,300,000

NTA \$1.38

Share Price \$1.34

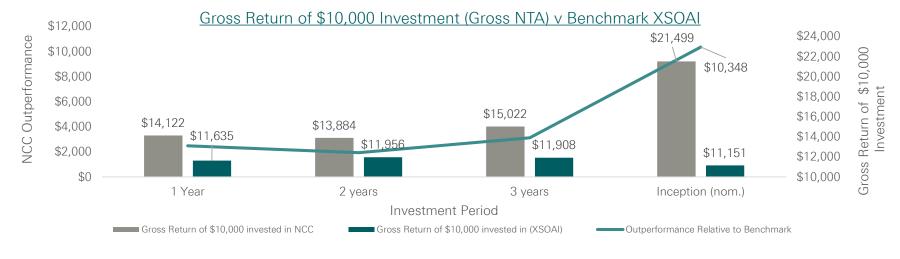
Dividend Yield 5.04% p.a. (7.20% p.a. Gross Yield)

Shareholders 1,487

Portfolio Performance

- BSA Limited (ASX: BSA) Two contracts with NBN Co. were secured, BSA announced a deed of settlement with the head contractor of the Royal Adelaide Hospital.
- Armidale Investment Corporation (ASX: AIK) The leasing book gained a high quality financing facility, a second large acquisition consolidated AIK as the largest finance broking network in Australia. Also, AIK announced that it will move away from valuing the business as a Listed Investment Company (LIC) and release consolidated accounts.
- MNF Group (ASX: MNF) Made significant progress with their international expansion, with Point of Presence (POP's) opened in Hong Kong, UK and the USA, and domestically, MNF released its Mobile Virtual Network Operator (MVNO).
- Clarius (ASX: CND) Position in CND exited due to our investment thesis of delivery of earnings growth via decrease of significant centralised cost base failing to materialise over the past three years and which more recently has led to significant change within the executive team.

^{*} Figures are as at 31/01/2017



	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Inception (p.a.)	Inception (nom.)
NCC Investment Portfolio Performance*	+11.53%	+41.22%	+19.42%	+16.74%	+21.51%	+114.99%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-4.89%	+16.35%	+9.78%	+6.36%	+2.81%	+11.51%
Outperformance Relative to Benchmark	+16.42%	+24.87%	+9.64%	+10.38%	+18.70%	+103.48%

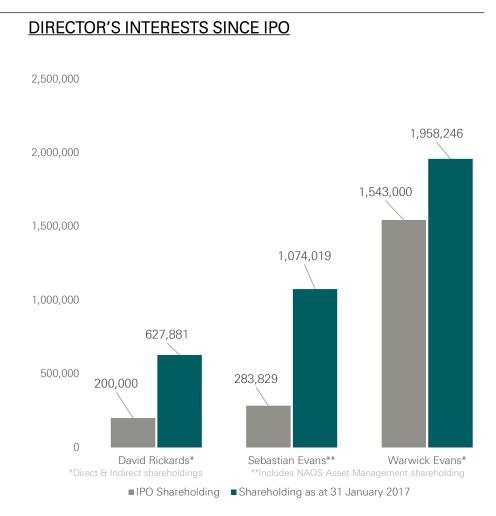
^{*} Figures are as at 31/01/2017 post all operating expenses, before fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a. and nom.) includes part performance for the month of February 2013.

NAOS Emerging Opportunities Company Limited (ASX:NCC)

	NCC
Concentrated Portfolio Structure	✓
Consistent Fully Franked Dividend Stream	✓
Benchmark Unaware	✓
AUM Limit to Maximise Performance	✓
Can Hold +100% Cash	✓
Investment Benefits via Closed Structure	✓
No Minimum Investment	✓

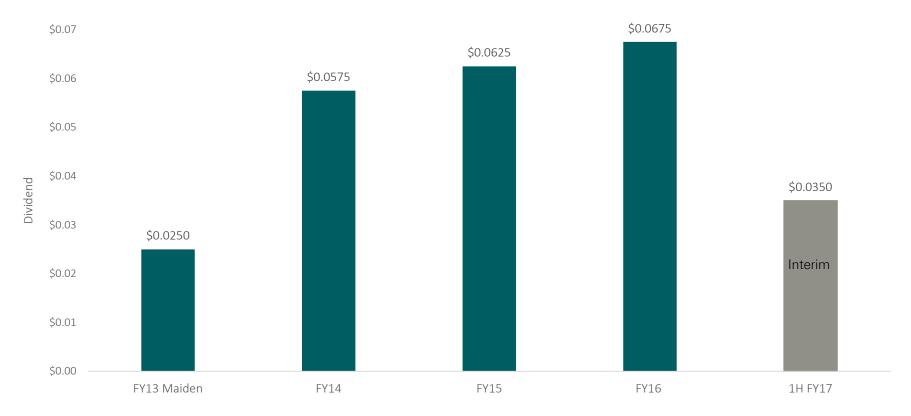
OPPORTUNITY SET 2,407 Companies ex ASX-100 1,683> \$5m market cap 1,002 Revenue > \$0

504 EBIT > \$0 (Median Market Cap 190m)



NAOS Emerging Opportunities Company (ASX:NCC)

Historical Fully Franked Dividends, Cents per Share, Growth Rate 9% p.a.*



^{*}Assuming annualised dividend for FY13 5cps

NCC CURRENT INVESTMENTS

Enero Group Limited (ASX: EGG)

- Enero has been a long term value play, focusing on business rationalisation and increasing EBITDA margins to that of other listed advertising businesses.
- Market capitalisation of \$88 million with net cash balance of ~ \$34 million and ~\$22 million in franking credit reserves.
- Enero has been unable to pay dividends due to a legacy acquisition issue, however this liability is now minimal (>\$5 million) and fully unwinds in 2018 at the latest.
- With annualised free cash flow of >\$9 million, Enero has the potential to pay significant operating and special dividends, as well as continuing to grow with complimentary acquisitions over the next 12-24 months
- Tech PR firm Hotwire which Enero owns is now one of the top-15 technology PR firms globally.

BSA Limited (ASX: BSA)

- Over CY2016 the share price has risen by ~80% with significant progress being made in regards to cleaning up the NRAH legacy contract issue, as well as winning two notable contracts with the National Broadband Network (NBN) and with Erickson.
- Current market capitalisation of \$154 million implies very little in regards to margin expansion from the current 3.6% at the EBITDA level.
- As BSA is one of only three maintenance providers to the NBN the key unknown is how much NBN will need to spend on maintenance once the network is up and running.
- Referring to Telstra figures from a number of years ago, total maintenance spend on their network was >\$1.2 billion.
- Current revenue base of BSA is a little over \$500 million, and minimal maintenance work is included within this figure.

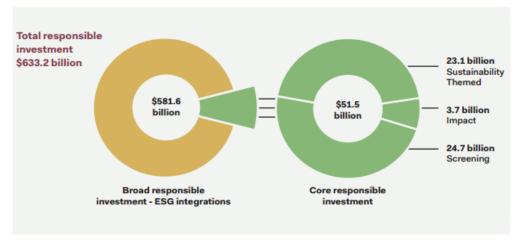




"We invest and exercise our ownership rights responsibly, because the fund's investments are about the future and belong to our future generations. We aim to contribute to efficient and well-functioning markets and promote work on international standards for responsible investment."

Responsibility Statement from Norges Bank Investment Management, which manage the world's largest sovereign wealth fund (AUD\$1,100bn of assets) www.nbim.no/en/responsibility/ "Magellan revealed they are targeting potentially \$US30 billion in new funds by adding 'low carbon' strategies."

AFR 16th of February 2017



NAOS Environmental Social and Governance Statement	NCC
Manufacture of tobacco products	X
Gambling Operators	X
Intensive Animal Farming	X
Deforestation Activities with no Remediation Plan	Х
Manufacturer of Military Weapons and Equipment	Х
Uranium Mining and Nuclear Reactors	Х

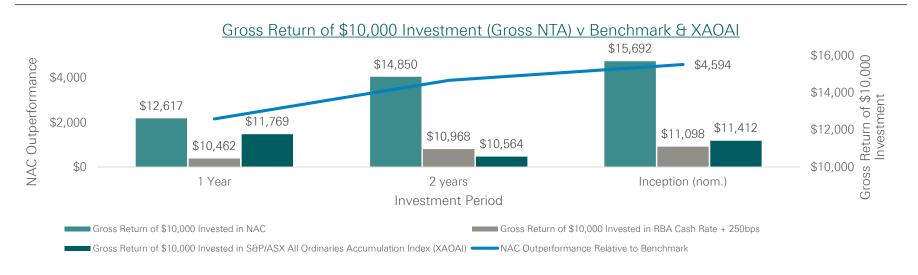




Portfolio Performance

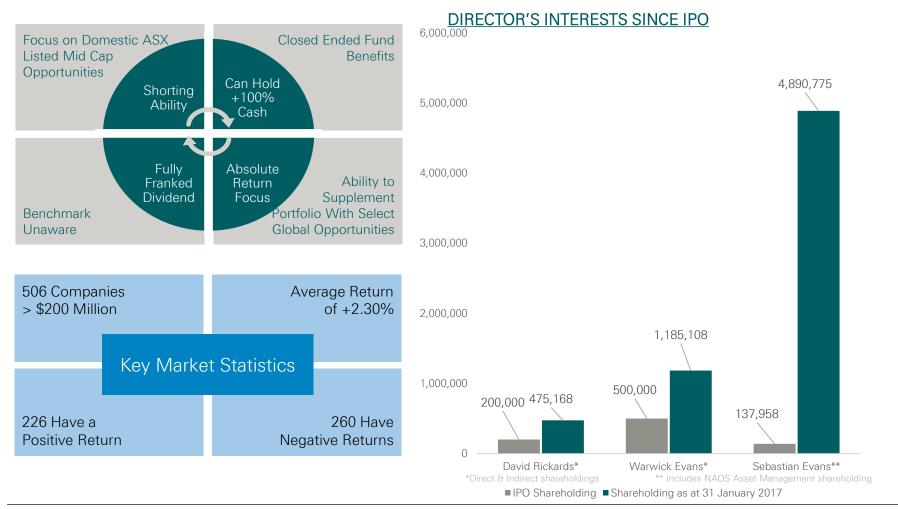
- MNF Group (ASX: MNF) Made significant progress with their international expansion, with Point of Presence (POP's) opened in Hong Kong, UK and the USA and domestically, MNF released its Mobile Virtual Network Operator (MVNO)
- SmartGroup (ASX:SIQ) Delivering on synergy realisation from recent acquisitions, strong organic growth in competitive industry, impressive management team, well placed to expand service offering amongst their existing clients
- Sirtex (ASX:SRX) Dose sales growth was downgraded from 'double digit growth' to a new target of '5-11% growth' as well as increased competition in their markets, director sell down and subsequent departure

^{*} Figures are as at 31/01/2017



	1 Month	6 Month	1 Year	2 Year (p.a.)	Inception (p.a.)	Inception (Nom.)
NAC Investment Portfolio Performance*	+0.35%	+6.34%	+26.17%	+24.25%	+22.50%	+56.92%
Benchmark (RBA Cash Rate + 250bps)	+0.37%	+2.18%	+4.62%	+4.84%	+4.81%	+10.98%
Relative Performance	-0.02%	+4.16%	+21.55%	+19.41%	+17.69%	+45.94%
S&P/ASX All Ordinaries Accumulation Index (XAOAI)	-0.77%	+2.65%	+17.09%	+5.64%	+6.13%	+14.12%

^{*} Figures are as at 31/01/2017 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 nom.) includes part performance for the month of November 2014.







^{*}Assuming annualised dividend for FY15 5cps

ELDERS LIMITED (ASX:ELD)

- Service provider to the agriculture industry for 175 years
- Checkered history of poor capital allocation and management
- Turnaround in place since 2014
- Targeting 20% return on capital and a minimum of \$60m in Earnings Before Interest & Tax (EBIT)
- Key Catalysts;
 - 1. A simplifying capital structure (ELDPA)
 - 2. Exit of live export business
 - 3. Resumption of dividends
- Currently on 10x P/E vs peers on 15-16 results
- High return on capital
- Strong cash flow to pay down remaining debt
- Growth options available



INVESTMENT IDEAS FOR THE YEAR AHEAD NAC:

6 MONTH PRICE CHANGES %

i-Sentia (ASX:ISD)	-46%
Aconex (ASX:ACX)	-57%
TPG Telecom (ASX:TPM)	-47%
Sirtex (ASX:SRX)	-47%
Blackmores (ASX:BKL)	-36%
Netcomm Wireless (ASX:NTC)	-42%
Adairs (ASX:ADH)	-47%
Vita Group (ASX:VTG)	-46%
Virtus Health (ASX:VRT)	-33%



NAOS ABSOLUTE OPPORTUNITIES COMPANY (ASX: NAC)

Share Purchase Plan (SPP)

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EVENT	DATE
Record Date	7.00 pm (Sydney time) 15 February 2017
SPP offer opens	9.00 am (Sydney time) 20 February 2017
SPP offer closes	5.00 pm (Sydney time) 20 March 2017
Issue date	27 March 2017
Dispatch of holding statements	27 March 2017
New Shares commence trading on ASX	29 March 2017
NAC ex dividend date	10 April 2017



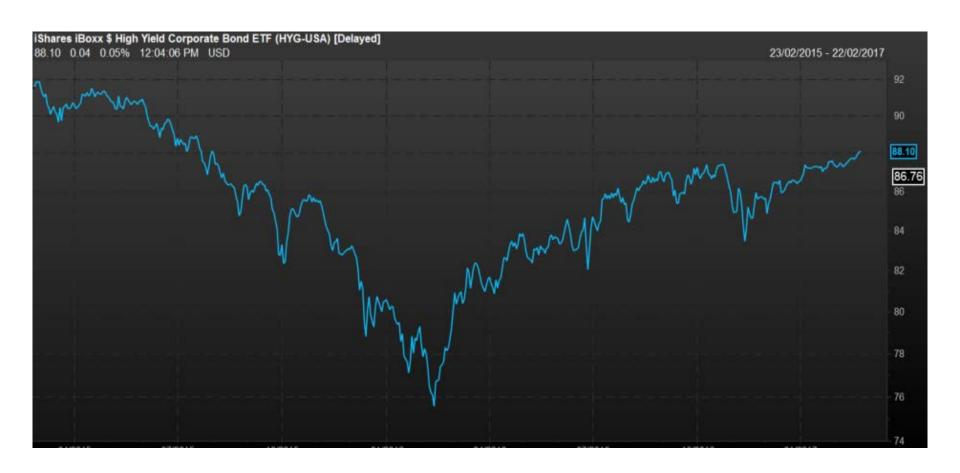


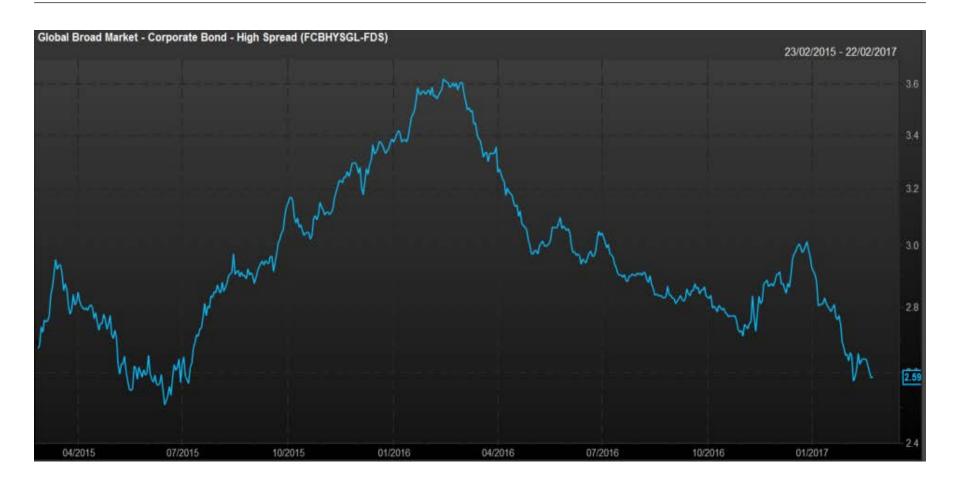
Even in flat markets there is always significant dispersion between returns of certain stocks, even those of larger market capitalisations. This can provide opportunities, as highlighted by the following which have been significant underperformers for a number of years:

Woolworths: 1-Year Return +19% Cleanaway: 1-Year Return +41% Ansell: 1-Year Return +25%

Code	Top 10	Ma	rket Cap	1YR Return %	Code	Bottom 10	Ma	arket Cap	1YR Return %
GSC	Global Geoscience Limited	\$	143,960,442	2150.00	EGS	Eastern Goldfields Limited	\$	172,619,237	-87.80
FMS	Flinders Mines Limited	\$	226,758,409	890.77	CDU	Cudeco Limited	\$	149,825,715	-64.08
EMH	European Metals Holdings Limited	\$	144,947,181	666.67	BAL	Bellamy's Australia Limited	\$	432,188,767	-63.51
CIA	Champion Iron Limited	\$	449,613,496	626.67	CSV	CSG Limited	\$	161,464,538	-61.41
ASL	Ausdrill Limited	\$	484,029,697	538.78	VAH	Virgin Australia Holdings Limited	\$	1,649,333,266	-57.61
WHC	Whitehaven Coal Limited	\$	3,047,356,278	468.32	DRM	Doray Minerals Limited	\$	130,276,437	-54.75
CLQ	Clean Teq Holdings Limited	\$	383,039,833	453.33	SRX	Sirtex Medical Limited	\$	950,837,348	-54.30
GGG	Greenland Minerals and Energy Limited	\$	164,855,508	417.24	ISD	Isentia Group Limited	\$	332,000,002	-53.91
BKN	Bradken Limited	\$	669,588,559	402.33	TCH	Touchcorp Limited	\$	173,584,710	-53.20
KDR	Kidman Resources Limited	\$	156,371,598	376.19	MGC	Mg Unit Trust	\$	198,074,974	-53.08

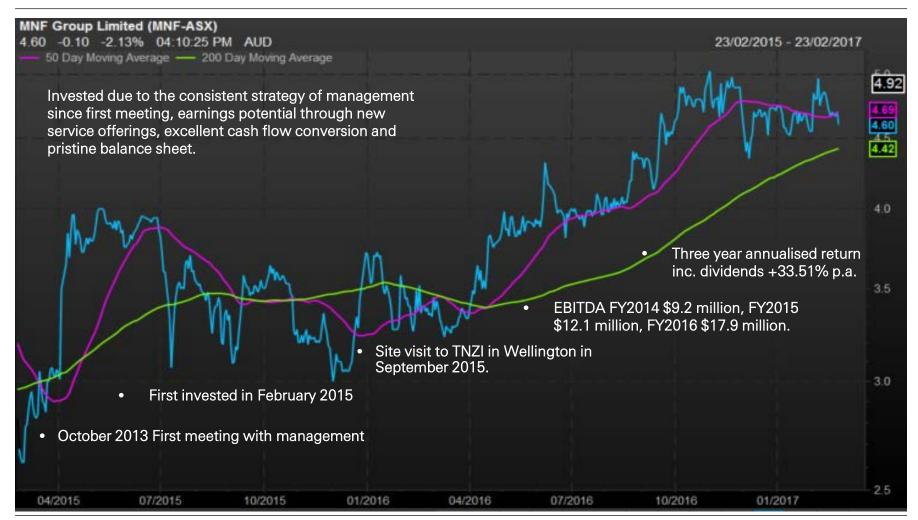
^{*} Total returns for 1 year to 24/2/2017

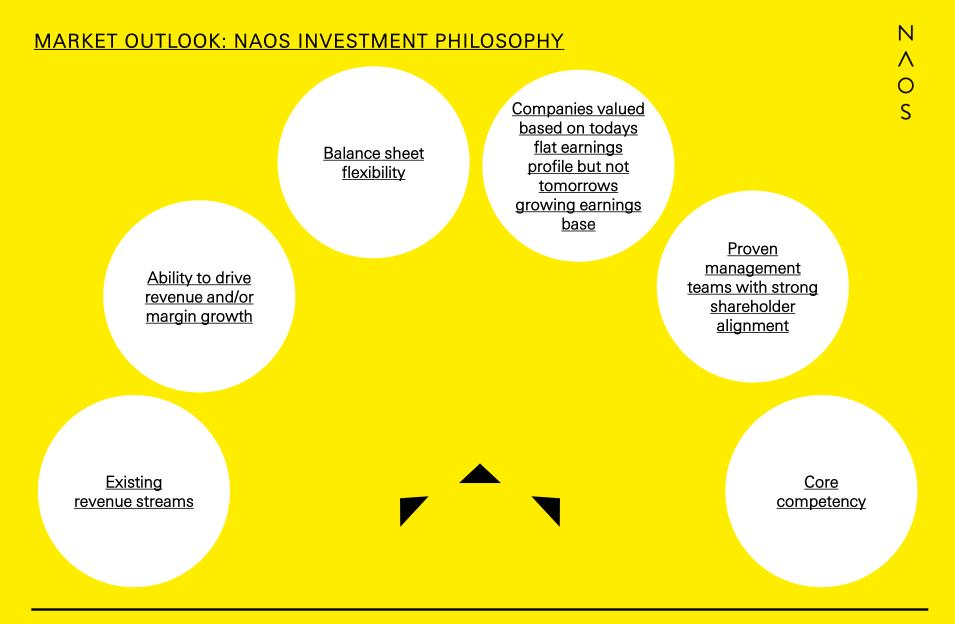




MARKET OUTLOOK: INDUSTRY ROTATION OVER THE PAST 6-MONTHS







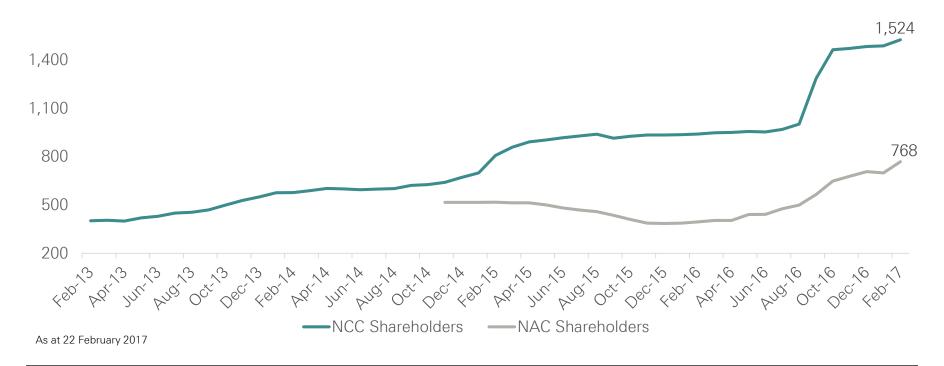
FOCUS ON THE CONTROLLABLE



Twitter Followers +80% YOY CIO Insights Distribution +35% for the HY NAOS Roadshow Attendees +45% for the HY

NAC Shareholders 768 +95% YOY

NCC Shareholders 1,524 + 62% YOY



INVESTOR AWARENESS AND COMMUNICATIONS



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