

## NAOS Absolute Opportunities Company Limited Announces Quarterly Dividend Payments and Proposed Changes to the Company

### Proposed Changes:

- Proposed name change to [NAOS Ex-50 Opportunities Company Limited](#) to better reflect the Company's concentrated mid-cap investment strategy between ASX-50 and small companies, with the ASX code to remain ASX: NAC.
- Proposed amendment from the RBA Cash Rate + 250 basis points benchmark to a more appropriate benchmark index of the [S&P/ASX 300 Industrials Accumulation Index](#).
- The Company will [increase the frequency of dividend payments from bi-annual to quarterly](#), creating an opportunity for shareholders to receive a more frequent income stream.

**Friday, 1 June 2018:** On behalf of the Directors of NAOS Absolute Opportunities Company Limited (Company), and after consideration of feedback from our shareholders, it is my pleasure to announce the following proposed changes to the Company. We believe these changes will provide shareholders with a unique Listed Investment Company which is easier to understand and is highly differentiated in the market. It is our view that these amendments should lead to increased market awareness and demand from shareholders, which may contribute towards releasing and maintaining value for shareholders over the longer term.

### Proposed Change of Name

The Board considers the change of name appropriate to better reflect the Company's investment strategy. Since the Company's 2014 inception the investment portfolio has performed favourably against its existing absolute benchmark, as well as the broader market, returning +15.80% p.a.<sup>1</sup> post expenses and before fees. During this time the Company has been able to provide shareholders with a growing stream of fully franked dividends every year since listing. The Company has achieved a significant amount of this strong outperformance by focusing on providing shareholders with a concentrated exposure to quality industrial mid-cap equities with a long-term value focus. The Company defines mid-cap companies as those outside of the ASX-50 and generally no smaller than a \$400m market capitalisation. The Board believes the investment team have proven themselves to have considerable expertise within this investment universe and the name change reflects a continued focus on this sector.

The Board believes there is considerable demand for an actively managed ASX Ex-50 Listed Investment Company which provides shareholders with diversification from larger domestic equities to a concentrated group of high quality, undervalued mid-cap companies with an industrial bias. Highlighting that the average Australian SMSF investor has a significant investment gap outside the ASX-50, *a 2017 industry report of SMSF's by Class Super found that Telstra, the four banks and Wesfarmers make up 29% of total domestic equity holdings for this investor group.*<sup>2</sup>

### Proposed Benchmark Amendment

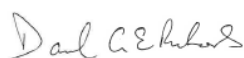
The Board considers that the current benchmark rate of the RBA Cash Rate + 250 basis points used to measure the outperformance of the investment manager be amended to the S&P/ASX 300 Industrials Accumulation Index as it is a more appropriate benchmark index for the investment manager to have to outperform in order to earn a performance fee.

### Increasing the Dividend Frequency

Finally, the Company aims to increase the frequency of the income stream it provides to shareholders by changing to quarterly dividend payments. The Board believes the change from bi-annual to quarterly dividends will allow the Company to promote itself to both the financial planning community as well as direct shareholders including SMSFs in a way which meets not only their investment objectives but also assists with better managing their cash flow.

Shareholders are encouraged to support the proposed changes to the Company name and benchmark with instructions on how to do so contained in the Notice of Meeting released to the market and shareholders today.

Yours sincerely,



David Rickards  
Chairman

For more information or to provide feedback, please contact: [enquiries@naos.com.au](mailto:enquiries@naos.com.au) or (02) 9002 1576

NAOS Asset Management Limited (NAOS) is the investment manager of the Company. NAOS is a specialist Australian fund manager that provides shareholders unique access to a select group of quality ASX listed companies outside of the ASX-50. NAOS offers genuine, concentrated exposure to micro, small and mid-cap companies via its three listed investment companies. NAOS employs a team of ten people and currently has ~\$350 million funds under management.

<sup>1</sup> Investment Portfolio performance as at 30 April 2018 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.) includes part performance for the month of November 2014. Returns compounded for periods greater than 12 months.

<sup>2</sup> 31 December 2017 Class Super SMSF Benchmark Report