

ANNUAL GENERAL MEETING FY18

NAOS Ex-50
OPPORTUNITIES COMPANY
LIMITED (ASX: NAC)

NAOS

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NAOS Investment Mandate

01

NAOS seeks to protect investor capital whilst providing a sustainable growing stream of fully franked dividends and long-term capital growth above the relative benchmark index.

02

NAOS provides investors with genuine, concentrated exposure to Australian undervalued listed micro, small and mid-cap companies with an industrial focus.

NAOS Investment Beliefs



01 Value with Long
Term Growth



02 Quality over
Quantity



03 Invest for the
Long Term



04 Performance v
Liquidity Focus



05 Ignore the
Index



06 Pure Exposure
to Industrials



07 Environmental,
Social and
Governance (ESG)



08 Management
Alignment

Investment Portfolio Performance as at 30 June 2018

| | 1 YEAR | 2 YEARS (P.A.) | 3 YEARS (P.A.) | INCEPTION (P.A.) | INCEPTION (NOM.) |
|--|---------|-------------------|-------------------|---------------------|---------------------|
| INVESTMENT PORTFOLIO PERFORMANCE* | +10.25% | +8.46% | +15.25% | +15.21% | +67.21% |
| S&P/ASX 300 INDUSTRIALS ACCUMULATION INDEX (XKIAI)# | +8.07% | +10.29% | +7.81% | +7.93% | +31.94% |
| OUTPERFORMANCE RELATIVE TO BENCHMARK | +2.18% | -1.83% | +7.44% | +7.28% | +35.27% |

* Investment Portfolio 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. Since inception (p.a. and nom.) includes part performance for the month of November 2014. Returns compounded for periods greater than 12 months. # From 1 July 2018 the NAC Benchmark was replaced with the S&P/ASX 300 Industrials Accumulation Index (XKIAI).

NAC Overview as at 30 June 2018

PORTFOLIO

11

Number of Holdings

6.63%

Cash Weighting

7.20m

NAC Directors Shareholding

\$879.5m

Holdings Weighted av. Mkt Cap

KEY METRICS

5.25 cents

Fully Franked FY18 Dividend

\$1.11

Pre-Tax NTA

\$0.955

Share Price

\$3.9m

Profit for the Year

NAC Stock Contribution FY18 as at 30 June 2018

Top and bottom contributors to the investment portfolio return in FY18

| Top Positive Contributors | Contribution to Return (%NAV) | Bottom Negative Contributors | Contribution to Return (%NAV) |
|-----------------------------------|-------------------------------|--|-------------------------------|
| Elders Limited (ASX: ELD) | +4.36% | Japara Healthcare Limited (ASX: JHC) | -0.94% |
| MNF Group Limited (ASX: MNF) | +4.11% | Isentia Group Limited (ASX: ISD) | -1.59% |
| Service Stream Limited (ASX: SSM) | +2.24% | Consolidated Operations Group Limited (ASX: COG) | -4.61% |

NAC Overview as at 31 October 2018

DIVIDENDS

\$4.3m

Profits Reserve

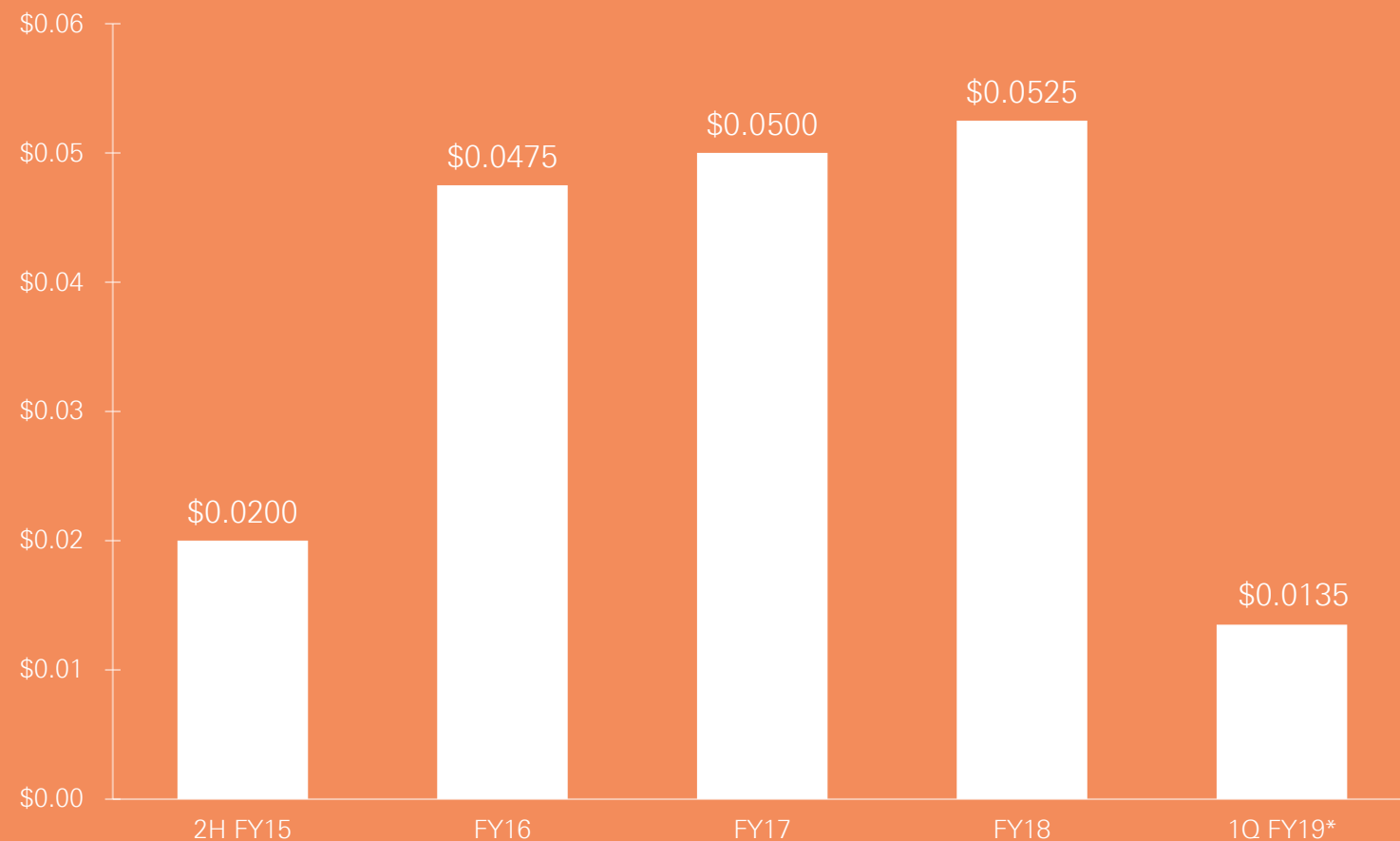
5.55%

Fully Franked Dividend Yield

100%

Franking

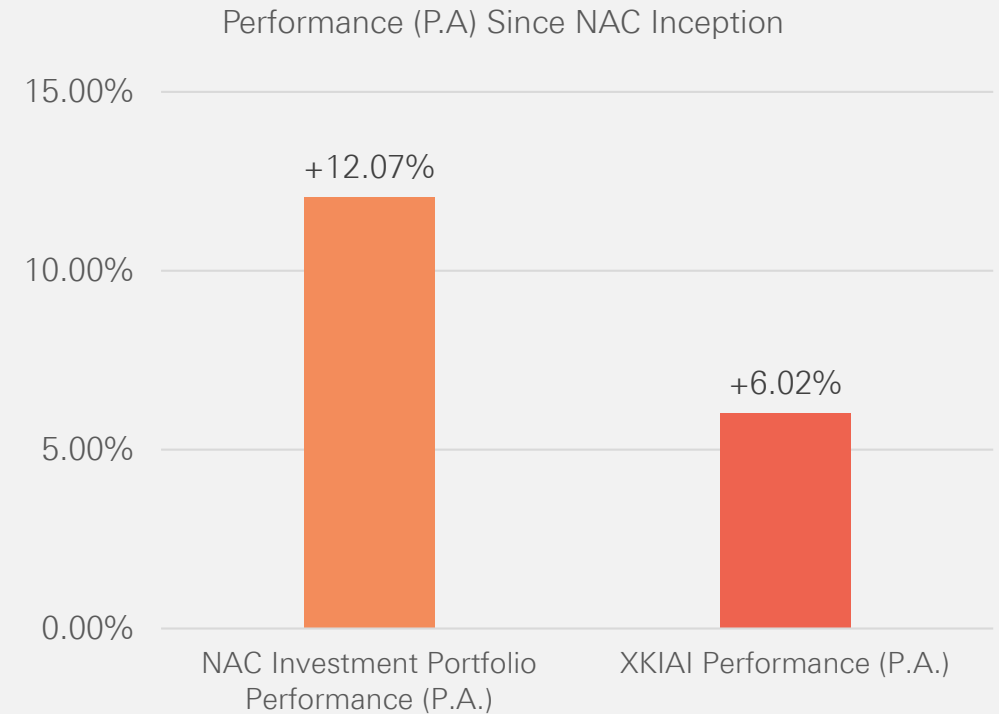
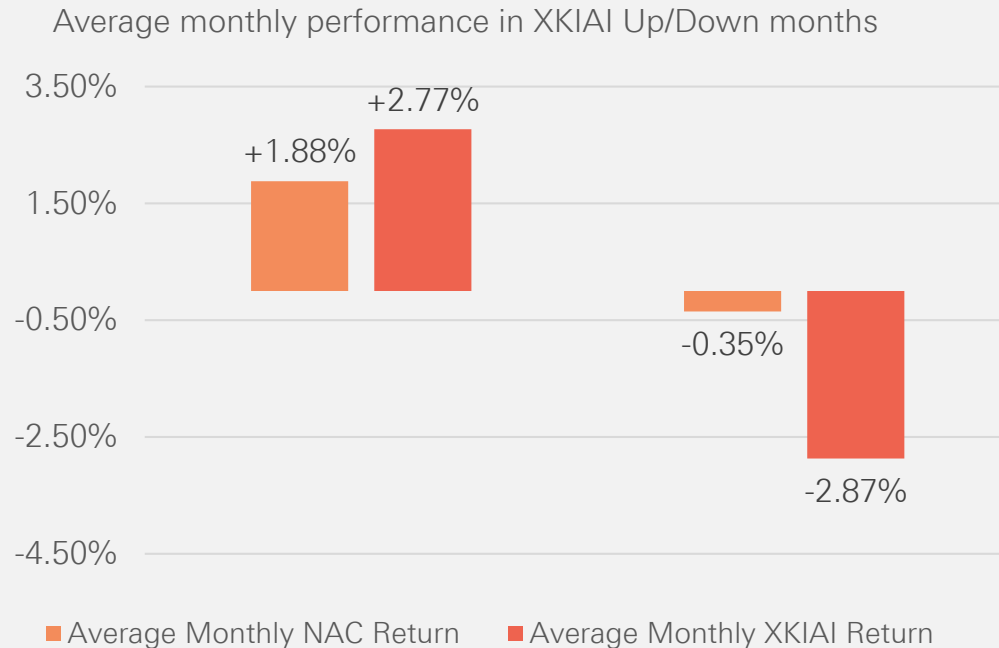
DIVIDEND PROFILE



* 1.35 cents per share fully franked Q1 FY19 dividend, which went ex-dividend on 5 November 2018 and will be paid on 19 November 2018.

NAC Long Term Capital Protection as at 31 October 2018*

- On those occasions when the NAC Benchmark Index (XKIAI) experienced a negative month it was down an average of -2.87%, whilst NAC was superior at protecting capital, returning -0.35% and outperforming the market by +2.52%.
- NAC's ability to protect capital over the long term has resulted in performance of +12.07% p.a. since inception compared to the market which has returned +6.02% p.a. during this time.



* Investment Portfolio 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. Performance figures are since inception and include part performance for the month of November 2014. Returns compounded for periods greater than 12 months. Averages taken from the 48 months since inception (18 'up market' months and 30 'down market' months)

NAC Overview

STOCKS IN FOCUS FY19



Looking for:

- Continued benefit from the rollout of NBN which due to delays is expected to pick up even further in FY20 with an expected marked increase in maintenance work as more households connect to the network.
- An update on the large cash balance which could be deployed for a significant acquisition and dilute the exposure to NBN in the short term.



Looking for:

1. Completion of the recent IAB transaction and further clarity on the potential level of synergies arising from the transaction.
2. Increase in the level of organic growth due to the significant spend in software development and client requests especially in a global market where the likes of Ring Central (US: RNG) and Twillio (US: TWLO) are growing at significant rates.



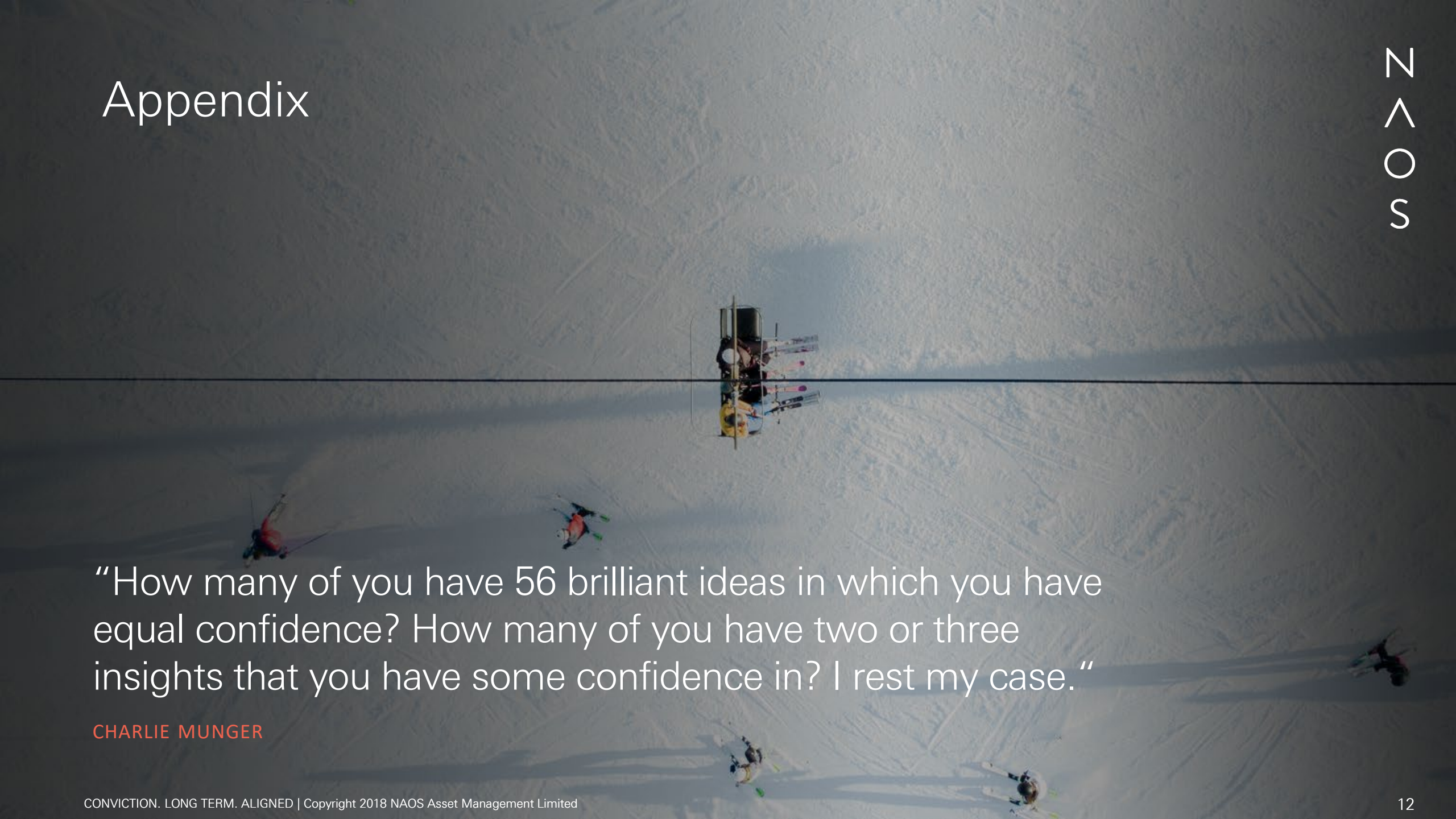
Looking for:

- Updates on the significant acquisition of Morsco in the US and commentary around REH's strategy to increase Morsco margins to a level similar to REH's Australian operations
- Commentary around the potential to increase the Morsco store footprint and how this can be funded over time.

Portfolio Positioning FY19

- 01** **A focus on businesses with low risk of permanent capital loss and low net debt levels**
Where a NAC investment does have positive net debt to EBITDA level they often have a large PP&E balance, for example REH which own a large number of their freehold retail stores on their balance sheet.
- 02** **A focus and exposure to businesses with large revenue bases with strong competitive advantages**
Here success will ultimately come down to management driving margin growth through increased efficiencies as well as revenue growth. Larger businesses are exposed to multiple industry dynamics and themes so management execution of strategy is key.
- 03** **Management Alignment**
MNF, REH, HLO and SIQ management are highly aligned with shareholders, in each case management are the largest shareholders.

Appendix

An aerial photograph of a snowy mountain slope. In the center, a ski lift cabin is suspended from a cable. Several skiers are visible on the slope, some at the top and others further down. The snow is covered in tracks from previous skiers. The overall scene is bright and expansive.

“How many of you have 56 brilliant ideas in which you have equal confidence? How many of you have two or three insights that you have some confidence in? I rest my case.”

CHARLIE MUNGER

NAOS Listed Investment Companies

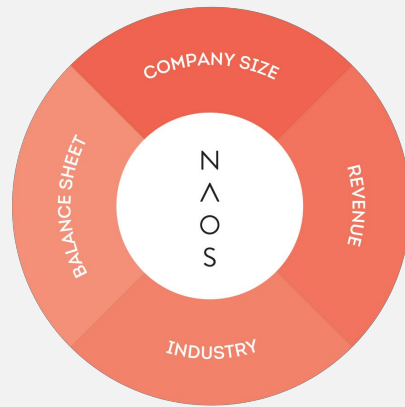


Source: Bloomberg Data March 2018

NAOS investment process

01

INVESTMENT UNIVERSE SCREEN CRITERIA



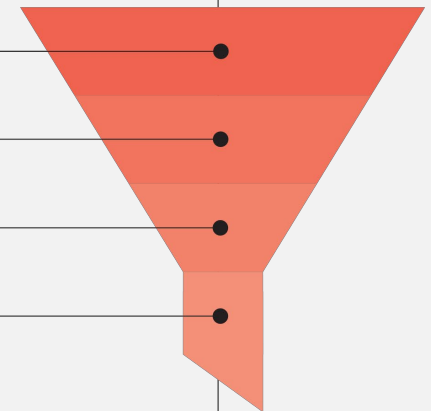
2804

TOTAL ASX LISTED COMPANIES*

02

INVESTMENT UNIVERSE FUNNEL

- 643 COMPANY SIZE
- 345 REVENUE
- 907 INDUSTRY
- 498 BALANCE SHEET



04

THE NAOS LICs

- 0-15 **ASX:NCC**
NAOS EMERGING OPPORTUNITIES COMPANY LIMITED
- 0-30 **ASX:NSC**
NAOS SMALL CAP OPPORTUNITIES COMPANY LIMITED
- 0-20 **ASX:NAC**
NAOS Ex-50 OPPORTUNITIES COMPANY LIMITED

50-80

NAOS ACTIVE INVESTMENT UNIVERSE WATCHLIST

03

INVESTMENT CRITERIA

- MANAGEMENT & CULTURE
- VALUATION, GROWTH & MARGIN OF SAFETY
- ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

COMPANY

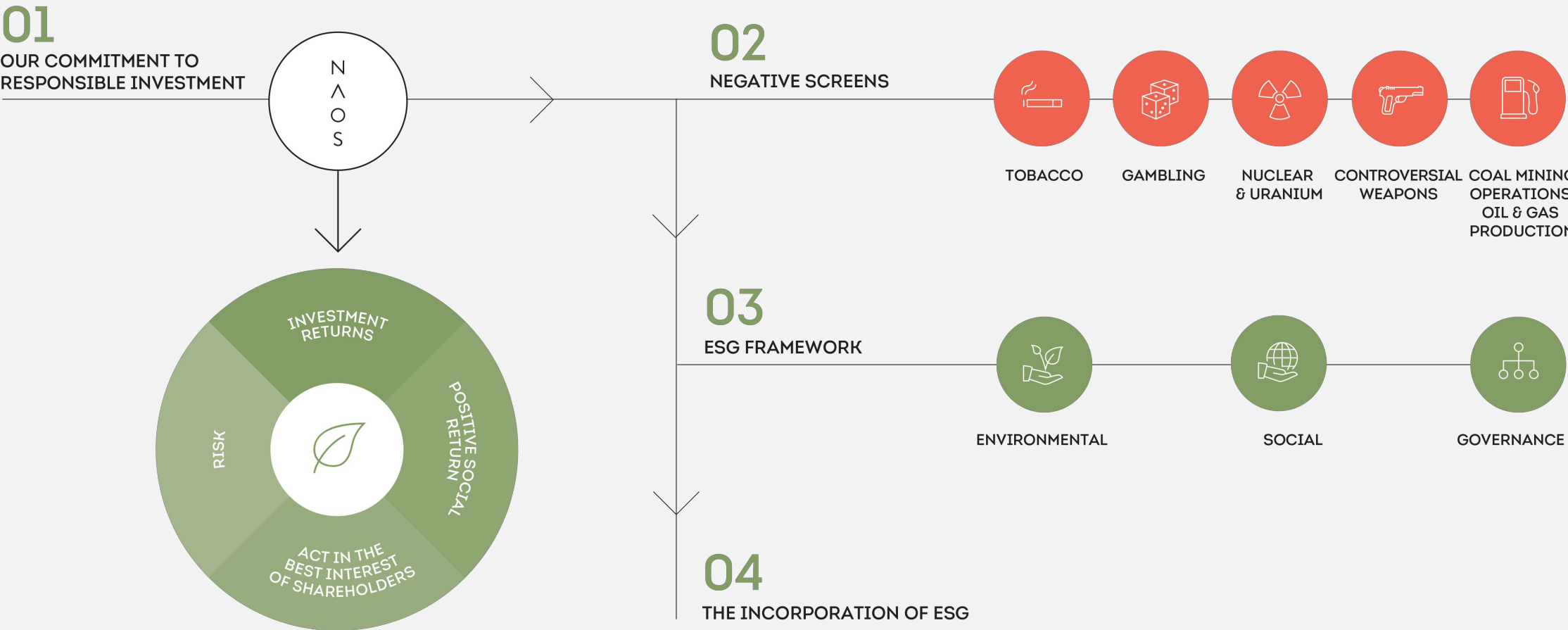


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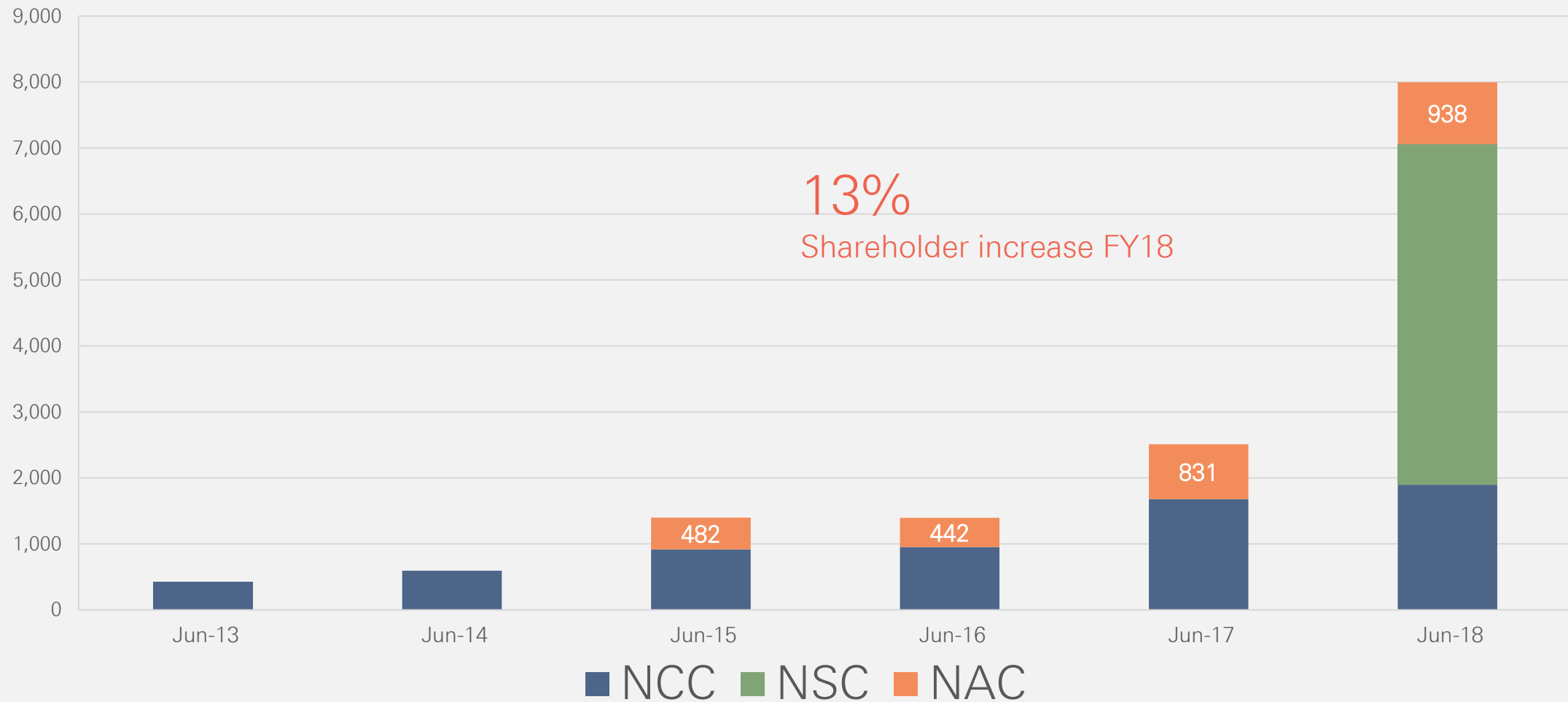
COMPANIES IN THE NAOS UNIVERSE

* Source: Bloomberg Data June 2018

NAOS ESG framework



Number of Shareholders



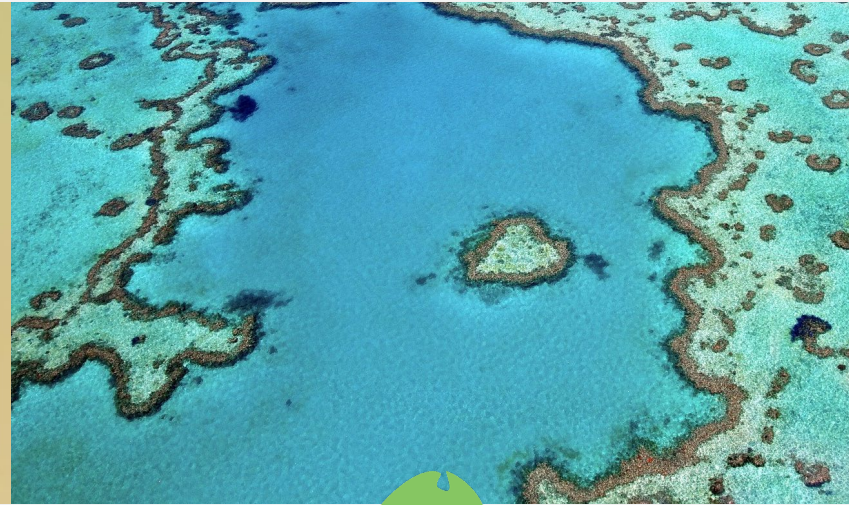
NAOS Asset Management giving back

NAOS, the management company, is proud to be supporting the following charities

NAOS



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



'Reef Aid' campaign, in partnership with Greening Australia



Royal Flying Doctor Service

The furthest corner. The finest care.

RFDS, dedicated to providing healthcare to Australians in remote communities

Investor awareness and communication



CEO Insights, 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



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

NAOS Directors and Team

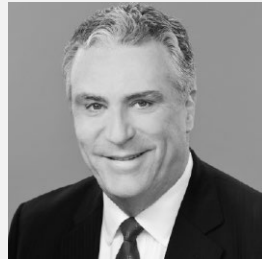
OUR DIRECTORS



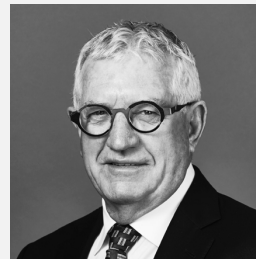
Sebastian Evans
Managing Director, NAOS Asset Management Limited & Director NCC, NSC and NAC



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



Mark Bennett
Director, NAOS Asset Management Limited



Trevor Carroll
Independent Chairman NSC



Matthew Hyder
Director, NAOS Asset Management Limited



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



David O'Halloran
Director, NAOS Asset Management Limited

OUR TEAM



Sebastian Evans
Chief Investment Officer



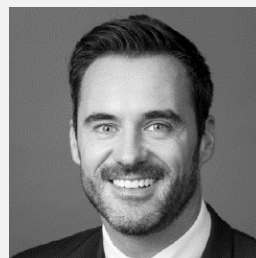
Ben Rundle
Portfolio Manager



Robert Miller
Portfolio Manager



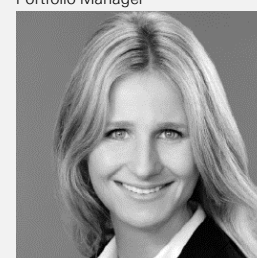
Rachel Folder
Investment Analyst



Richard Preedy
Chief Financial and Operating Officer



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



Julia Stanistreet
Business Development Manager



Megan Walker
Marketing and Communications Manager



Scott Hildebrand
Distribution & Sales Manager

A&O

NAOS

Thank you for your continued support