NAOS NATIONAL INVESTOR ROADSHOW

MARCH 2018

IMPORTANT INFORMATION

NAOS

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NAOS INVESTMENT BELIEFS

NAOS

We believe success is achieving returns for our investors, over a three to five year period, better than and without correlation to the broader market with less risk of permanent capital loss.

We see value in the sharing of ideas with our investment community via open and transparent communication to ensure investors are able to make informed decisions.

VALUE FOCUSED

QUALITY OVER QUANTITY

INVEST FOR THE LONG TERM

IGNORE THE INDEX

PURE EXPOSURE TO INDUSTRIALS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

MANAGEMENT ALIGNMENT

OUR LISTED INVESTMENT COMPANIES

NAOS

NAOS EMERGING OPPORTUNITIES COMPANY LIMITED	NAOS SMALL CAP OPPORTUNITIES COMPANY LIMITED	NAOS ABSOLUTE OPPORTUNITIES COMPANY LIMITED
ASX: NCC	ASX: NSC	ASX: NAC
Emerging/Microcap Industrial Companies	Small Cap Industrial Companies	Small/Mid Cap Industrial Companies
Market Cap Generally <$250M	Market Cap Generally >$20M - $1B	Market Cap Generally >$400M - $1B+
9 Holdings*	15 Holdings*	11 Holdings*

GENUINE, CONCENTRATED EXPOSURE TO INDUSTRIALS WITH A LONG TERM VALUE FOCUS

*As at 28 February 2018


NAOS
“You don't have to be brilliant, only a little bit wiser than the other guys, on average, for a long time.“
Charlie Munger

NCC UPDATE
9 HOLDINGS
PORTFOLIO CASH WEIGHT 6.35%*

NAOS

KEY POSITIONS

CAREERS MULTILIST ASX: CGR

Strong 1H FY2018 Result

- Organic growth through increased market awareness
- Profit growth through excellent margin management, market share growth and lower funding costs.

BIG RIVER INDUSTRIES ASX: BRI

Strategic Acquisitions Marred by Poor Manufacturing Result

- Continued pressure from Chinese imports on smaller manufacturing business.
- The larger distribution division showed revenue growth and significant margin growth.
- Long term thesis intact based on driving the number of distribution centres

NEW POSITION

WINGARA AG LTD ASX: WNR

Significant Industry Tailwinds

- Organic growth from increased Oaten Hay export volumes.
- Complimentary strategic acquisition of cold storage meat business to be completed in March.
- Continues to leverage the thematic of demand for Australian agricultural products.

*As at 28 February 2018

NCC DIVIDEND HISTORY
AS AT 28 FEBRUARY 2018

N Λ O S

ASX: NCC

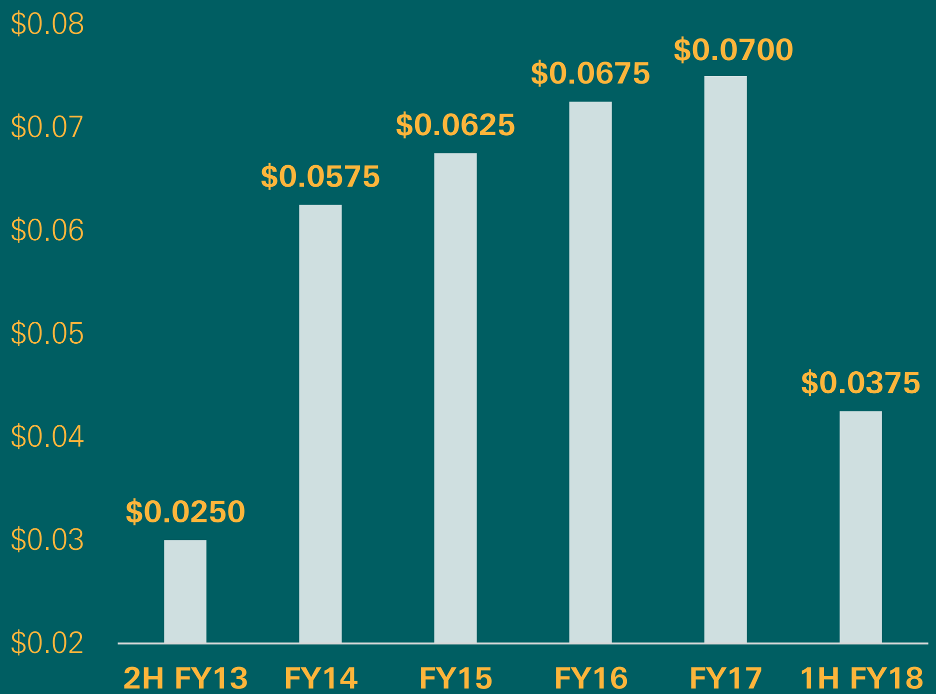
7.24%
Gross Dividend Yield

100%
Franking

$16.2m
Profit Reserves

3.75c▲
Fully Franked Interim Dividend

Fully Franked Dividend Profile



NSC UPDATE

15 HOLDINGS

PORTFOLIO CASH WEIGHT 21.98%*

KEY POSITIONS

MNF GROUP
ASX: MNF

Consistently growing business with proven and aligned management team

- Recent 20% share price fall due to investment into Pennytel business.
- MNF is now NSC's largest position
- Tier 1 client list
- Net cash balance sheet and strong underlying cash flow

360 CAPITAL TOTAL RETURN FUND
ASX: TOT

Aiming to fill the gap left by traditional banks

- $80 million cash backed company.
- Deployed over $44 million in the past 6 months with IRR's between 12%-17% p.a.
- Generally will have 1st security over loan asset
- Aiming to distribute a majority of their earnings with distribution guidance of 9.0cps for FY18.

*As at 28 February 2018

NSC DIVIDEND HISTORY

AS AT 28 FEBRUARY 2018

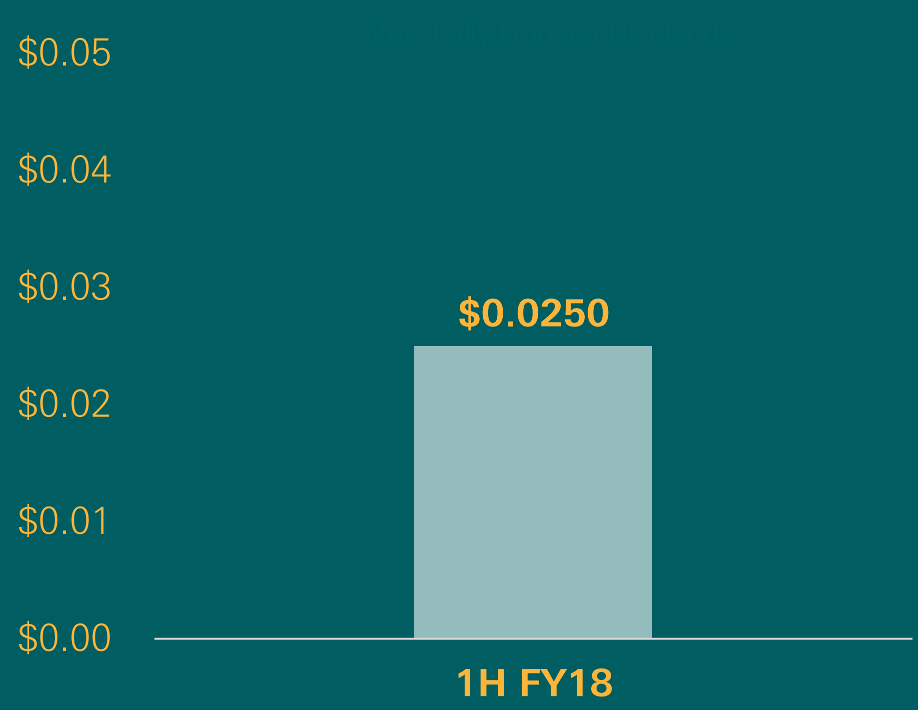
ASX: NSC

2.50c
Fully Franked
Interim Dividend

100%
Franking

$22.8m
Profit
Reserves

Fully Franked Dividend Profile



NAC UPDATE

11 HOLDINGS
PORTFOLIO CASH WEIGHT 6.10%*

NAOS

KEY POSITIONS

SMART GROUP
ASX: SIQ

Capital Light Model With De-Geared Balance Sheet

- Proven and highly aligned management team.
- Disciplined strategy maintaining focus on core competency
- P/E ratio does not reflect true value of the business.

JAPARA HEALTHCARE
ASX: JHC

Conservative Exposure to Growing Industry

- Numerous headwinds over the past 12-months are likely to abate.
- Significant property exposure valued at cost on balance sheet.
- CEO founded the business in 2005 with one centre.
- Significant undersupply of aged care beds over the next 10-years.

NEW POSITION

SERVICE STREAM
ASX: SSM

Pure Exposure to NBN and 5G Rollout & Maintenance

- Excellent cash flow conversion and net cash balance.
- Recently implemented a share buy-back and increased dividend.
- One of only two national providers for mobile infrastructure services.
- Largest exposure to NBN maintenance work which is increasing significantly year on year.

*As at 28 February 2018

NAC DIVIDEND HISTORY

AS AT 28 FEBRUARY 2018

ASX: NAC

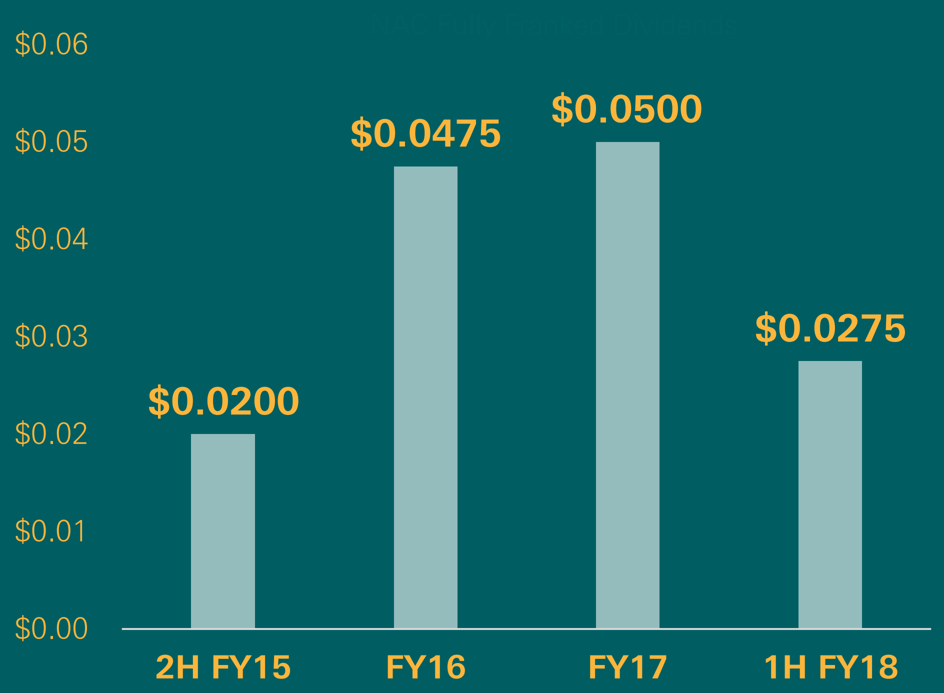
7.40%
Gross Dividend Yield

100%
Franking

$7.1m
Profit Reserves

2.75c▲
Fully Franked Dividend

Fully Franked Dividend Profile



PERFORMANCE

AS AT 31 JANUARY 2018

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NCC*	$1.39 Pre Tax NTA	$1.47 Share Price	+7.88% 6 Month Performance	+18.52% Performance P.A. Since Feb 2013 Inception	+6.51% Inception P.A. Performance XSOAI#

NSC^	$1.03 Pre Tax NTA	$0.93 Share Price	+0.17% 2 Month Performance	+2.64% 2 Month Performance XSOAI#

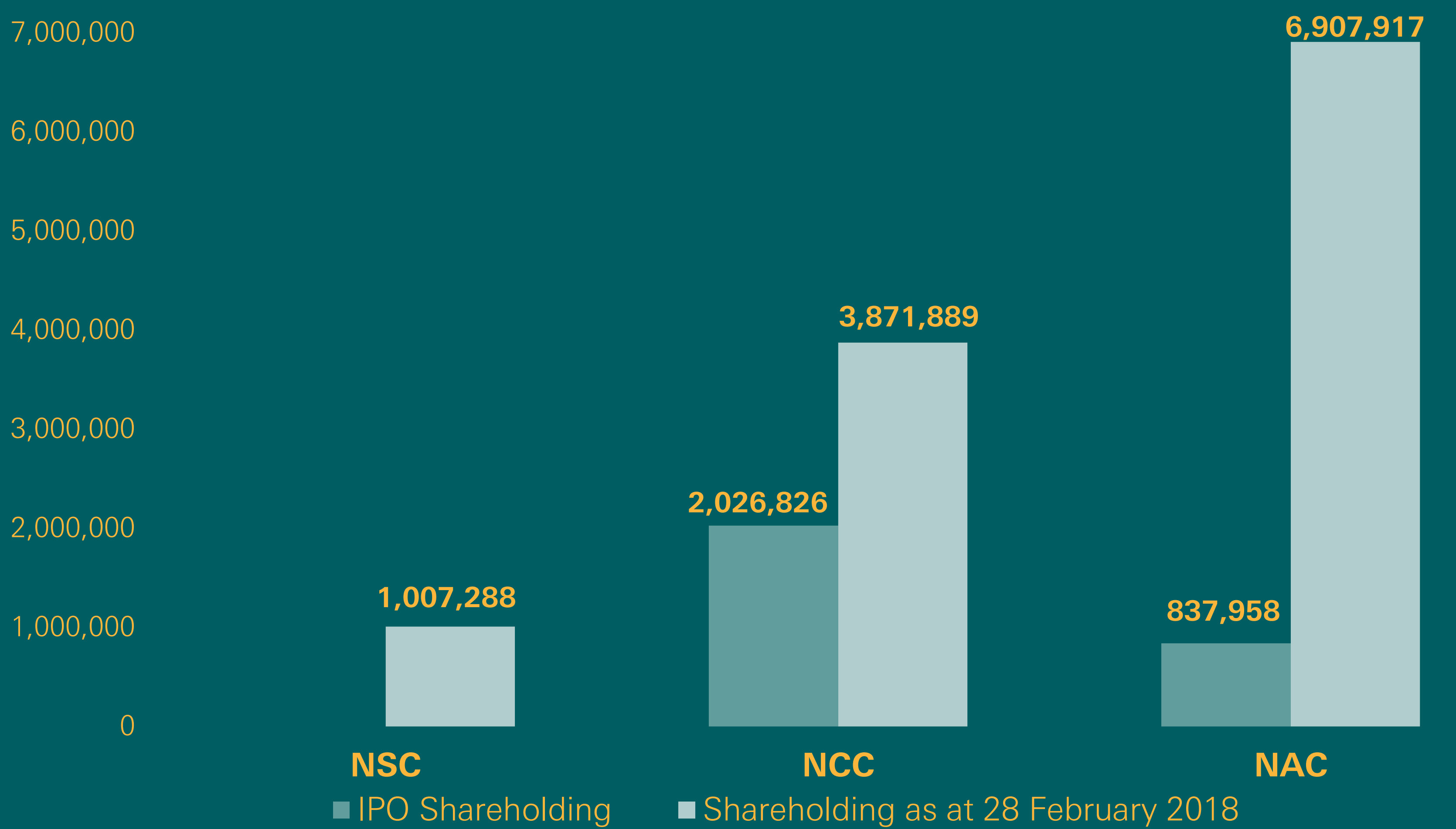
NAC*	$1.17 Pre Tax NTA	$1.05 Share Price	+14.52% 6 Month Performance	+18.50% Performance P.A. Since Nov 2014 Inception	+4.65% Inception P.A. Performance Benchmark (RBA cash rate + 250BPS)

XSOAI refers to the S&P/ASX Small Ordinaries Accumulation Index.

*Investment 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 and returns are compounded for periods greater than 12 months.

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

NAOS LIC MANAGEMENT ALIGNMENT




NAOS
Market Outlook
“First, no one really knows what events are going to transpire. And second, no one knows what the market’s reaction to those events will be.”
Howard Marks

DOMESTIC MARKET OUTLOOK

NAOS

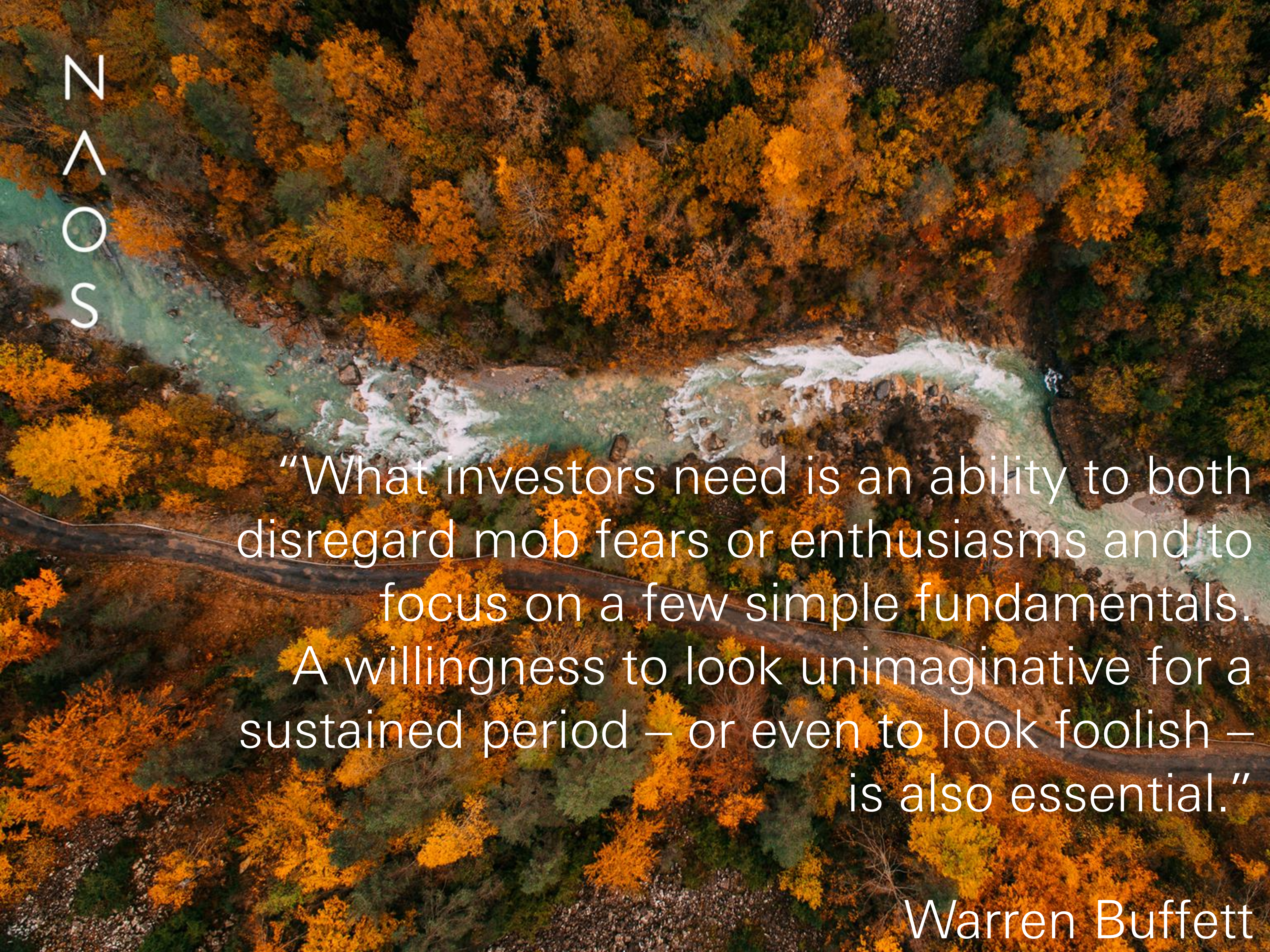
The Bull and Bear Case

BULL
Business conditions remain at elevated levels
Historically low unemployment with potential for wage inflation due to supply constraints
Low inflation, no rush to raise interest rates
Lack of euphoric investor psychology
Many company balance sheets remain on solid footings
Significant industry tailwinds e.g. infrastructure spending, education and aged care

DOMESTIC MARKET OUTLOOK

The Bull and Bear Case

BEAR
Potential for interest rate rises due to a rise in inflation over the medium term
Current economic recovery one of the longest in history, can it continue?
Valuations of equities in certain industries remain at elevated levels considering their risk profile
Potential for overheated and indebted US economy to rattle the domestic economy
Rise of investment decisions based on relative returns rather than price relative to value
Strain on consumer budgets from record high personal debt levels and higher living costs
Potential for margin pressure on investments with valuations tied to low cash rates


NAOS
“What investors need is an ability to both disregard mob fears or enthusiasms and to focus on a few simple fundamentals.
A willingness to look unimaginative for a sustained period – or even to look foolish – is also essential.”
Warren Buffett

DOMESTIC MARKET

NAOS

WHY WE ARE AVOIDING THESE COMPANIES

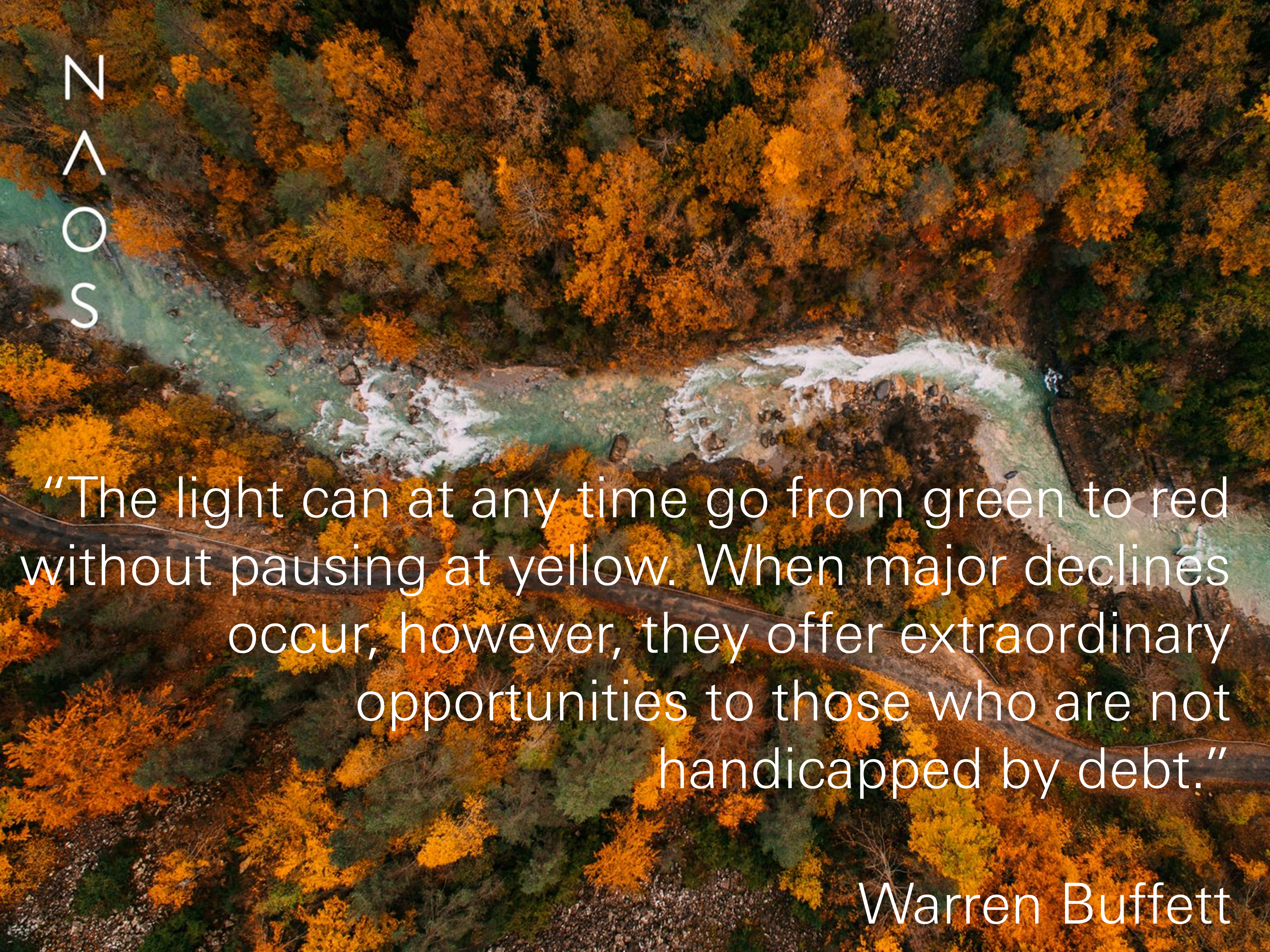
	CY17 Total Return	CY18 Return	Market Cap
BIG Un Limited (BIG)	1,513%	-39%	$380M
GetSwift Limited (GSW)	1,133%	-83%	$66M
IPH Limited (IPH)	7%	-35%	$700M
EML Payments (EML)	2%	-25%	$345M
Amaysim (AYS)	0%	-27%	$300M

* Source Bloomberg, CY17 Total Return figures as at 31 December 2017, CY18 Return and Market Cap figures as at 28 February 2018

NAOS INVESTMENT PHILOSOPHY

NAOS will continue to focus on the controllable to minimise risk of permanent capital loss

Can control	Can’t control
Investing based on value/price, stock specific fundamentals on a 3 - 5 year view.	Market noise and timing of short term market movements


NAOS
“The light can at any time go from green to red without pausing at yellow. When major declines occur, however, they offer extraordinary opportunities to those who are not handicapped by debt.”
Warren Buffett

MANAGING STOCK SPECIFIC RISK

Balance Sheet Flexibility

Companies Valued Based on Today's Flat Earnings Profile

Ability to Drive Revenue &/or Margin Growth

Environmental Social & Governance (ESG)

Proven Management Teams & Shareholder Alignment

Existing Revenue Streams

Core Competency

FOCUS ON THE CONTROLLABLE

HOW RETURNS ARE GENERATED

NAOS

HYPOTHETICAL CASE STUDY*

5.00%		8.33%		4.50%	=	17.83%
Earnings Growth		P/E Expansion		Dividend Yield		Total Return

BALANCE SHEET FLEXIBILITY

MINIMISE RISK OF PERMANENT CAPITAL LOSS

LONG TERM INVESTMENT HORIZON

PROVEN MANAGEMENT TEAMS

* Figures are for illustrative purposes only

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

NAOS

WE DIRECTLY MONITOR OUR CORE INVESTMENTS ON A 6 MONTHLY BASIS

ENVIRONMENTAL IMPACT

LABOUR POLICIES

GOVERNANCE

COMMUNITY ENGAGEMENT

SOCIAL IMPACT

SUSTAINABLE WASTE MANAGEMENT

HUMAN RIGHTS

NAOS: ENVIRONMENTAL, SOCIAL GOVERNANCE (ESG)

NAOS

To be caretakers of the next generation we must actively support positive change.

NAOS aim to donate 1% of our management fee revenue to the community and environment.

ENVIRONMENTAL, SOCIAL GOVERNANCE (ESG)

NAOS

NAOS IS PROUD TO BE SUPPORTING

BUSH HERITAGE AUSTRALIA

‘Golden Shouldered Parrot’ threatened species project, in partnership with Bush Heritage

Greening Australia

‘Reef Aid’ campaign, in partnership with Greening Australia

Appendix

"It is insane to risk what you have and need in order to obtain what you don't need."

Warren Buffett

HISTORICAL NUMBER OF SHAREHOLDERS

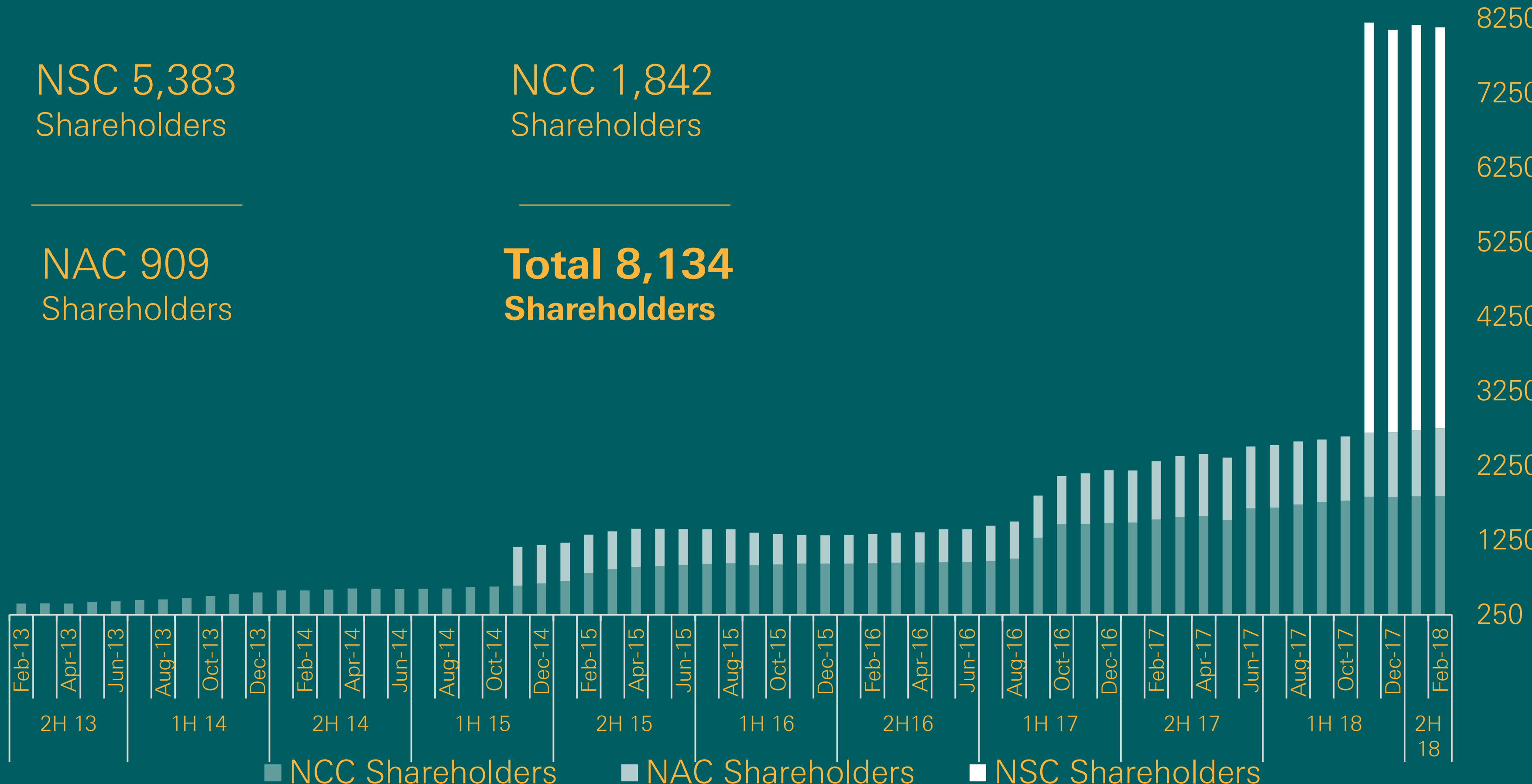
AS AT 28 FEBRUARY 2018

NSC 5,383
Shareholders

NCC 1,842
Shareholders

NAC 909
Shareholders

Total 8,134
Shareholders



INVESTOR AWARENESS AND COMMUNICATION

NAOS

CEO Insights, Weekly NAOS Newsletter, subscribe via our website naos.com.au/#subscribeform

Quarterly Shareholder Conference Calls, subscribe via our website naos.com.au/#subscribeform

Monthly Investment Report & NTA email updates, subscribe via our website naos.com.au/#subscribeform

The news and media section of our website is updated regularly naos.com.au

Twice yearly National Roadshow

Follow us on Twitter @NaosAssetMgmt

Add us on Linkedin NAOS Asset Management

Like us on Facebook NAOS Asset Management

Subscribe to us on YouTube NAOS Asset Management

For all enquiries contact enquiries@naos.com.au or call (02) 9002 1576

NAOS TEAM

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OUR DIRECTORS

Sebastian Evans
Managing Director, NAOS Asset Management Limited & Director NCC, NSC and NAC

Warwick Evans
Chairman, NAOS Asset Management Limited & Director NCC, NSC and NAC

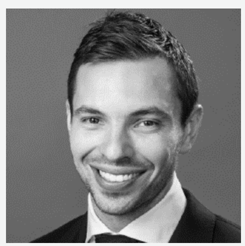
Mark Bennett
Director, NAOS Asset Management Limited

David Rickards
Chairman & Director, NCC and NAC & Director NSC

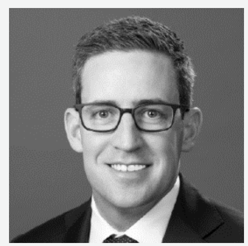
Trevor Carroll
Chairman NSC

David O'Halloran
Director, NAOS Asset Management Limited

OUR TEAM

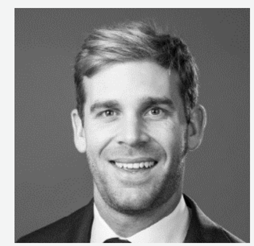


Sebastian Evans
Chief Investment Officer

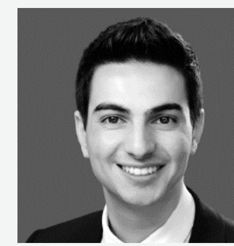


Ben Rundle
Portfolio Manager

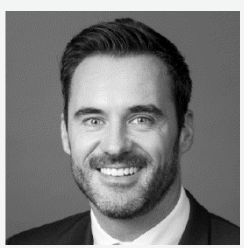
Jeffrey Kim
Portfolio Manager



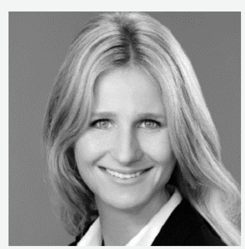
Robert Miller
Portfolio Manager



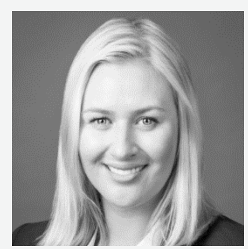
Chadd Knights
Associate Analyst



Richard Preedy
Chief Financial and Operating Officer



Julia Stanistreet
Business Development Manager



Megan Walker
Marketing and Communications Manager

Rajiv Sharma
Senior Legal Counsel and Company Secretary NCC, NSC & NAC

Scott Hildebrand
Distribution & Sales Manager


NAOS
Q & A
THANK YOU