

N
^
O
S

QUARTERLY
CONFERENCE CALL
Q4 FY2018

TUESDAY, 24 JULY 2018 10:30 AM AEST
WITHIN AUSTRALIA: 1300 289 804
OUTSIDE AUSTRALIA: +61 3 8687 0635
GUEST ACCESS CODE: 1084 2873 #

IMPORTANT INFORMATION

This material has been prepared by NAOS Asset Management Limited (ABN 23 107 624 126, AFSL 273529) (NAOS) for general information purposes only and must not be construed as investment advice. It does not constitute an offer to purchase any security or financial product or service referred to herein. Any such offer or solicitation shall only be made pursuant to a relevant offer document, which is available by calling NAOS on (02) 9002 1576.

This material does not take into account the investment objectives, financial situation or needs of any particular investor. Before making an investment decision, investors should consider obtaining professional investment advice that is tailored to their specific circumstances.

Where past performance information is shown, it is intended to be for general illustrative purposes only. Past performance is not a reliable indication of future performance. In relation to any NAOS financial product or service referred to herein, NAOS does not guarantee its future performance, the amount or timing of any returns or that any investment objectives will be achieved.

Statements contained in this material that are not historical facts are based on the current expectations, estimates, projections, opinions, assumptions and beliefs of NAOS, which are subject to change without notice. This material may also contain forward-looking statements. Forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainty and other factors beyond NAOS' control. Unless otherwise expressly stated, no independent person has reviewed the reasonableness of any such forward-looking statements or assumption. Undue reliance should not be placed on forward-looking statements as actual events or results or the actual performance of a NAOS financial product or service may materially differ from those reflected or contemplated in such forward-looking statements.

Neither NAOS or any of its respective officers or employees makes any representation or warranty (express or implied) with respect to the correctness, accuracy, reasonableness or completeness of any information contained in this material and to the maximum extent permitted by law, NAOS disclaims all liability to any person relying on the information contained in this material in relation to any loss or damage (including consequential loss or damage), however caused, which may be suffered directly or indirectly in respect of such information.

This material must not be reproduced or disclosed, in whole or in part, without the prior written consent of NAOS. Certain economic, market or company information contained in this material may have been obtained from published sources prepared by third parties. Any trademarks, logos or service marks contained herein may be the registered or unregistered trademarks of their respective owners. Nothing contained herein should be construed as granting by implication or otherwise, any license or right to use any trademark displayed without the written permission of the owner.

NAOS INVESTMENT BELIEFS

NAOS Asset Management is a specialist fund manager providing genuine, concentrated exposure to Australian listed industrial companies outside of the ASX50.

With a proven performance track record, NAOS maintains a focus on protecting capital and aims to deliver shareholders a sustainable growing stream of dividends franked to the maximum extent possible over the longer term.



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

NAOS LISTED INVESTMENT COMPANIES

NAOS EMERGING OPPORTUNITIES COMPANY LIMITED

ASX: NCC

Micro Cap Industrial Companies

Market Cap Generally <\$250M

9 Holdings*

NAOS SMALL CAP OPPORTUNITIES COMPANY LIMITED

ASX: NSC

Small Cap Industrial Companies

Market Cap Generally >\$100M - \$1B

11 Holdings*

NAOS EX-50 OPPORTUNITIES COMPANY LIMITED

ASX: NAC

Mid Cap Industrial Companies

Market Cap Generally >\$400M - \$1B+

11 Holdings*

*As at 30 June 2018

N
^
O
S

1. Review

“The real big money in the investment world, the dependable money, the safe money, is made not betting the things that have gone up a lot will continue, but on betting the things that have gone down a lot and become unloved will rebound”.

Howard Marks

NTA & PERFORMANCE

AS AT 30 JUNE 2018

NAOS

	Pre Tax NTA	Q4 FY18 Performance	Q4 FY18 Performance Benchmark	Inception Performance p.a.
NCC*	\$1.28	-2.93%	+7.67%	+16.09%
NSC^	\$0.95	-3.29%	+7.67%	-3.44% nom.
NAC*	\$1.11	-1.47%	+1.12%	+15.21%

*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. Inception p.a. includes part performance for the month of February 2013 (NCC) and November 2014 (NAC), returns are compounded for periods greater than 12 months. NCC Benchmark XSOAI refers to the S&P/ASX Small Ordinaries Accumulation Index and NAC Benchmark RBA Cash Rate + 250bps.

^Investment performance is post all operating expenses, before fees, taxes and interest. Performance has not been grossed up for franking credits received by shareholders. . NSC Benchmark XSOAI refers to the S&P/ASX Small Ordinaries Accumulation Index Inception performance (nominal) is from 1 December 2017.

Q4 FY18 UPDATE

ASX: NCC AS AT 30 JUNE 2018

- FY18 portfolio performance +7.13%
- 70% of the portfolio represented by top 5 holdings

ASX: BSA	ASX: CGR	ASX: SND
<ul style="list-style-type: none"> • June downgrade relating to non-core HVAC business. • Other divisions are performing as expected. • For the stock to re-rate management must either remove or reduce HVAC business. 	<ul style="list-style-type: none"> • Acquisition progressing ahead of schedule, volumes ahead of original forecasts. • Acquisition will generate a positive contribution for FY2018. • Share price increased from \$0.32 to \$0.57 over FY2018. 	<ul style="list-style-type: none"> • Provided revenue guidance of \$75-\$80 million, a significant increase on PCP but margins have reduced. • Backdrop remains favourable but execution is now key.

LOOKING FORWARD

ASX: NCC AS AT 30 JUNE 2018

- 9 positions
- Portfolio cash weight +0.12%

ASX: COG	ASX: WNR	ASX: EGG
<p>FY18 Result on 28th August</p> <ul style="list-style-type: none"> • Integration of the broking businesses. • Leasing business update. • How cash will be allocated to grow earnings. 	<ul style="list-style-type: none"> • The main focus of the September result will be the financial performance of the recently acquired Austco business. • In addition, an update on the 2nd oaten hay storage and processing facility in Raywood. 	<p>FY18 Result on 16th August</p> <ul style="list-style-type: none"> • Over the past 1-2 years Enero Group has made two significant acquisitions. • We will be looking for proof that these businesses can give EGG a significant competitive advantage.

Q4 FY18 UPDATE

ASX: NSC AS AT 30 JUNE 2018

- Performance since inception -3.44%.
- 60% of the portfolio represented by top 5 holdings

ASX: MNF	ASX: JHC	ASX: TOT
<ul style="list-style-type: none"> • Recently announced the acquisition of a Singaporean business and guidance update for FY18. • Singapore acquisition is significant, it provides a long term growth option for MNF to effectively sell their software managed services in this region. 	<ul style="list-style-type: none"> • Announced full accreditation from ACQA regarding recently acquired facilities. • If management can execute on strategic initiatives we believe it should lead to a more sustainable return profile for JHC over the longer term. 	<ul style="list-style-type: none"> • Provided financial guidance for FY19, plus a distribution of 12 cps with earnings of the fund expected to exceed this figure. • We believe there remains significant opportunity within the debt financing space for non-residential lending.

LOOKING FORWARD

ASX: NSC AS AT 30 JUNE 2018

- 11 positions
- Portfolio cash weight +7.97%.

ASX: MNF	ASX: JHC	ASX: MTO
<p>FY18 Result on 28th August</p> <ul style="list-style-type: none"> • Focus on the organic growth indicators. • Update on Pennytel subscription numbers and strategy. • Any comment around potential further acquisitions and Singapore integration. 	<p>FY18 Results on 27th August</p> <ul style="list-style-type: none"> • Update on the integration of new IT systems which should lead to efficiency gains. • Progress on the recently acquired Riviera business and updated occupancy figures. • Timeline update on the development pipeline. 	<p>FY18 Results TBA</p> <ul style="list-style-type: none"> • Update on the integration of the recently acquired Casson's wholesale business. • Commentary around the potential to increase the earnings of recently acquired stores. • Any further updates on the industry dynamics, especially around Harley Davidson sales and new bike pipeline.

Q4 FY18 UPDATE

ASX: NAC AS AT 30 JUNE 2018

- FY18 portfolio performance +10.25%
- 60% of the portfolio represented by top 5 holdings

ASX: ELD	ASX: MNF	ASX: SIQ
<ul style="list-style-type: none"> • A very eventful quarter with release of their half year result, commentary around potential M&A and then a trading update at the end of the quarter. • ELD have executed well to date but the climate backdrop may prove to be a short term headwind. 	<ul style="list-style-type: none"> • Recently announced the acquisition of a Singaporean business and a guidance update for FY18. • Singapore acquisition is significant, it provides a long term growth option for MNF to effectively sell their software managed services in this region. 	<ul style="list-style-type: none"> • During FY18 SIQ raised capital and we subsequently increased our holding. • Over the past 12 months, SIQ have completed four key acquisitions and have stated that these are integrating successfully.

LOOKING FORWARD

ASX: NAC AS AT 30 JUNE 2018

- 11 positions
- Portfolio cash weight +6.63%

ASX: SIQ	ASX: HLO	ASX: REH
<p>FY18 Result 22nd August</p> <ul style="list-style-type: none"> • Progress on integration of the two acquisitions. • Any recent panel wins or upcoming tenders. • Update on the capital options available post the recent placement. 	<p>FY18 Result 21st August</p> <ul style="list-style-type: none"> • Update on operational efficiencies and margin improvement. • Progress on the smaller New Zealand division. • M&A and the recent acquisitions made (albeit small in scale). 	<p>FY18 Result 31st August</p> <ul style="list-style-type: none"> • Update on recent MORSCO acquisition in the USA. • Update on recent small acquisition in New Zealand. • Commentary around conditions in the Australian residential market.

N
^
O
S

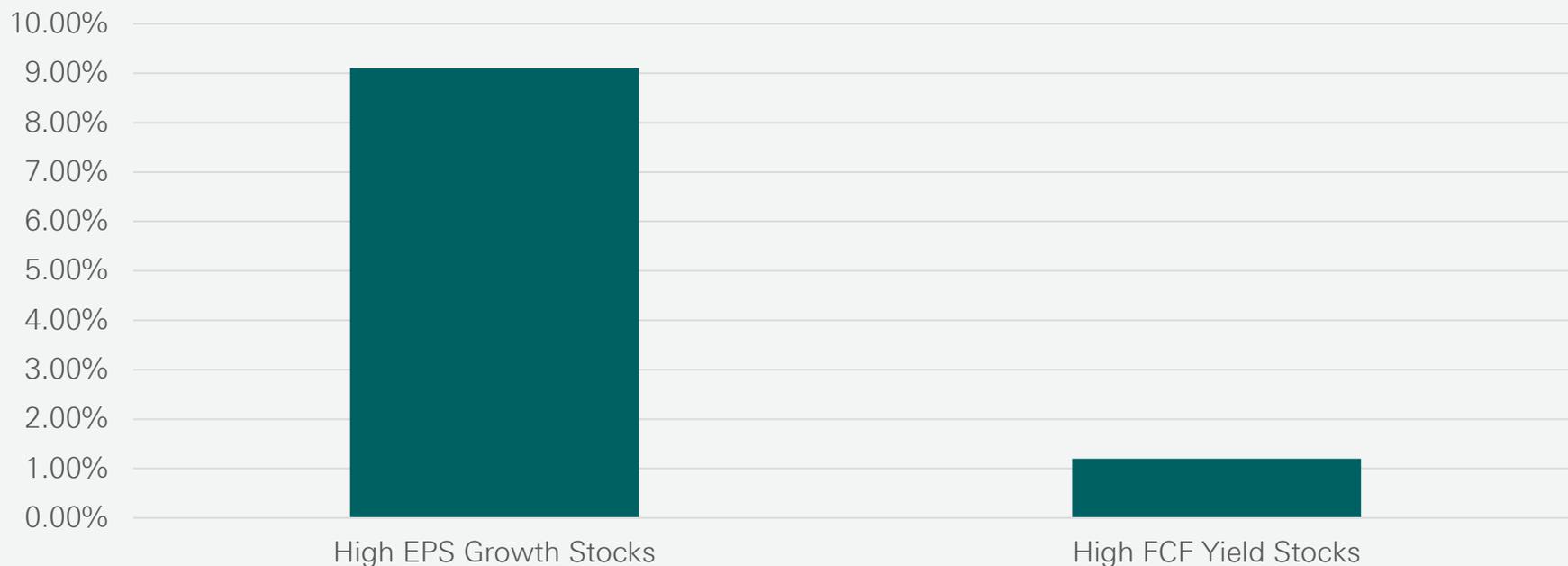
2. Market Review

“The light can at any time go from green to red without pausing at yellow.”
Berkshire Hathaway, 2017 Letter to Shareholders

FY18 MARKET REVIEW

Momentum vs. Value – Industrials vs. Natural Resources

FY18 ASX-200 Returns



Source: UBS Report June 2018

FY18 MARKET REVIEW

Momentum vs. Value – Industrials vs. Natural Resources

1 Year Total Return



Source: Bloomberg Data June 2018

FY18 MARKET REVIEW

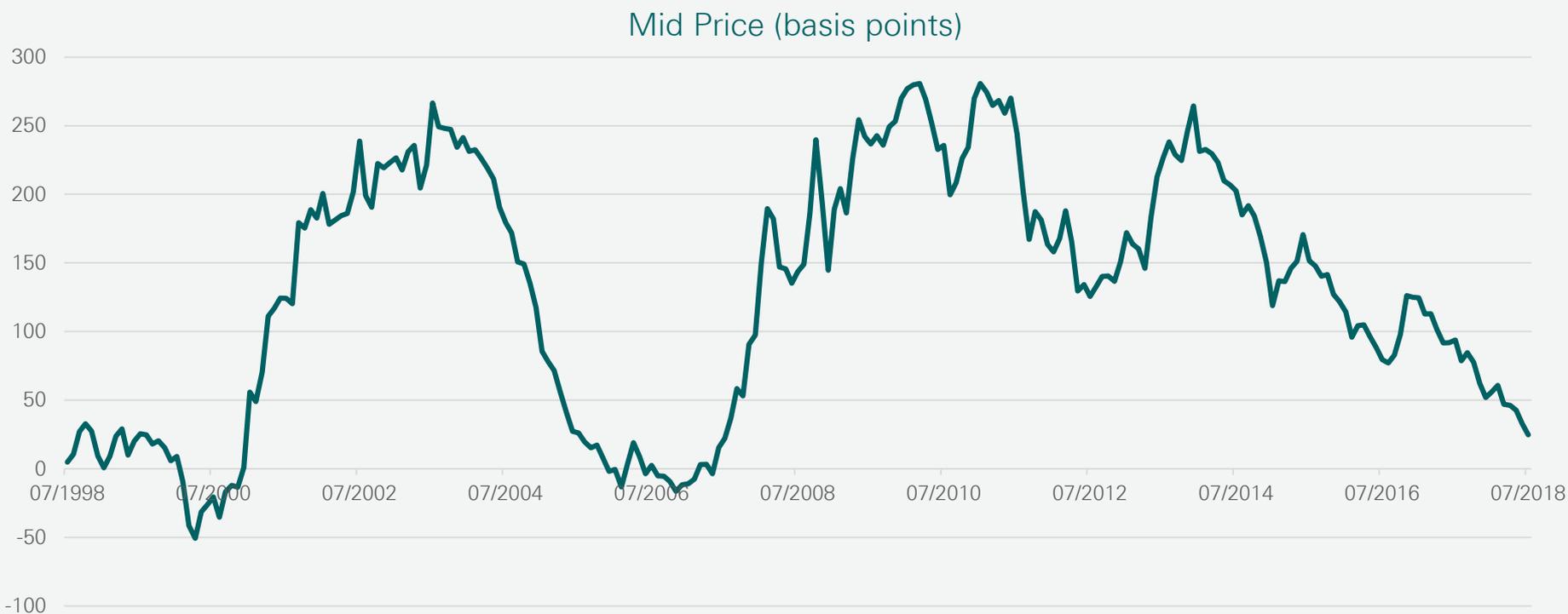
ASX Small Industrials Accumulation Index +18.30%
vs. ASX-200 Industrials Accumulation Index +7.80%

Holding Name	ASX Code	Industry	FY18 Return
Emeco Holdings	EHL	Mining Services	268%
Appen Limited	APX	Software and Services	235%
Lovisa Holdings Ltd	LOV	Retail	217%
Afterpay Touch	APT	Technology	217%
NRW Holdings Limited	NWH	Mining Services	163%
Altium Limited	ALU	Software and Services	163%
Wisetech Global Ltd	WTC	Software and Services	126%
Bellamy's Australia	BAL	Food and Beverage	125%
Navigator Global Ltd	NGI	Diversified Financials	123%
IDP Education Ltd	IEL	Education Services	106%
Bravura Solution Ltd	BVS	Software and Services	101%

Source: Bloomberg, as at 30 June 2018, holdings are those with greater than 100% return over the FY18 period from the Small Ordinaries Industrial Accumulation Index

MACRO OUTLOOK

US Yield Curve 2 Year Bonds vs. 10 Year Bonds



Source: Bloomberg Data July 2018

MACRO OUTLOOK

US 10 Year Yields



Source: Bloomberg Data July 2018

N
^
O
S

Appendix

“Betting on people can sometimes be more certain than betting on physical assets.”

Berkshire Hathaway, 2017 Letter to Shareholders

NCC DIVIDEND HISTORY

AS AT 30 JUNE 2018

ASX: NCC

8.25%

Gross Dividend Yield

100%

Franking

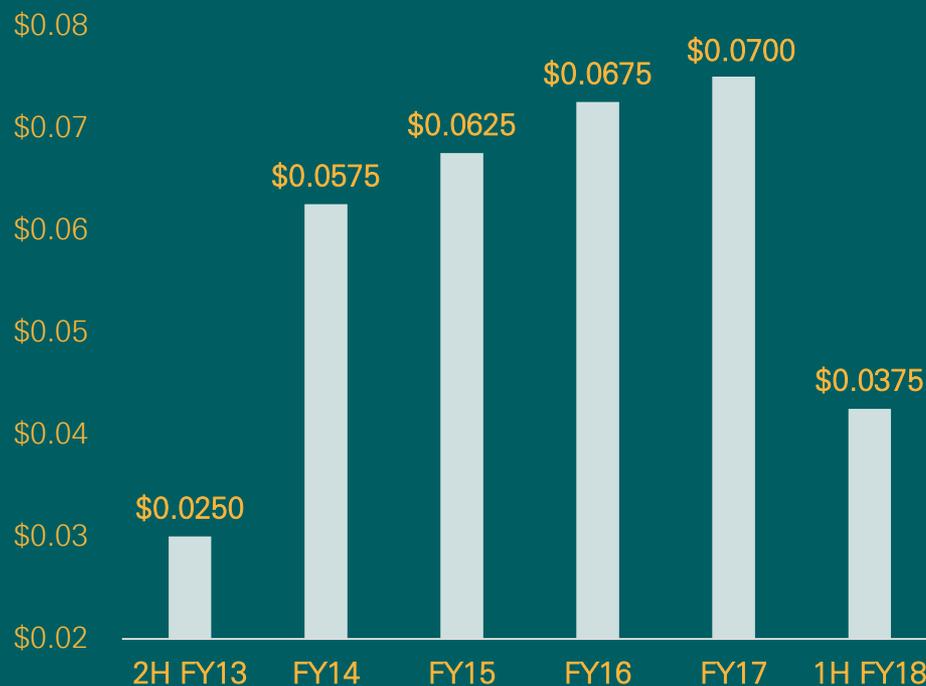
\$14m

Profit Reserves

3.75c ▲

Fully Franked Interim Dividend

Fully Franked Dividend Profile



NSC DIVIDEND HISTORY

AS AT 30 JUNE 2018

ASX: NSC

Fully Franked Dividend Profile

2.50c

Fully Franked
Interim Dividend

100%

Franking

\$18.5m

Profit
Reserves



NAC DIVIDEND HISTORY

AS AT 30 JUNE 2018

ASX: NAC

7.85%

Gross Dividend Yield

100%

Franking

\$5.6m

Profit Reserves

2.75c ▲

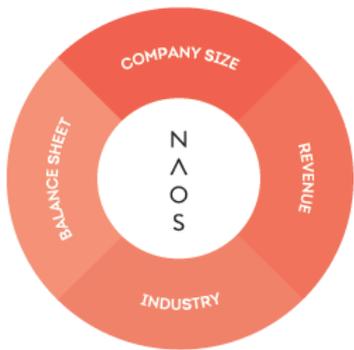
Fully Franked Dividend

Fully Franked Dividend Profile



NAOS INVESTMENT PROCESS

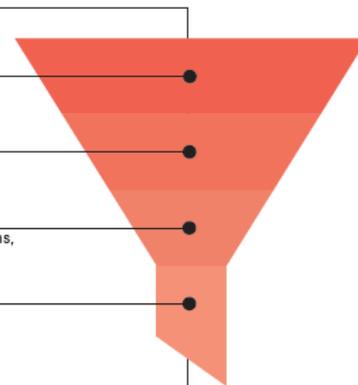
01 INVESTMENT UNIVERSE SCREEN CRITERIA



2804
TOTAL ASX LISTED COMPANIES*

02 INVESTMENT UNIVERSE FUNNEL

- 643 COMPANY SIZE**
Remove: ASX Top 50, <\$10m Market Cap
- 345 REVENUE**
Remove: No Substantial Revenue
- 907 INDUSTRY**
Remove: Tobacco, Gambling, Nuclear & Uranium, Controversial Weapons, Coal Mining Operations, Oil & Gas Production
- 498 BALANCE SHEET**
Remove: Unsustainable Debt Levels



04 THE NAOS LICs

- 0-15 ASX:NCC
NAOS EMERGING OPPORTUNITIES COMPANY LIMITED**
NCC generally invests in 0-15 ASX listed **MICRO-CAP** industrial companies with a target market cap of <\$250m
- 0-30 ASX:NSC
NAOS SMALL CAP OPPORTUNITIES COMPANY LIMITED**
NSC generally invests in 0-30 ASX listed **SMALL-CAP** industrial companies with a target market cap of <\$100m-\$1b
- 0-20 ASX:NAC
NAOS Ex-50 OPPORTUNITIES COMPANY LIMITED**
NAC generally invests in 0-20 ASX listed **MID-CAP** industrial companies with a target market cap of <\$400m-\$1b+

50-80
NAOS ACTIVE INVESTMENT UNIVERSE WATCHLIST

03 INVESTMENT CRITERIA

MANAGEMENT & CULTURE

- Does the management team have a long term proven track record?
- Are the management team aligned with shareholders?
- Is there management team depth?
- Does the culture support a sustainable competitive advantage?

VALUATION, GROWTH & MARGIN OF SAFETY

- Does long term valuation meet a 20% p.a. return hurdle?
- Can the balance sheet support future growth?
- What is the trend and future of return on invested capital (ROIC)?
- Is the industry conducive to revenue growth?
- Does free cash flow allow for both organic growth and growth by acquisition?
- Are the earnings drivers transparent to shareholders?
- Is there a clear plan and a history of earnings growth?
- Is the company developing processes and services to increase sales?

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

- Does the Company comply with our ESG Framework?



* Source: Bloomberg Data June 2018

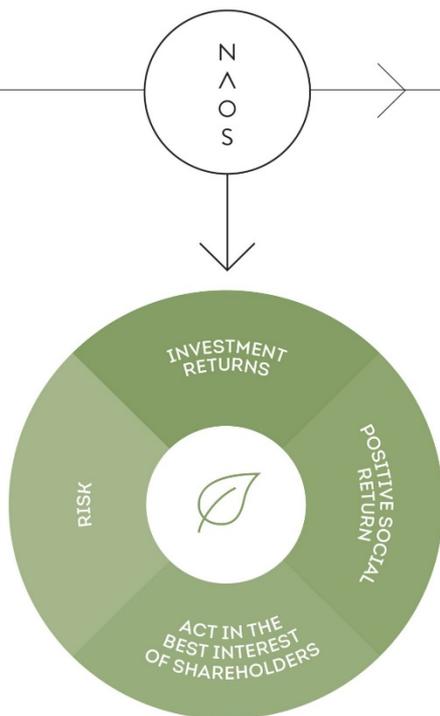
NAOS ESG FRAMEWORK

01 OUR COMMITMENT TO RESPONSIBLE INVESTMENT

As an investment manager, NAOS recognises and accepts its duty to act responsibly and in the best interests of shareholders. We believe that a high standard of business conduct and a responsible approach to environmental, social and governance (ESG) factors is associated with a sustainable business model over the longer term that benefits not only shareholders but also the broader economy.

We recognise the material impacts that ESG factors can have on investment returns and risk, and also the wider implications for achieving a positive social return.

NAOS supports the UN Principles for Responsible Investment and is guided by these principles in incorporating ESG into our investment practices.

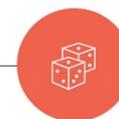


02 NEGATIVE SCREENS

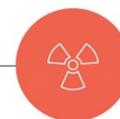
NAOS systematically excludes investing in specific industries and companies that do not align with our responsible investment goals.



TOBACCO



GAMBLING



NUCLEAR & URANIUM



CONTROVERSIAL WEAPONS



COAL MINING OPERATIONS, OIL & GAS PRODUCTION

03 ESG FRAMEWORK

The types of ESG factors we consider are represented by the following, although from time to time we will consider factors outside this group.



ENVIRONMENTAL

- Water
- Waste
- Pollution
- Biodiversity
- Deforestation
- Climate Change
- Reporting on Violations
- Greenhouse Gas Emissions
- Environmental Opportunities



SOCIAL

- Training
- Supply Chain
- Social License
- Human Rights
- Labour Standards
- Community Relations
- Human Capital Policy
- Employee Engagement
- Workplace Health & Safety



GOVERNANCE

- Board Quality
- Board Diversity
- Codes of Conduct
- Risk Management
- Incentive Structures
- Board Independence
- Shareholder Voting Rights
- Shareholder Concentration
- Anti-Bribery and Corruption Policy
- CEO and Executive Remuneration

04 THE INCORPORATION OF ESG

The incorporation of ESG considerations into the investment process applies across all NAOS investments, and involves regular discussions and engagement with companies over material ESG issues.

NAOS supports the adoption of a responsible investment strategy, and is committed to ensuring that this is an integral part of the NAOS investment process.

N
^
O
S

3. Keeping up to Date

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

Charlie Munger

NATIONAL INVESTOR ROADSHOWS

BRISBANE

11:00am-12:30pm
Monday 3 September 2018

Customs House
399 Queen Street
Brisbane QLD 4000

ADELAIDE

11:00am-12:30pm
Tuesday 4 September 2018

Pullman Adelaide
16 Hindmarsh Square
Adelaide SA 5000

SYDNEY

11:00am-12:30pm
Thursday 6 September 2018

The Westin Sydney
1 Martin Place
Sydney NSW 2000

CANBERRA

11:00am-12:30pm
Tuesday 11 September 2018

Hyatt Hotel Canberra
120 Commonwealth Avenue
Yarralumla ACT 2600

MELBOURNE

11:00am-12:30pm
Wednesday 12 September 2018

The Westin Melbourne
205 Collins Street
Melbourne VIC 3000

PERTH

11:00am-12:30pm
Thursday 13 September 2018

Parmelia Hilton Perth
14 Mill Street
Perth WA 6000

INVESTOR AWARENESS AND COMMUNICATION



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



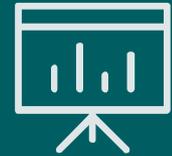
Quarterly Shareholder Conference Calls, subscribe via our website naos.com.au/#subscribeform



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](https://twitter.com/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 enquires contact enquiries@naos.com.au or call (02) 9002 1576

NAOS TEAM

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



Robert Miller
Portfolio Manager



Chadd Knights
Investment Analyst



Rachel Folder
Investment 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

N
A
O
S

Q&A

THANK YOU FOR
YOUR SUPPORT