

An aerial photograph of a road race with many cyclists on a multi-lane asphalt road. The cyclists are wearing colorful gear and are spread across the lanes. A concrete median with triangular grass-filled sections separates the two directions of traffic. The background shows some greenery and a clear sky.

ANNUAL GENERAL MEETING FY18

NAOS SMALL CAP
OPPORTUNITIES COMPANY
LIMITED (ASX: NSC)

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

NSC Overview as at 30 June 2018

PORTFOLIO

11

Number of Holdings

7.97%

Cash Weighting

1.59m

NSC Directors Shareholding

\$259m

Holdings Weighted av. Mkt Cap

KEY METRICS

5.5 cents

Fully Franked FY18 Dividend

\$0.95

Pre-tax NTA

\$0.765

Share Price

-3.44%

Performance since inception (nom.)[^]

NAOS

[^] Investment performance is post all operating expenses, before fees, taxes and interest. Performance has not been grossed up for franking credits received by shareholders. Inception performance (nominal) is 1 December 2017.

NSC Overview as at 31 October 2018

DIVIDENDS

\$13.5m

Profit Reserve

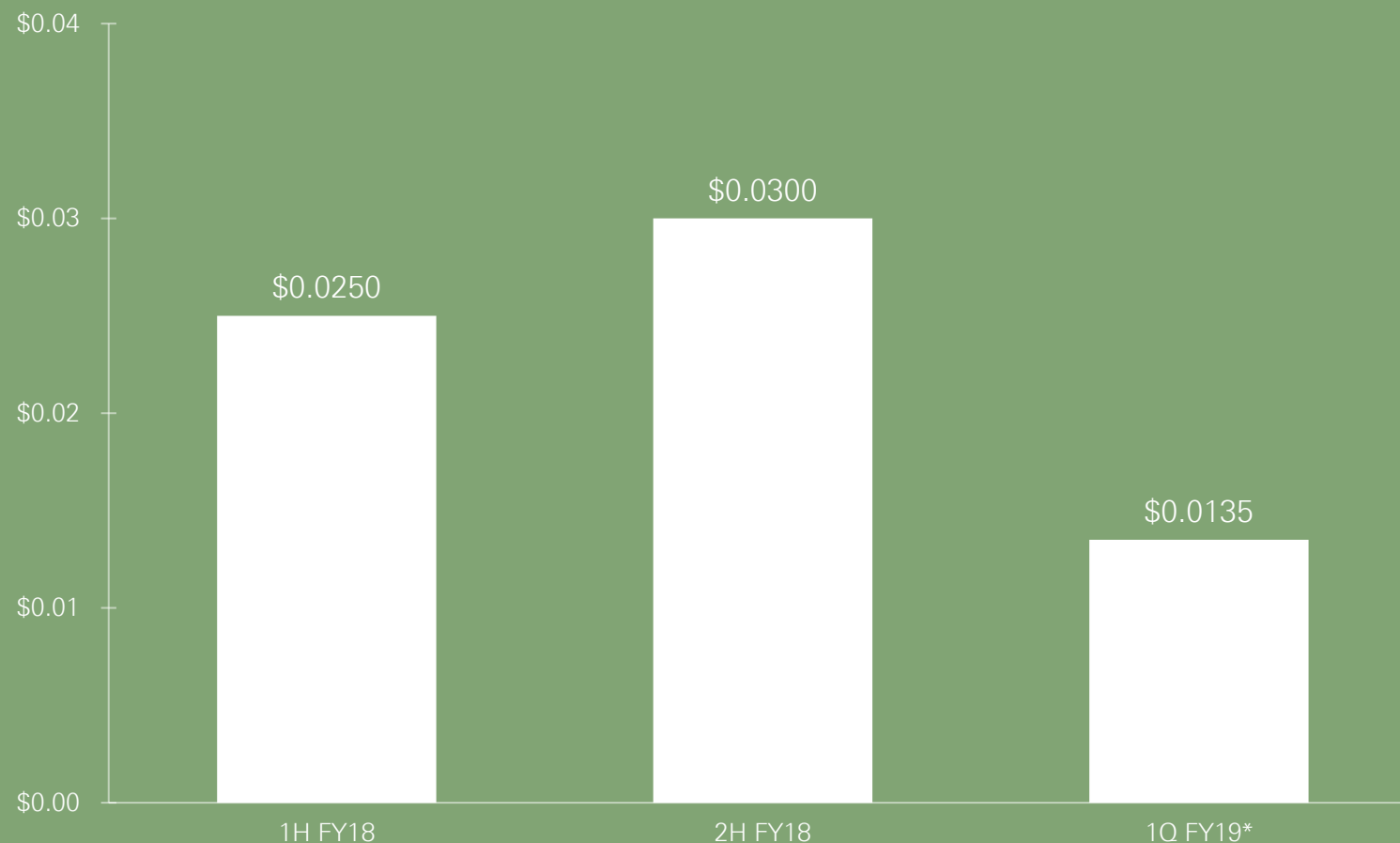
7.53%

Fully Franked Dividend Yield

100%

Franking

DIVIDEND PROFILE



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

NSC Overview

STOCKS IN FOCUS FY19



Looking for:

1. Successful integration of the two recent acquisitions and synergies generated from these transactions.
2. Confirmation that the 20% organic revenue growth target is achievable.
3. Proof of the ability to win larger clients requiring a one stop solution for cyber security, cloud, voice and data network solutions.



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.

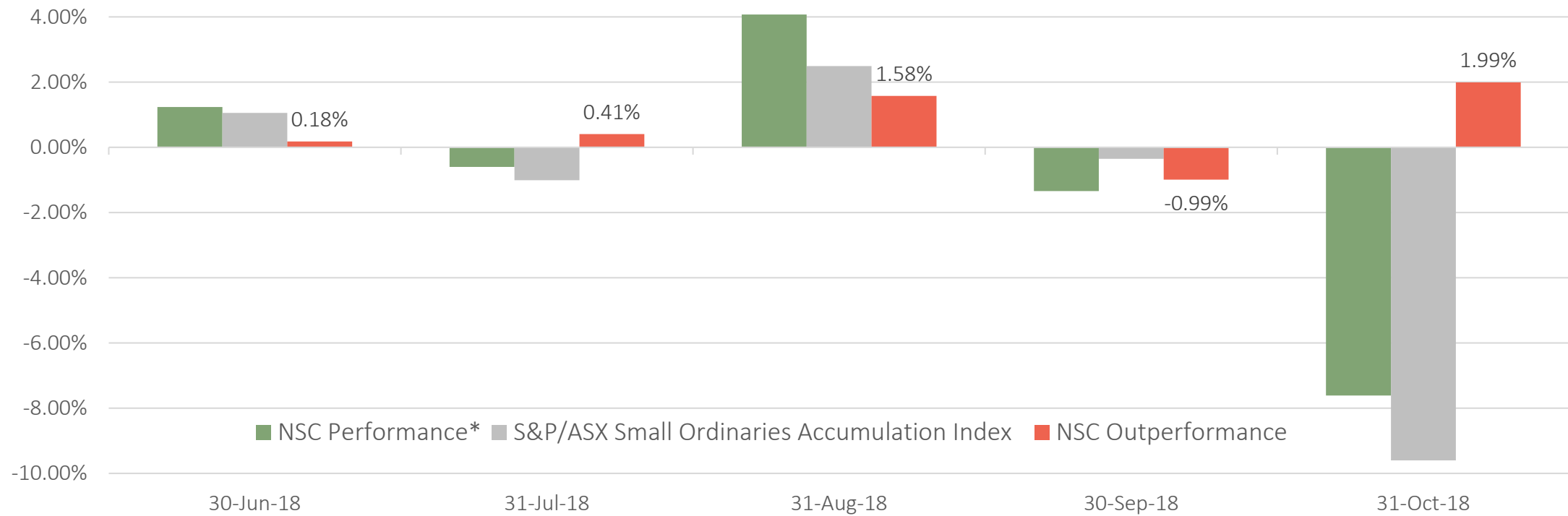


Looking for:

1. Confirmation that the loan books continue to track according to plan, any risks have been properly mitigated, and the returns and loan durations are as previously stated.
2. TOT's 50% share in AMF Finance (the debt origination business) may potentially have significant value if it were to be divested.

NSC Recent Outperformance

The chart below highlight the recent outperformance of NSC versus the market



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

Portfolio Positioning FY19

01

A focus on businesses with low risk of permanent capital loss and low net debt levels
The NSC portfolio has just two positions with net debt levels >\$0 and we expect these to be net debt free in <24 months.

02


A focus on industries with an identifiable tailwind which are not tied closely to global macro developments and volatility

Examples include; companies exposed to Unified Communication as a Service (UCaaS), the tailwind provided from the need for cyber security solutions for SMEs, and finally opportunities within the non-bank finance space as banks continue to reduce their distribution capabilities.

03

Management Alignment

In the case of the largest three NSC holdings board and/or management are highly aligned with shareholders with shareholdings that represent between ~25% and 50%.

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 moving towards the lift and others away. The snow is covered in numerous tracks from skis and snowshoes. The lighting suggests a bright day, with long shadows cast across the snow.

“The single greatest edge an investor can have
is a long-term orientation.”

SETH KLARMAN

NAOS Listed Investment Companies

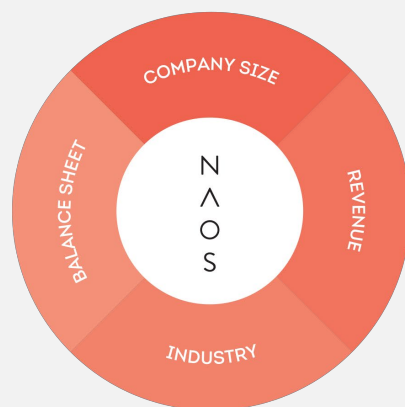


Source: Bloomberg Data March 2018

NAOS investment process

01

INVESTMENT UNIVERSE SCREEN CRITERIA



2804

TOTAL ASX LISTED COMPANIES*

02

INVESTMENT UNIVERSE FUNNEL



04

THE NAOS LICs

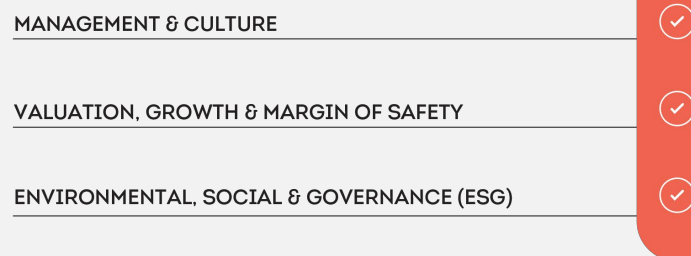


50-80

NAOS ACTIVE INVESTMENT UNIVERSE WATCHLIST

03

INVESTMENT CRITERIA



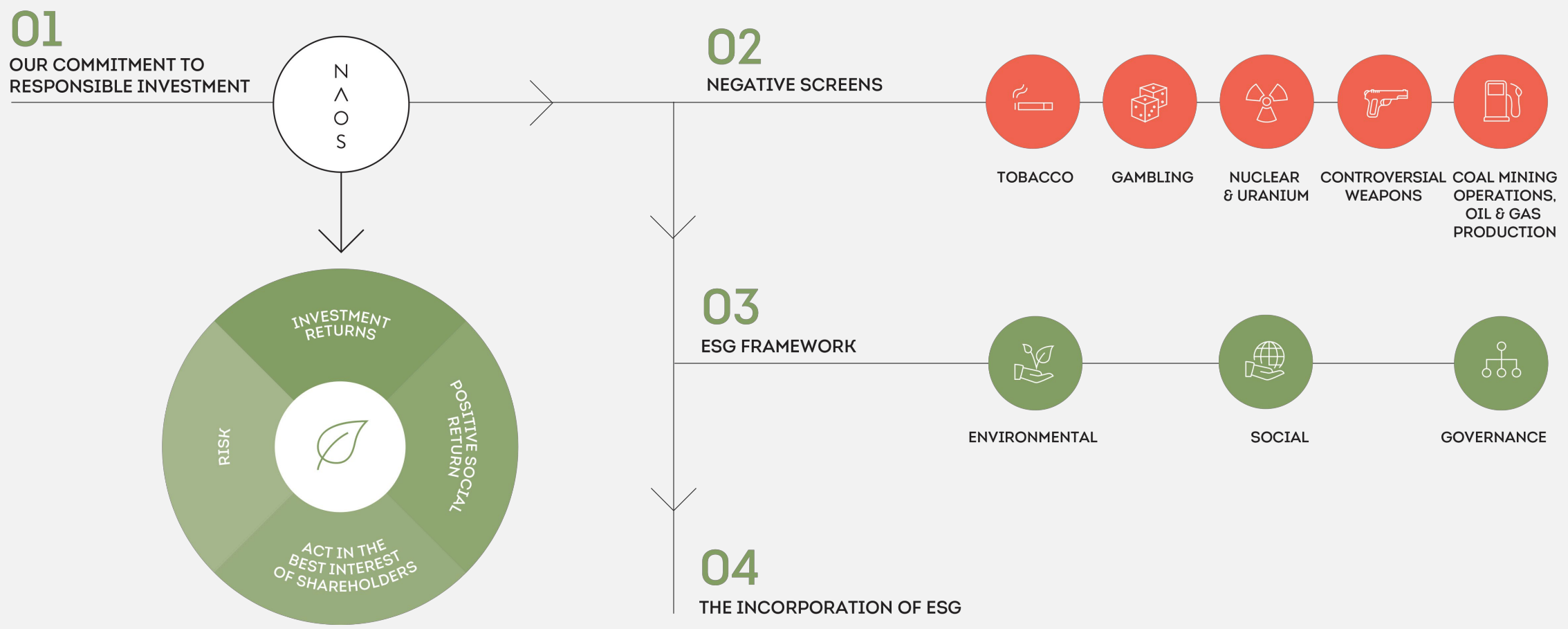
COMPANY

411

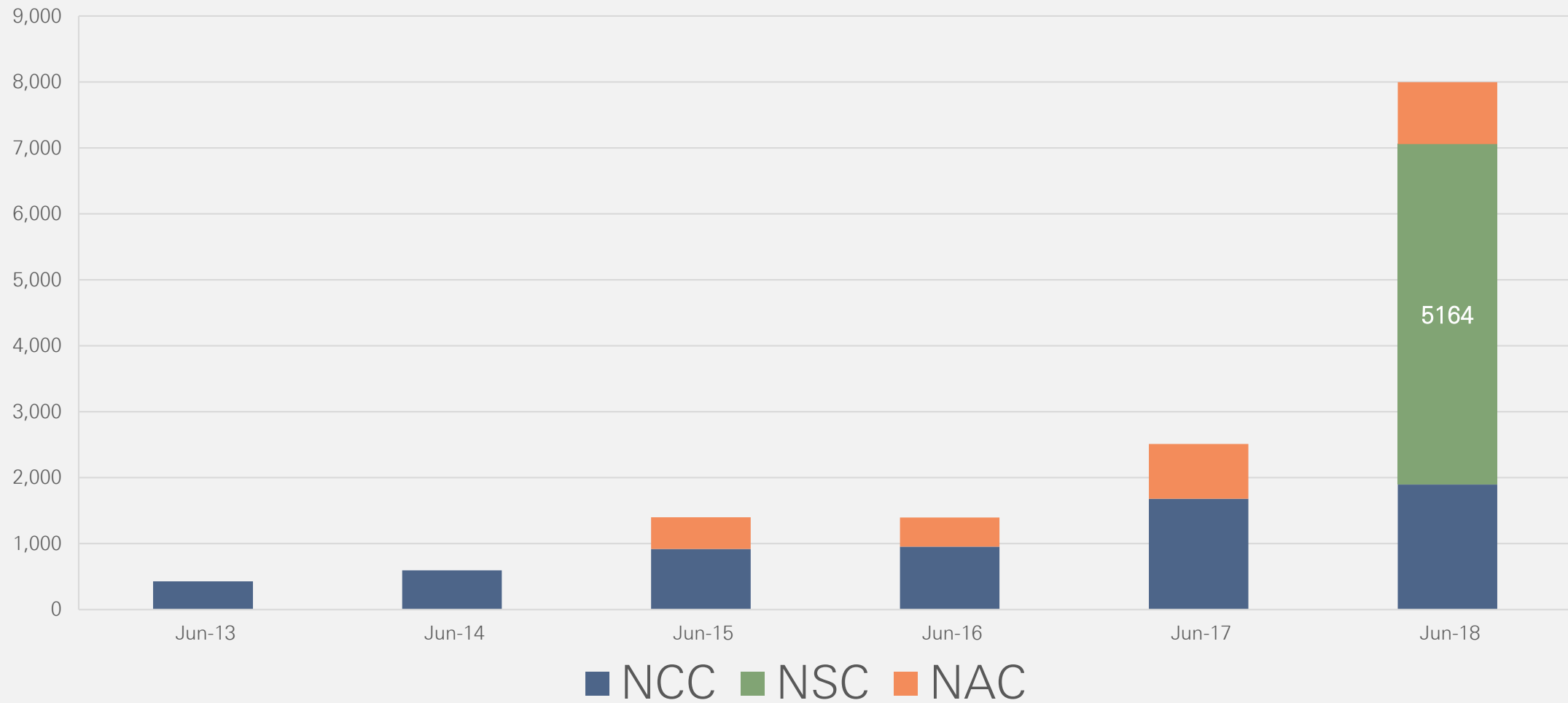
COMPANIES IN THE NAOS UNIVERSE

* 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



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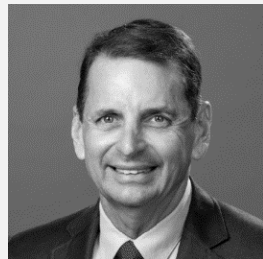
For all enquires contact enquiries@naos.com.au or call (02) 9002 1576

NAOS Directors and Team

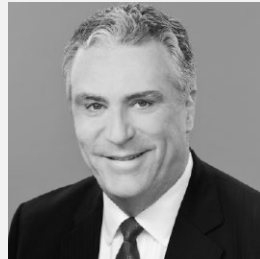
OUR DIRECTORS



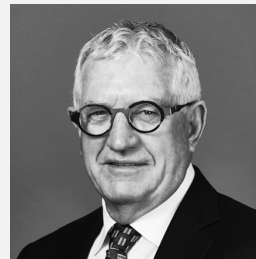
Sebastian Evans
Managing Director, NAOS Asset Management Limited & Director NCC, NSC and NAC



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



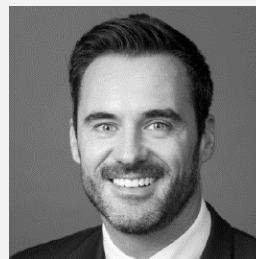
Ben Rundle
Portfolio Manager



Robert Miller
Portfolio Manager



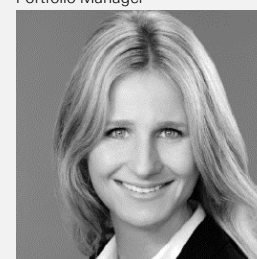
Rachel Folder
Investment Analyst



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