The background of the slide is a photograph of a hot air balloon festival. Numerous colorful balloons are floating in a sky filled with soft, grey clouds. The ground is a rugged, rocky landscape with winding paths. In the distance, a town and more mountains are visible under the dawn or dusk light.

NAOS

QUARTERLY INVESTOR BRIEFING 3RD
QUARTER FY-2017

NAOS Absolute Opportunities Company Limited
(ASX: NAC)

CALL DETAILS

1. Date	Friday 21 April 2017	
2. Time	9.00am AEST	
3. Telephone	Within Australia: 1800 857 029 New Zealand: 0800 449 288	Outside Australia: +61 3 8687 0635
4. Guest Access Code	1084 2873#	
5. Questions	Please email all questions to enquiries@naos.com.au prior to the allotted call time	

1. NAC Q3 FY17 REVIEW

- Performance & Risk Summary
- Stock Contribution (Since Inception)
- Return Profile, Positive v Negative Return Months
- Capital Analysis: Addressing the Discount
- Dividend Profile
- Director/Shareholder Alignment
- Historical Net Equity & Cash Exposure
- Industry/Sector Exposure
- Company Meetings

2. Market Outlook

- Portfolio update for Q3 FY2017
- Market Commentary
- SPP and Placement Summary
- ASX-300 relative Industry Performance
- NAOS Investment Philosophy

3. Keeping Up to Date

- Shareholder Communications
- NAOS Team and NAC Directors

1. NAC Review

“ESTABLISHING AND MAINTAINING AN UNCONVENTIONAL INVESTMENT PROFILE REQUIRES ACCEPTANCE OF UNCOMFORTABLY IDIOSYNCRATIC PORTFOLIOS, WHICH FREQUENTLY APPEAR DOWNRIGHT IMPRUDENT IN THE EYES OF CONVENTIONAL WISDOM.” – DAVID SWENSEN

NAC: PERFORMANCE & PORTFOLIO CHARACTERISTICS SUMMARY

AS AT 31 MARCH 2017

	1 Month	3 Month	1 Year	2 Year (p.a.)	Inception (p.a.)	Inception (Nom.)
NAC Investment Portfolio Performance*	+1.48%	-0.78%	+18.94%	+21.37%	+20.25%	+55.16%
Benchmark (RBA Cash Rate + 250bps)	+0.36%	+1.06%	+4.51%	+4.84%	+4.77%	+11.75%
Relative Performance	+1.12%	-1.84%	+14.43%	+16.53%	+15.48%	+43.41%

*Investment Portfolio Performance is **pre fees and tax and post all operating expenses**.

Performance has **not been grossed up for franking credits received by shareholders**. Inception is 12 November 2014

Total Number of Equity Holdings (Long & Short)	22
Total Number of Income/Debt Instruments*	0
Total Number of Holdings	22
Portfolio Weighted Market Capitalisation (AUD)	\$464.54m
Percentage of Positive Months (NAC)	66%
Percentage of Positive Months (XAOAI)	55%
Standard Deviation of Returns (NAC)	9.57%
Standard Deviation of Returns (XAOAI)	12.13%
Correlation of Returns to XAOAI	0.40
Sortino Ratio	7.77
Downside Deviation (NAC)	2.61%
Downside Deviation (XAOAI)	7.17%
Current Estimated Portfolio Beta	0.31

NAC: POSITIVE STOCK ATTRIBUTION SUMMARY (SINCE INCEPTION)

AS AT 31 MARCH 2017

Positive Stock Contribution Analysis

(Contribution is what has attributed to NAC's performance since Inception of 12 November 2014)

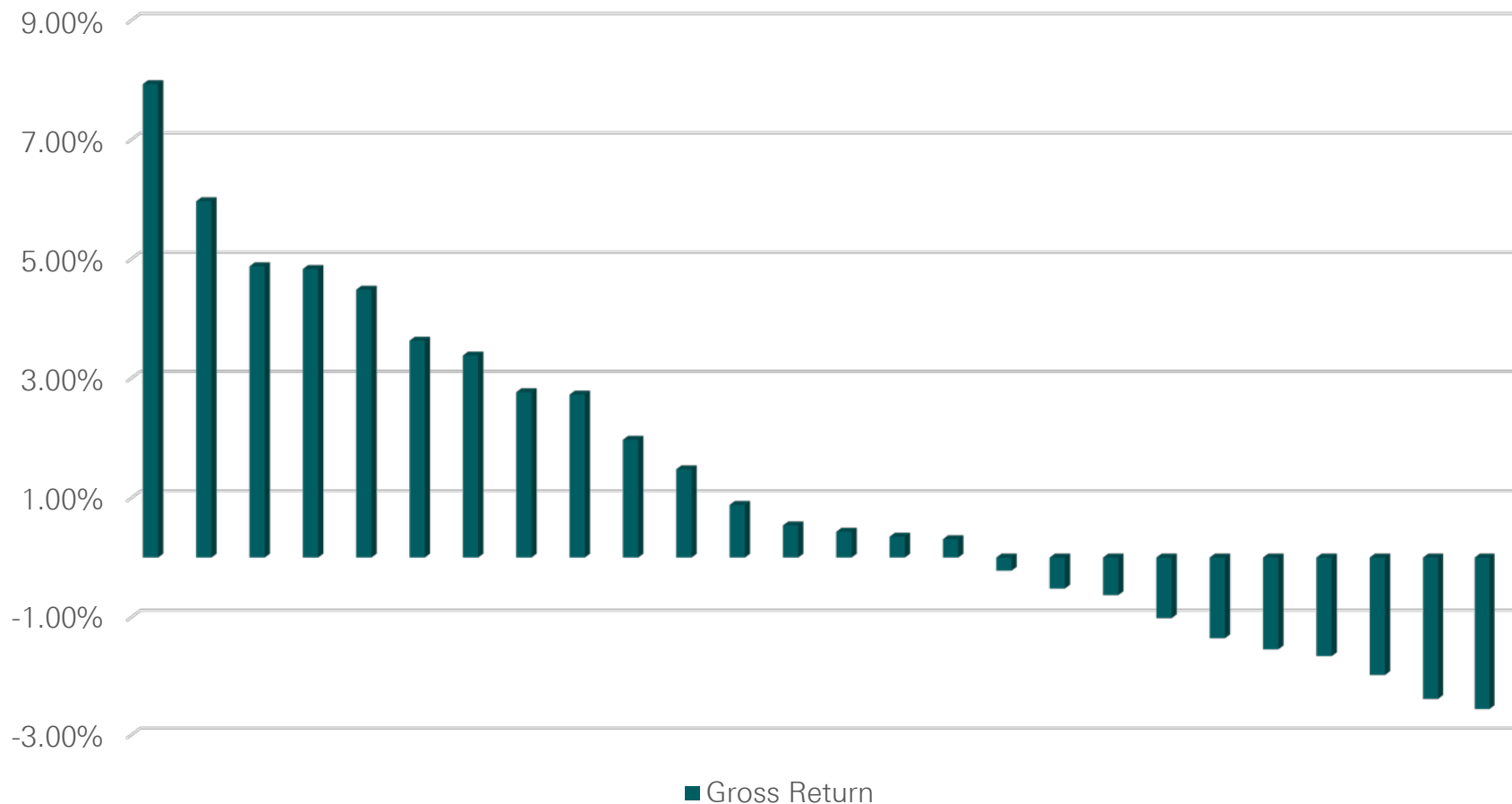
Below is a table listing the top positive contributors to NAC's total return since inception. The purpose of the table is to illustrate that the performance the investment team derive over time is not simply from one or two positions, but from a variety of positions, even with a concentrated portfolio of investments that is generally limited to 0-40 securities at any one time. Positions in the table below may have been held **either as a long position or short position at any given point in time.**

Investment	Contribution to Return (% NAV)	Investment	Contribution to Return (% NAV)
US Dollar	+9.39%	SmartGroup Ltd	+4.36%
My Net Fone	+5.46%	Armidale Investment Corp	+4.36%
BSA Limited	+5.14%	1-Page	+3.77%
Event Hospitality	+4.86%	Bellamy's Australia	+3.39%

NAC: RETURN PROFILE, POSITIVE V NEGATIVE MONTHS

AS AT 31 MARCH 2017

N
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NAC: CAPITAL ANALYSIS

AS AT 31 MARCH 2017

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NTA ANALYSIS

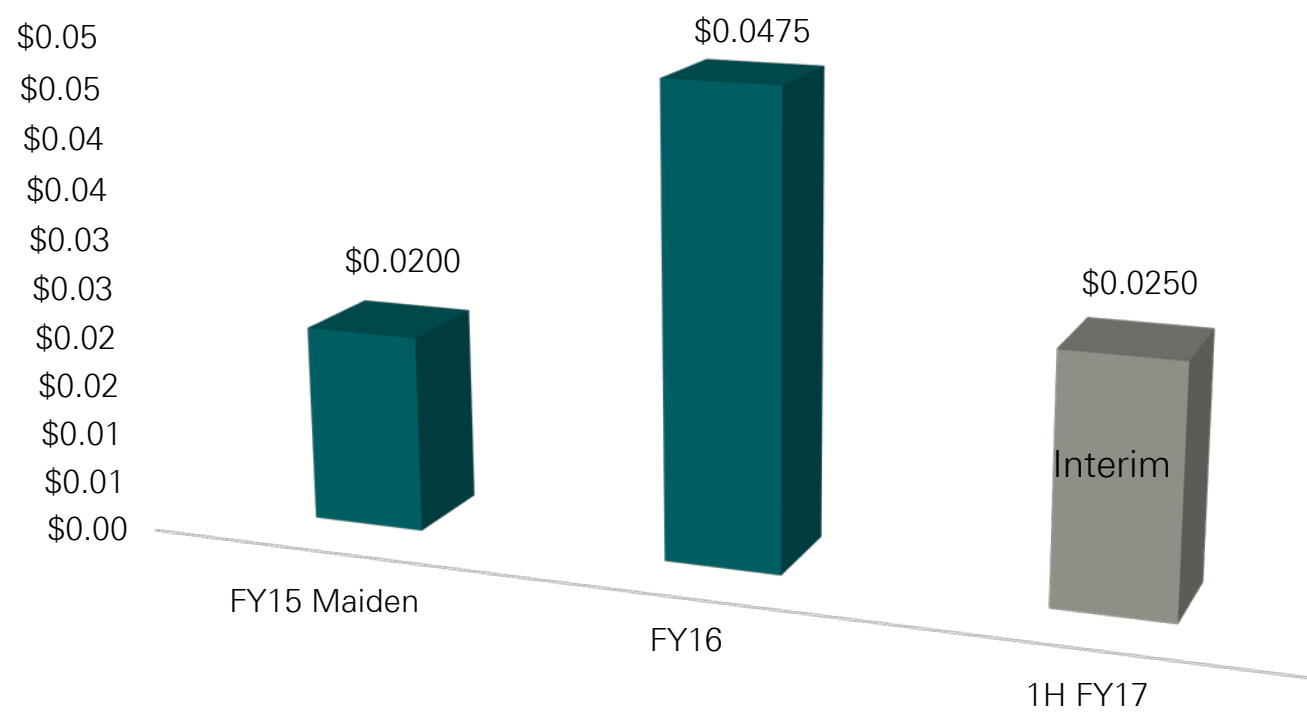
Pre Tax - \$1.13

Post Tax & Pre Unrealised Gains Tax – \$1.15

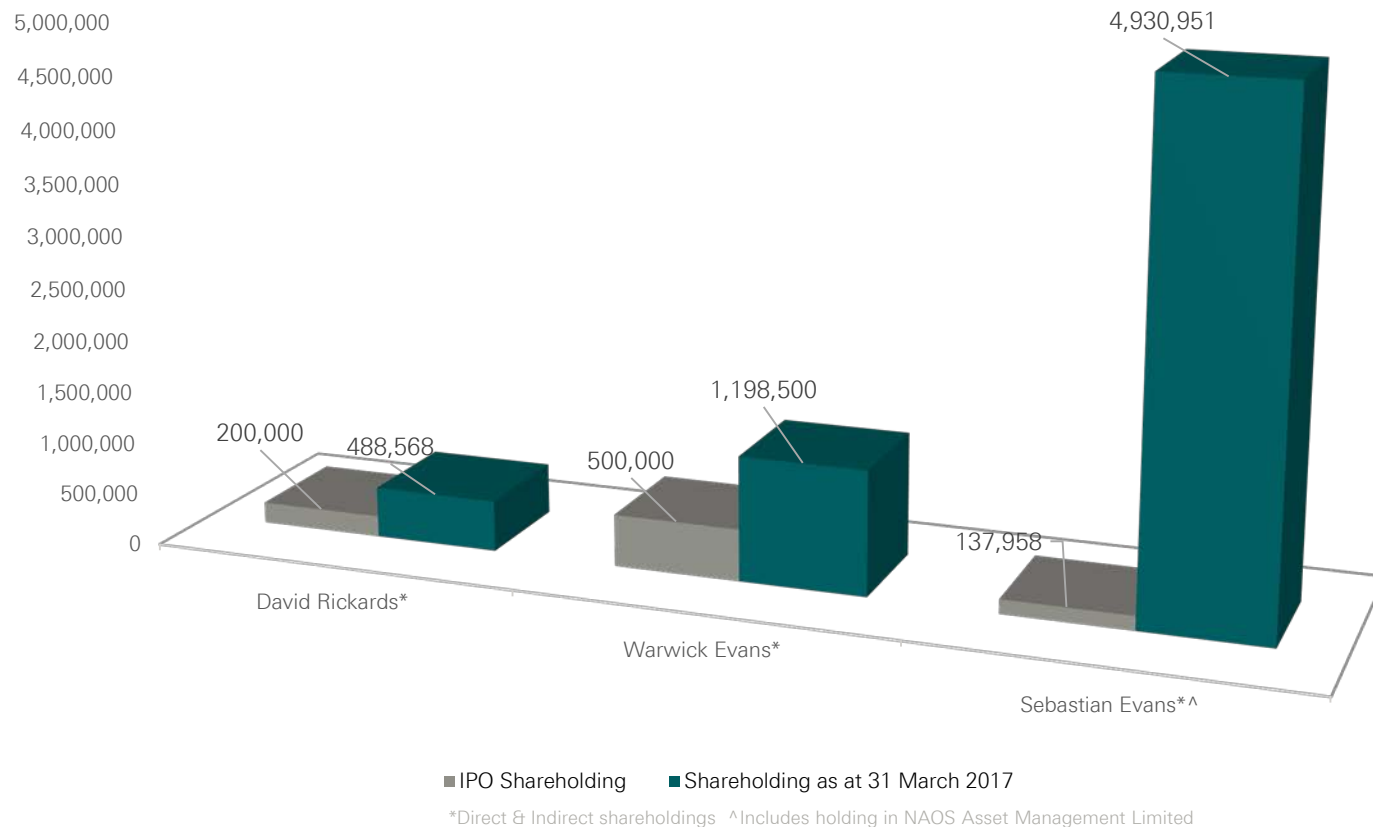
Post Tax - \$1.11

Share Price	\$1.115
Share Price (Discount)/Premium to NTA (undiluted, pre tax)	-1.33%
Fully Franked Dividend Yield	4.48%
Gross Dividend Yield	6.41%
Shares on Issue	52,410,791
Directors Shareholding	6,618,019

NAC: HISTORICAL FULLY FRANKED DIVIDEND PROFILE
AS AT 31 MARCH 2017

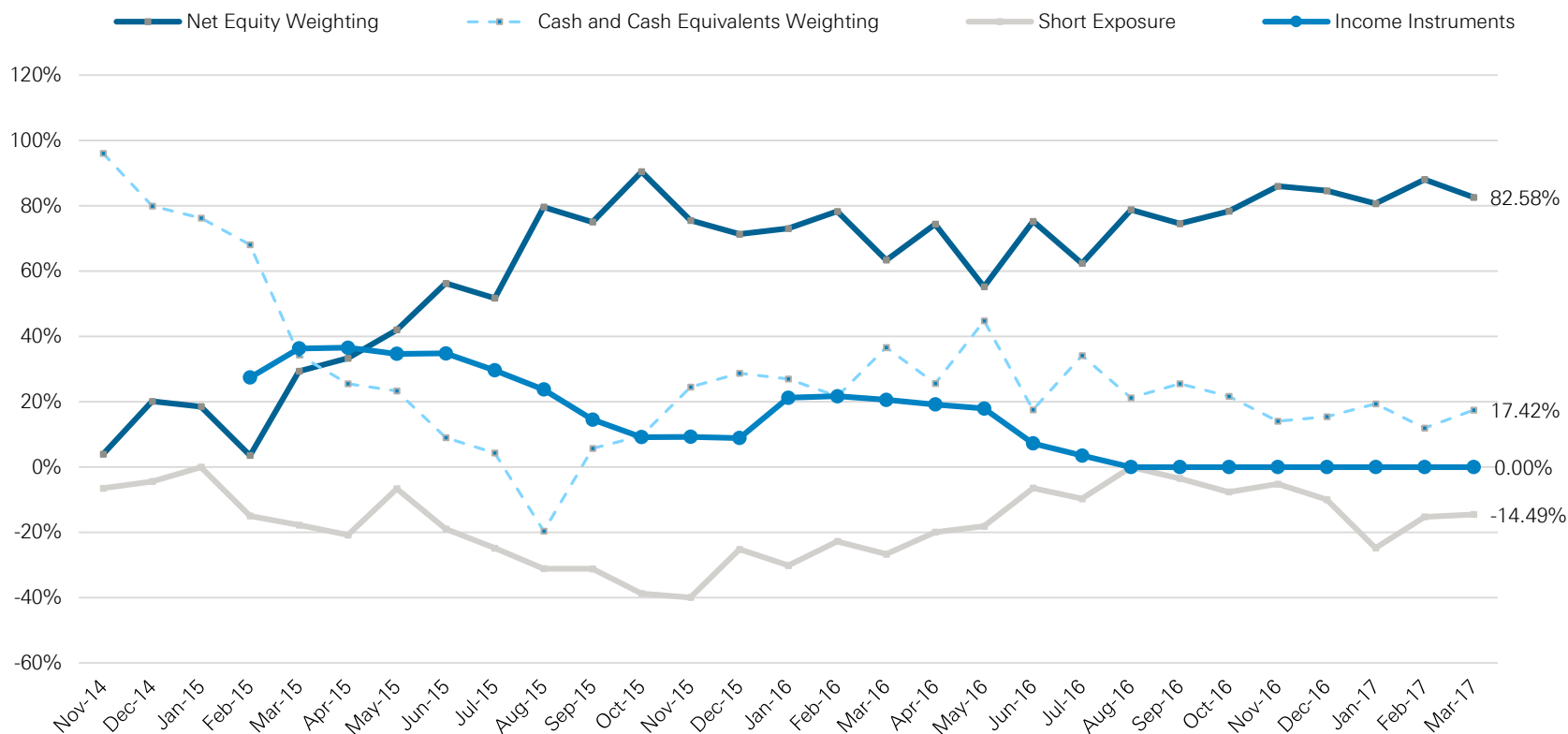


NAC: DIRECTORS INCREASING ALIGNMENT WITH SHAREHOLDERS SINCE IPO AS AT 31 MARCH 2017

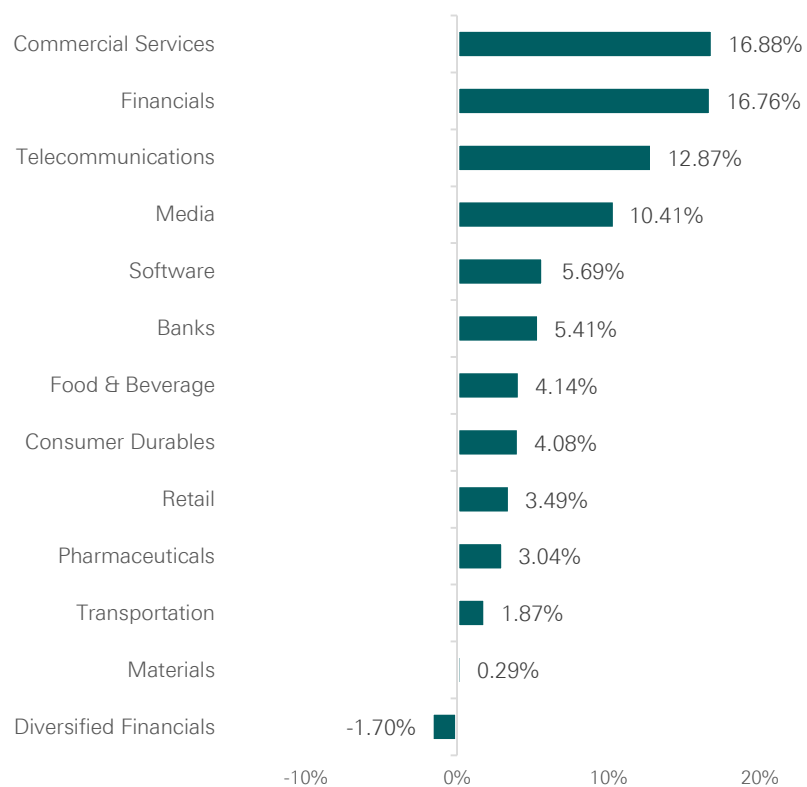


NAC: PORTFOLIO STRUCTURE HISTORICAL NET EQUITY AND CASH WEIGHTINGS AS AT 31 MARCH 2017

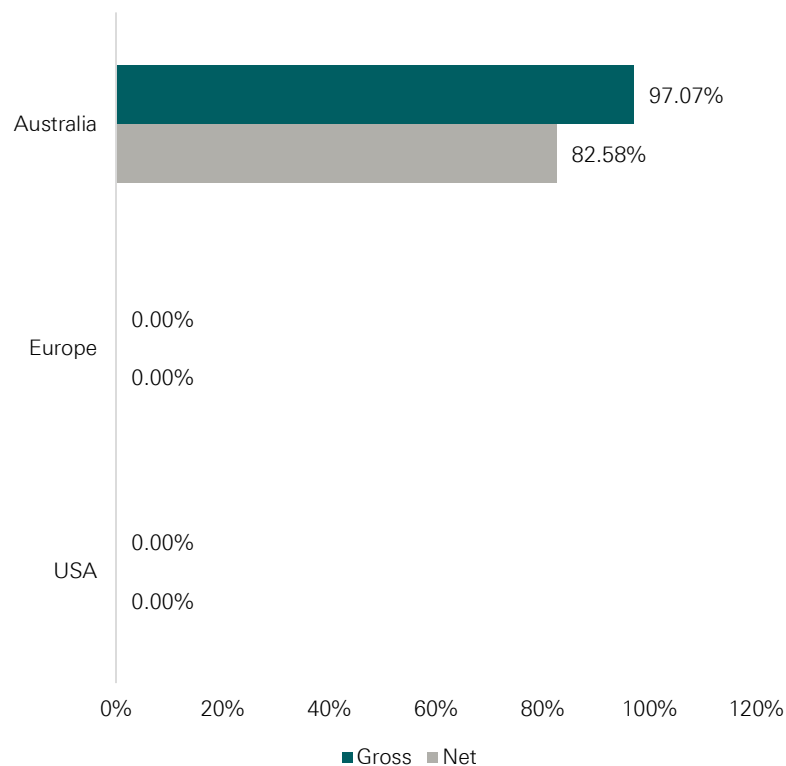
NAOS



Net Industry Exposure



Geographical Equity Exposure



The NAOS investment philosophy is based around the belief that for a company to succeed and generate strong returns for shareholders it must be led by a motivated, proven and experienced management team. The NAOS' Investment Team has direct contact with many listed and unlisted companies across a wide range of industries. The table below provides an insight into the types of companies NAOS has engaged with over the last quarter.

• Sirtex Medical Ltd (SRX AU)	• Comvita Limited (CVT NZ)
• Carsales Ltd (CAR AU)	• Service Stream Ltd (SSM AU)
• Adacel Technologies Ltd (ADA AU)	• Telit Communications (TCM UK)
• Gentrack Group Ltd (GTK AU)	• Bega Cheese Limited (BGA AU)
• Tourism Holdings Group (THL NZ)	• Biostime Ltd (1112 HK)
• Blue Sky Alternatives Ltd (BLA AU)	• AccorHotels (AC EN)

2. Market Outlook

“THE MARKET CAN REMAIN IRRATIONAL LONGER THAN
YOU CAN REMAIN SOLVENT.” – JOHN MAYNARD KEYNES

CBL Corporation (ASX: CBL)

- New position for the NAC portfolio.
- Operating for 43 years as a specialist insurer and reinsurer for credit and financial risk.
- Focussed on writing profitable insurance rather than growing market share.
- Very strong balance sheet with A- credit (excellent) rating from AM Best Ratings.
- They have a combined ratio of ~80%, well above that of their peers.
- Management have a significant stake in the business (MD and Deputy Chairman own ~40%).

Gentrack Group (ASX: GTK)

- Announced acquisition of Junifer Systems, a market leading utility customer information and billing provider.
- GTK will service 32 of 50 energy utility providers in the UK putting GTK in a strong position to leverage the growth of independent electricity retailers.
- Deregulation of the water market should provide further growth opportunities for GTK.
- Earnings accretion from the deal makes valuation look more attractive.

Shaver Shop (ASX: SSG)

- Significant sell-off in share price around soft Christmas trading.
- Directors bought stock after the fall and so did the NAC portfolio.
- SSG have now announced improved sales and subsequently upgraded their earnings guidance.
- Despite increased share price, there has been no change in valuation (P/E) despite reduced risk.
- We believe the stock is still cheap with reasonable growth.

Elders Group (ASX: ELD)

- New position commenced at the beginning of the quarter.
- Announced buy back of hybrid shares, which improves capital structure.
- Sale of live export business ongoing, which will reduce debt and working capital.
- Business units performing strongly, in a favourable agriculture environment.
- We expect a resumption of dividends during the year.

Significant Increase in Market “Noise” Through Q3 FY2017

- Market obsession with Australian house prices and potential government policy changes.
- APRA changes around lending standards and subsequent costs for property owners.
- Geopolitical risks around current and/or potential conflicts in Syria and North Korea.
- Upcoming election in France with the anti-EU party gaining significant ground.
- Recently announced UK with strong focus on Brexit once again.

Also Significant Increase in Market “Noise” on Particular Industries

- The effect of Amazon’s entry into the domestic retail market.
- Increased competition within telecommunications sector especially around future mobile plan prices.
- Out of cycle interest rate rises from many of the large financial institutions.
- Fund manager debate on active vs. passive portfolio management.

Successful Completion of SPP and Placement

- The Placement and SPP raised approximately \$10 million, increasing the NTA to circa \$60 million.
- The main reasons for completing this capital raising were to:
 - Take advantage of a number of new investments without the need to remove existing holdings which the NAOS investment team believe still represent good value.
 - Increase the liquidity of the NAC shares traded on the ASX.
 - Increase the flexibility for the investment team to take advantage of more event driven overvalued short opportunities, without the need to remove current long positions.
- The Directors would like to again thank all participants both in the Placement and SPP, and would like to note that all Directors and members of the investment team participated in the SPP.

The market malaise within small to mid cap industrial companies has continued into Q3 FY2017, as shown by significant negative share price movements in companies such as RFG, RCG, FBU, CSV and ISD.

Pleasingly, there are also signs that some industrial names have entered value territory and have subsequently risen such as BGA, SRX and CGC. The weight of money that has recently exited the small/mid cap space has continued but has slowed more recently.

Code	Top 15	Industry/Sector	3 Month Return %	Code	Bottom 15	Industry/Sector	3 Month Return %
MSB-AU	Mesoblast Limited	Health Care	59.44	RFG-AU	Retail Food Group Limited	Consumer Discretionary	-24.07
BGA-AU	Bega Cheese Limited	Consumer Staples	49.29	BXB-AU	Brambles Limited	Industrials	-24.60
WGX-AU	Westgold Resources Ltd	Materials	43.03	WSA-AU	Western Areas Limited	Materials	-24.76
MLX-AU	Metals X Limited	Materials	39.29	RCG-AU	RCG Corporation Limited	Consumer Discretionary	-26.60
SVW-AU	Seven Group Holdings Limited	Industrials	36.61	FBU-AU	Fletcher Building Limited	Materials	-26.91
CDD-AU	Cardno Limited	Industrials	35.45	NTC-AU	Netcomm Wireless Limited	Information Technology	-27.91
A2M-AU	a2 Milk Company Ltd.	Consumer Staples	34.31	HFR-AU	Highfield Resources Limited	Materials	-28.57
SXY-AU	Senex Energy Limited	Energy	33.96	IPD-AU	Impedimed Limited	Health Care	-30.10
BSL-AU	Bluescope Steel Limited	Materials	32.11	TGA-AU	Thorn Group Limited	Consumer Discretionary	-31.77
CGC-AU	Costa Group Holdings Ltd.	Consumer Staples	26.45	CSV-AU	CSG Limited	Information Technology	-36.30
SRX-AU	Sirtex Medical Limited	Health Care	26.32	BAL-AU	Bellamy's Australia Ltd.	Consumer Staples	-37.13
LYC-AU	Lynas Corporation Limited	Materials	26.03	QIN-AU	Quintis Ltd	Materials	-37.35
CSL-AU	CSL Limited	Health Care	24.82	TEN-AU	Ten Network Holdings Limited	Consumer Discretionary	-38.38
NHF-AU	NIB Holdings Ltd	Financials	24.63	ORE-AU	Orocobre Limited	Materials	-38.63
MMS-AU	Mcmillan Shakespeare Limited	Industrials	21.62	ISD-AU	iSentia Group Limited	Information Technology	-47.74

* Total returns for the 3 month period to 31/3/2017

MARKET OUTLOOK: NAOS INVESTMENT PHILOSOPHY

NAOS

Balance sheet
flexibility

Companies valued
based on todays
flat earnings
profile but not
tomorrows
growing earnings
base

Proven
management
teams with strong
shareholder
alignment

Ability to drive
revenue and/or
margin growth

Existing
revenue streams

Core
competency



FOCUS ON THE CONTROLLABLE

3. Keeping Up To Date

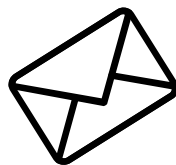
“SUPERIOR RESULTS DON’T COME FROM BUYING HIGH QUALITY ASSETS, BUT FROM BUYING ASSETS – REGARDLESS OF QUALITY – FOR LESS THAN THEY’RE WORTH. IT’S ESSENTIAL TO UNDERSTAND THE DIFFERENCE BETWEEN BUYING GOOD THINGS AND BUYING THINGS WELL.” – HOWARD MARKS



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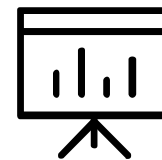
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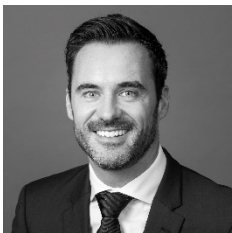


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contact
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(02) 9002 1576

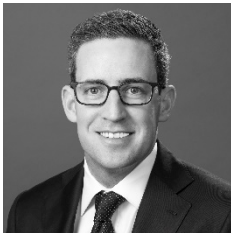
THE NAOS TEAM AND DIRECTORS



Sebastian Evans
Chief Investment Officer/
Managing Director



Richard Preedy
Chief Financial &
Operating Officer



Ben Rundle
Portfolio Manager



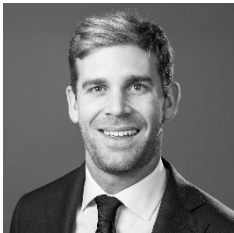
Julie Coventry
Compliance Officer



Jeffrey Kim
Portfolio Manager



Julia
Stanistreet
Business Development
Manager



Robert Miller
Portfolio Manager



Chadd Knights
Associate Analyst



Megan Walker
Marketing and
Communications
Manager

Sebastian Evans
Director



Warwick
Evans
Director



David Rickards
Independent
Chairman



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