

NAOS Asset Management Investor Conference Call Q3 FY2019

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10:30am (AEST) Tuesday 16th April
Dial-in Number: 1300 289 804
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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
(5+ years)



04 Performance v
Liquidity Focus



05 Ignore the
Index



06 Pure Exposure
to Industrials



07 Environmental,
Social and
Governance (ESG)
We do not invest in tobacco,
gambling, nuclear, uranium,
controversial weapons, coal
mining operations or oil and
gas production companies.



08 Management
Alignment

Q3 FY2019 Review

US market rally not being supported by volume

Since 1st January 2019 to 8th April 2019, the S&P 500 is up 15%, while the Nasdaq is up 20%. Friday 5th April saw the second-fewest shares change hands of any trading day in 2019.

Hyper-growth stocks continue to be firmly in favour

Since 1st January 2019 to the end of March 2019 when looking at the performance of five hyper growth-stocks; Afterpay (ASX: APT), Wisetech (ASX: WTC), Xero (ASX: XRO), Appen (ASX: APX) and Altium (ASX: ALU), all were or are currently in the ASX/S&P Small Ordinaries Index (ASX: XSO), in an equally weighted basket these stocks are up 49.89%, as opposed to the XSO which is up 14.65% over this period.

Hyper-growth stock valuations v the market

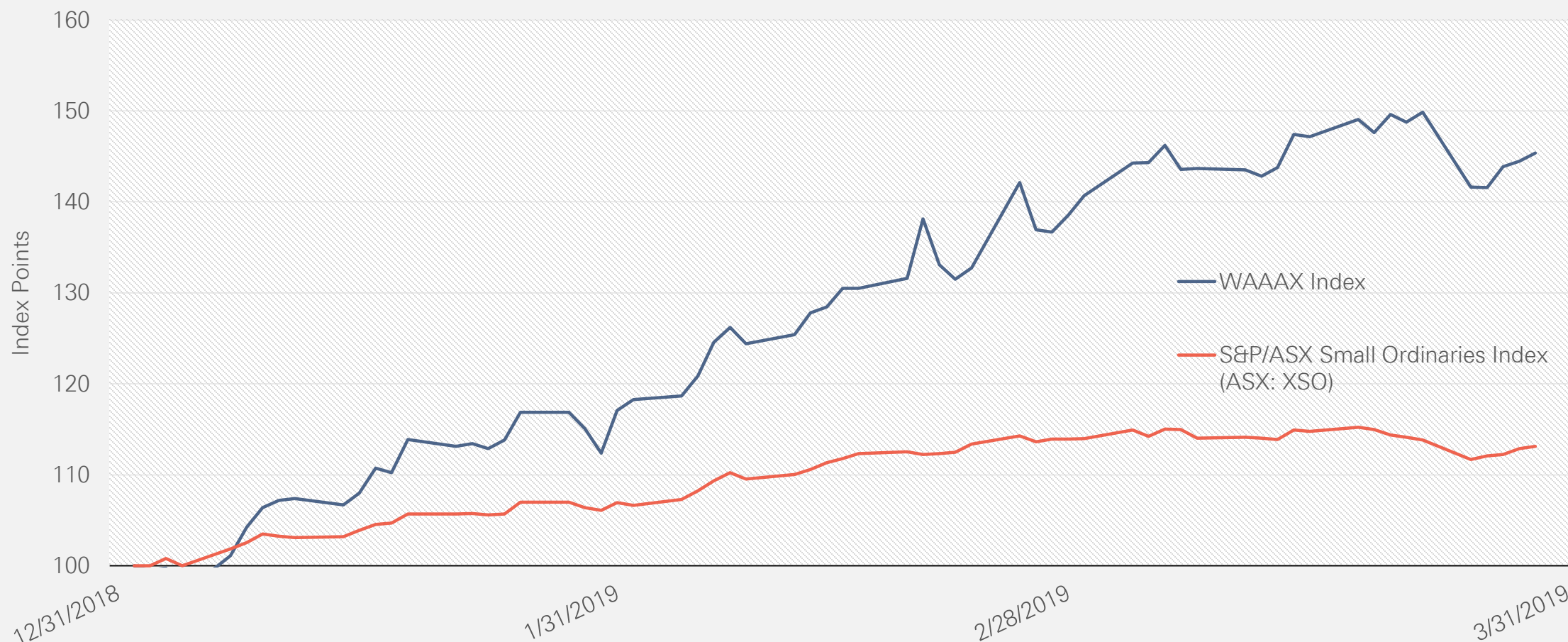
Based on FY20 consensus numbers hyper-growth stock valuations are inflated versus the broader industrial market.*

S&P/ASX 300 Industrials Index (ASX: XKI)	13 EV/EBITDA
Afterpay (ASX: APT)	69 EV/EBITDA
Wisetech (ASX: WTC)	45 EV/EBITDA
Xero (ASX: XRO)	45 EV/EBITDA
Appen (ASX: APX)	27 EV/EBITDA
Altium (ASX: ALU)	34 EV/EBITDA

* Source Bloomberg, figures as at 11th April 2019

Q3 FY2019 Review

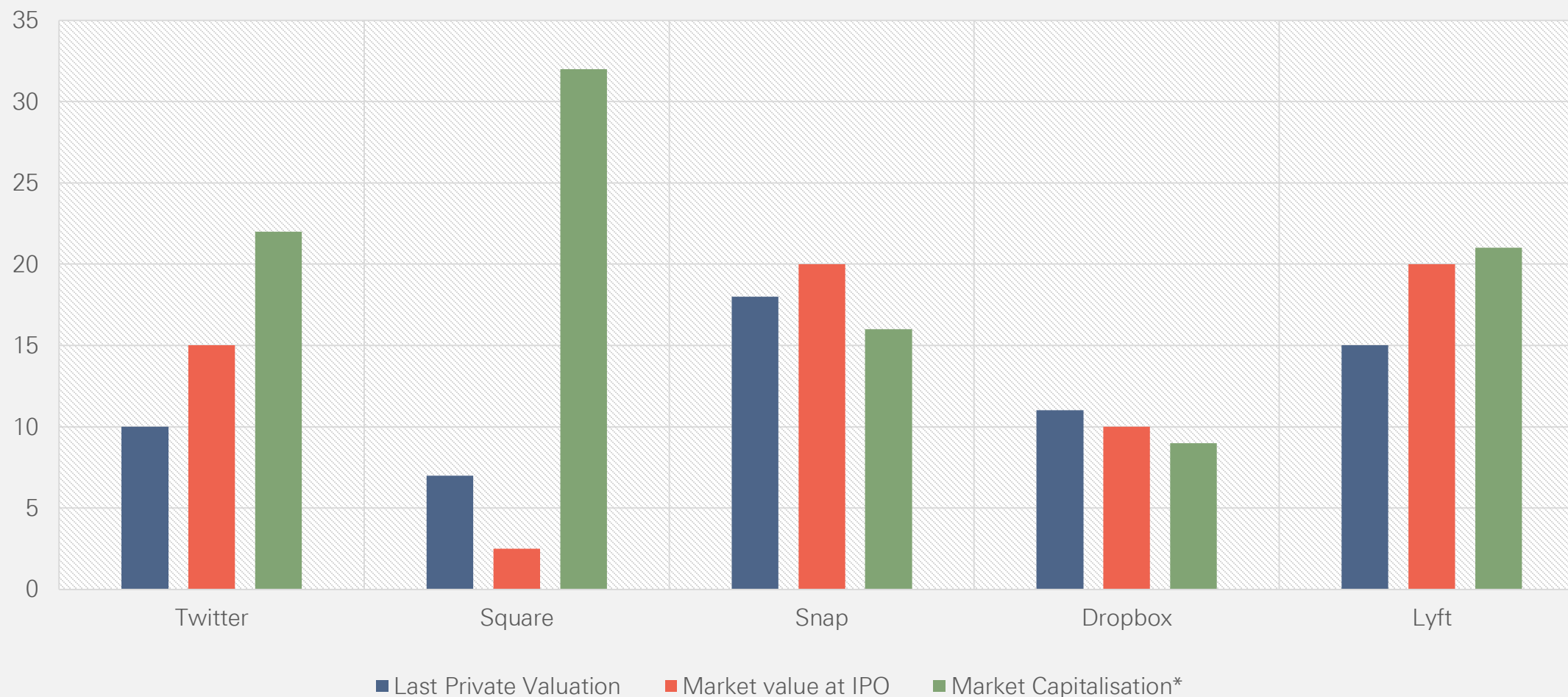
Hyper Growth Stocks v S&P/ASX Small Ordinaries Index (ASX: XSO)*



* Source Bloomberg Data, WAAAX Index includes equally weighted Afterpay (ASX: APT), Wisetech (ASX: WTC), Xero (ASX: XRO), Appen (ASX: APX) and Altium (ASX: ALU)

Q3 FY2019 Review

Valuation and Performance of Recent Tech IPOs (USD \$bn)*



* Source CB Insights, Google Finance via Financial Times as at 8 April 2019

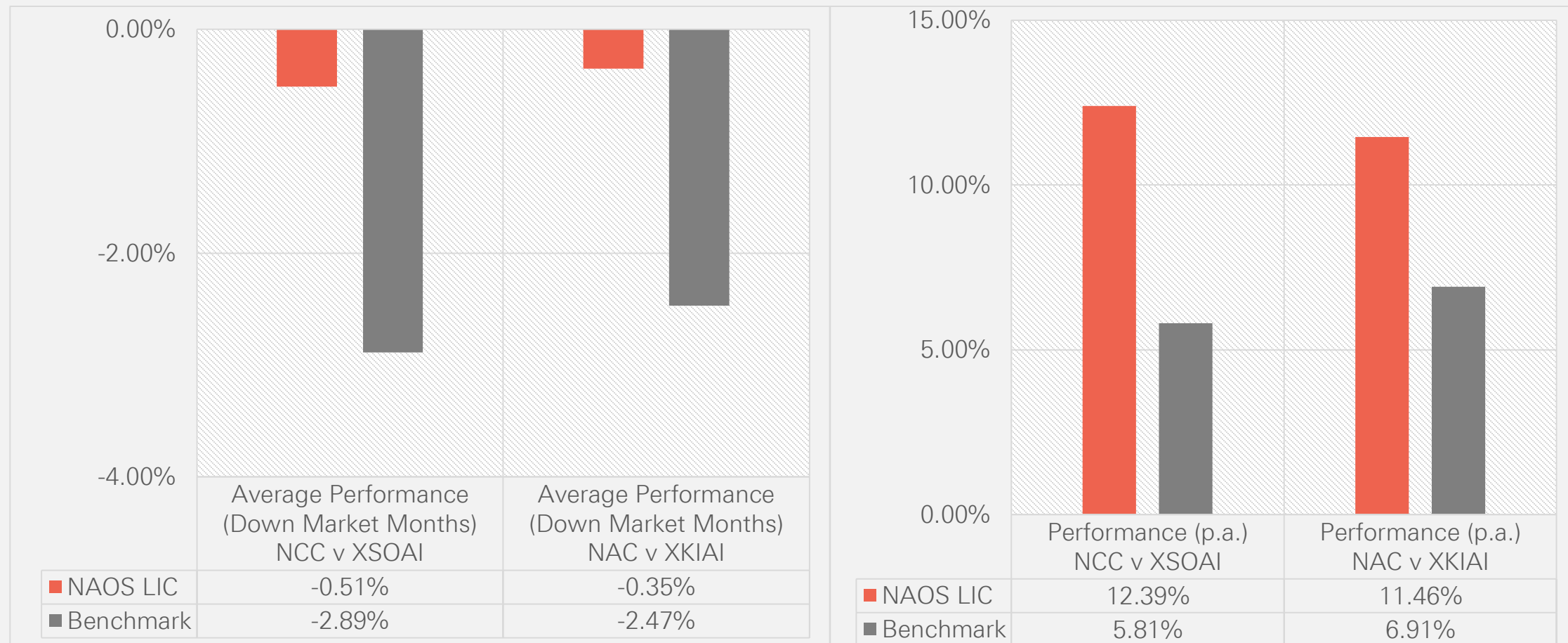
NTA & Performance as at 31 March 2019

	PRE TAX NTA	3 MONTH	1 YEAR	INCEPTION (P.A.)	INCEPTION (NOMINAL)
NCC*	\$1.07	+2.83%	-10.86%	+12.39%	+103.70% (6 years 1 month)
NSC^	\$0.75	+1.26%	-13.33%	-10.30%	-13.46% (16 months)
NAC*	\$1.00	+5.19%	-5.22%	+11.46%	+60.83% (4 years 5 months)

* 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.

^ 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 (p.a. and nominal) is 1 December 2017.

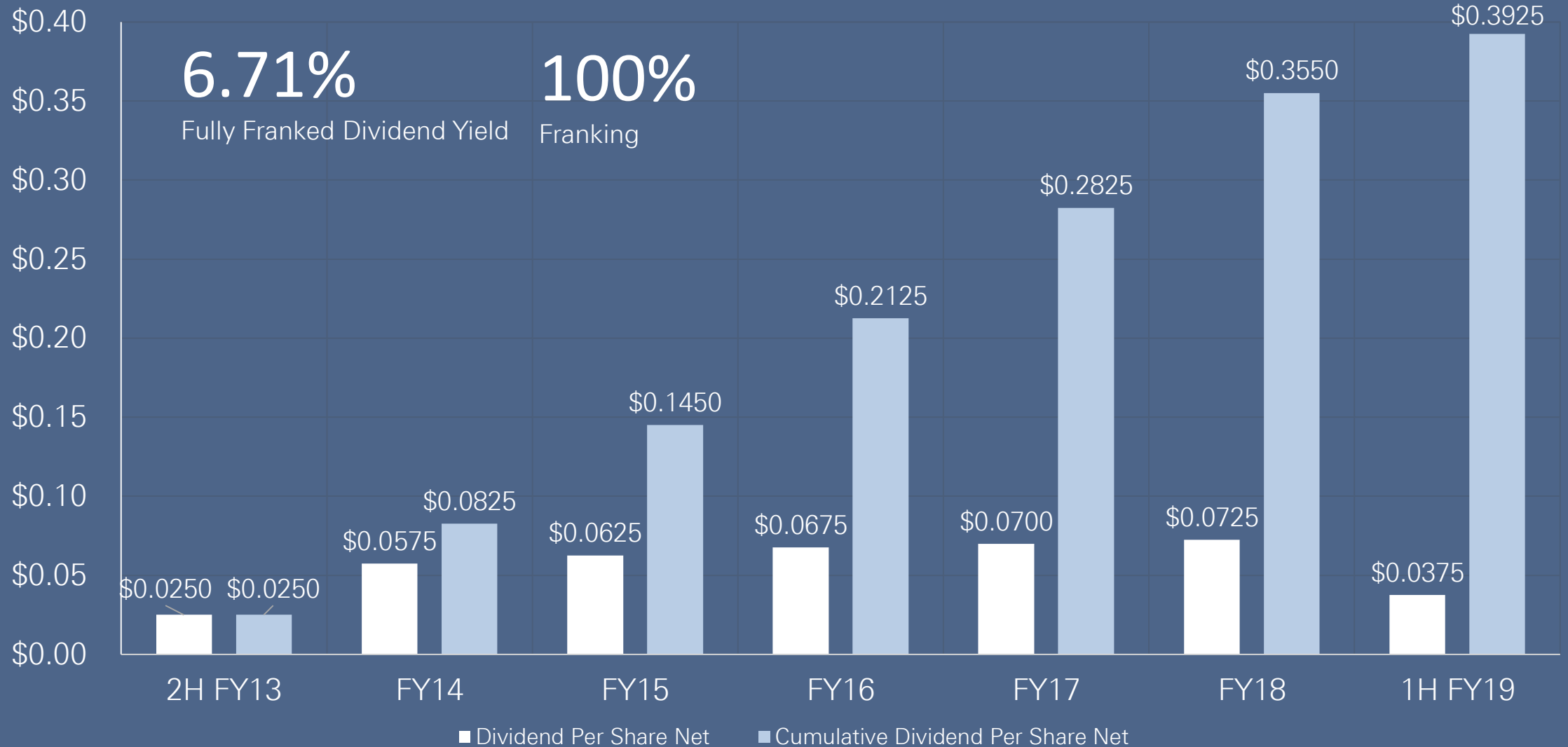
Long Term Capital Protection*



* NCC and NAC 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.) includes part performance for the month of February 2013 (NCC) and November 2014 (NAC). Returns compounded for periods greater than 12 months. NCC averages taken from the 73 months since inception (41 'up market' months and 32 'down market' months) and NAC 55 months since inception (33 'up market' months and 22 'down market' months). All figures are as at 31 March 2019.

NCC Overview as at 31 March 2019

Dividend profile



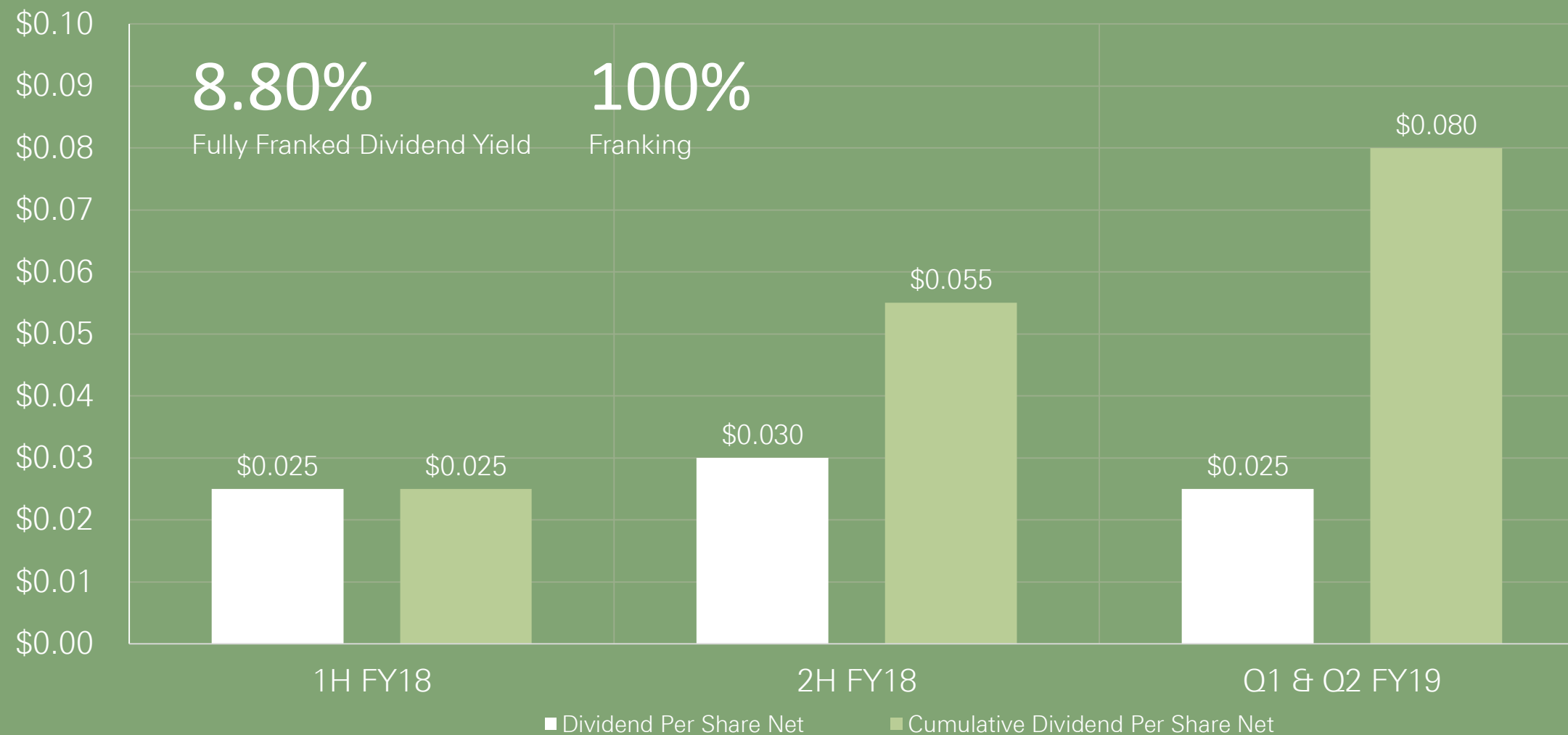
NCC Overview as at 31 March 2019

Positive stock contributors to the investment portfolio since inception, 26th February 2013

	Current Holding	Contribution to Return
BSA Limited (ASX: BSA)	Yes	21.83%
Calliden Group Limited (ASX: CIX)	No	14.30%
Capitol Health Limited (ASX: CAJ)	No	13.90%
Consolidated Operations Group Limited (ASX: COG)	Yes	11.24%
Careers Multilist Limited (ASX: CGR)	Yes	10.19%
Lindsay Australia Limited (ASX: LAU)	No	9.23%
MNF Group Limited (ASX: MNF)	No	9.08%
Enero Group Limited (ASX: EGG)	Yes	8.53%

NSC Overview as at 31 March 2019

Dividend profile



NSC Overview

as at 31 March 2019

NAOS

The top 5 positive stock contributors to the investment portfolio since inception, 1st December 2017

Current Holding

Contribution to Return

Over The Wire Limited (ASX: OTW)

Yes

3.00%

Enero Group Limited (ASX: EGG)

Yes

2.73%

Service Stream Limited (ASX: SSM)

No

1.30%

360 Capital Total Return Fund (ASX: TOT)

Yes

0.86%

360 Capital Group (ASX: TGP)

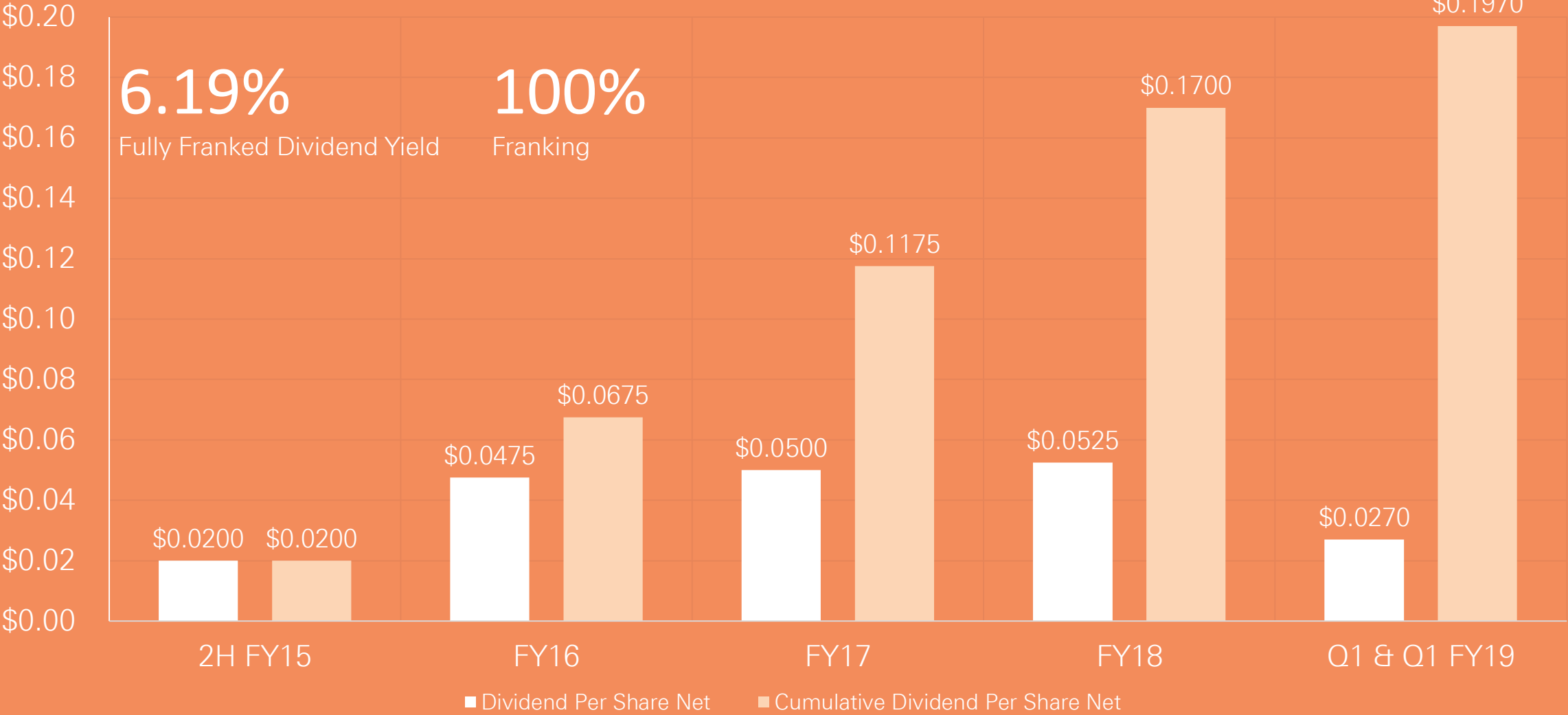
No

0.37%

NAC Overview

as at 31 March 2019

Dividend profile



NAC Overview

as at 31 March 2019

Positive stock contributors to the investment portfolio since inception, 12th November 2014

	Current Holding	Contribution to Return
Service Stream Limited (ASX: SSM)	No	6.65%
BSA Limited (ASX: BSA)	No	6.41%
MNF Group Limited (ASX: MNF)	Yes	6.02%
People Infrastructure Limited (ASX: PPE)	Yes	5.94%
Event Hospitality & Entertainment Limited (ASX: EVT)	No	5.10%
Elders Limited (ASX: ELD)	Yes	4.83%
1-Page Limited (ASX: 1PG)*	No	3.96%

* Short Position

Updates on Key Investments



MNF Group Ltd (ASX: MNF)

- Lowered FY19 EBITDA guidance by ~5% and maintained FY20 EBITDA guidance, which implies ~25% EBITDA growth.
- Sale of residential ADSL business simplifies the business units and increases the recurring gross margin profile of the business.
- VOIP network is operational in New Zealand with a further network in Singapore due to be operational within 3-6 months.
- Bandwidth, a Nasdaq-listed peer has a similar service offering, customer base and gross profit profile and has a market capitalisation in excess of \$2 billion compared to MNF at just over \$300 million.



Enero Group Ltd (ASX: EGG)

- Achieved a record EBITDA result with 15% organic revenue growth.
- Significant client wins with organic growth driven by increasing client penetration i.e. Adobe Inc (US: ADBE)
- Share price has increased significantly and as a result of market demand NAOS was able to reduce its holding in EGG from ~24% to ~17%.
- Accenture (market capitalisation ~ \$155 billion AUD) acquired creative agency Droga5 which is of a similar size to EGG (500+ staff) for what was believed to be a figure close to 2 times revenue.

Figures are as at 31 March 2019

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Updates on Key Investments

CML Group

CML Group Ltd (ASX: CGR)

- Released a very strong 1HFY19 result with EBITDA up +30% and the share price subsequently reaching a high of \$0.58 from a low of \$0.42 in December.
- Increased the transparency around the new invoice discounting product together with a bolstered and proven management team.
- CEO sold a portion of his shareholding in March which has seen the share price fall back to \$0.49. We have the view that as the CEO and his related parties still represent over ~10% of the diluted shares on issue that the shares will re-rate significantly with a number of catalysts to come.



Smartgroup Ltd (ASX: SIQ)

- Added back into the NAC portfolio in March after the share price fell from almost \$13.00 to \$8.00 over a 6-month time period.
- This was compounded by the CEO selling 25% of his holding at a significant discount to the last price, subsequently there has been significant buying from the Chairman and a number of other Directors.
- SIQ remains minimally geared and generates free cash flow that is often equal to net profit with all technology investment expensed.
- We believe that much of the SIQ customer base operates in industries that are experiencing structural growth such as healthcare, education and aged care which will benefit the SIQ business over the long term, albeit not at the growth rates that the market was expecting

Figures are as at 31 March 2019

Example channel checking activities (listed, unlisted and global businesses)

NAOS holding	Activity
Costa Group Limited (ASX: CGC) Wingara AG Limited (ASX: WNR)	Tour of Chinese Operations End Market Store Tour in China Fresh Produce Contact Alibaba Australian Government Consultant and AFIA Representative
CML Group Limited (ASX: CGR)	Industry veteran, executive Scottish Pacific and Classic Funding Group
MNF Group Limited (ASX: MNF)	Former Senior Executive Global One Consultant to NBN & Senior Executive at three major Telcos Former Investor & Executive Twillio

Capital management and acting in the best interests of shareholders

Dividends

- All dividends to date from NAOS LICs have been fully franked.
- The Dividend Reinvestment Plan (DRP) buys shares on market if the share price is at a discount to NTA to avoid diluting shareholders. 2.49m NSC DRP shares bought since 1 December 2017.

Indirect Costs

- NAC listing fees paid by NAOS, this was a LIC industry first.
- Board fees lowered in NSC from \$309,800 (FY 2017) to \$111,572 (FY 2018).

Alignment

- NAOS Directors and Staff are some the largest shareholders across the NAOS LICs ensuring alignment of interests with all shareholders.
- CIO holds no shares outside of the NAOS LICs and NAOS Asset Management Limited.

Brand Awareness

- 9,000+ subscribers to NAOS marketing communications.
- Media presence across publications such as Cuffelinks and Livewire.
- National Investor Roadshow twice yearly in 6 capital cities (1,000+ RSVP's per annum).

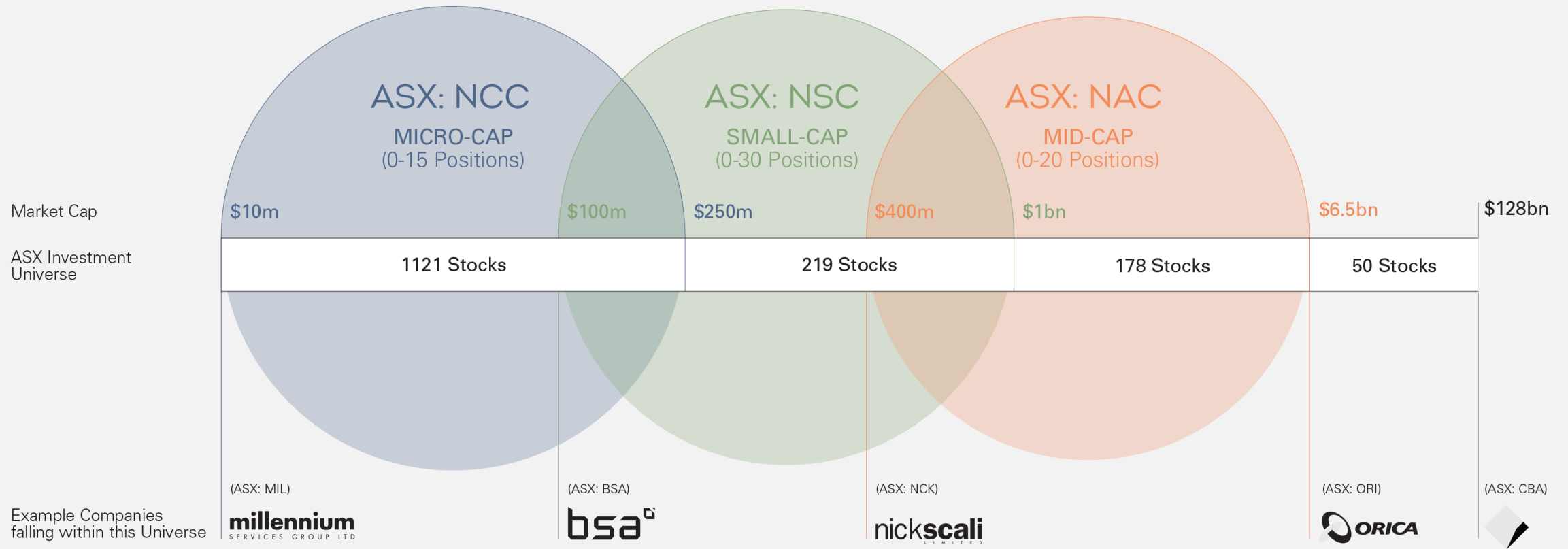
NSC Buy-Back

- At the end of March, NSC announced its intention to commence an on-market buy-back of up to 10% of its ordinary shares on issue.
- The Board considers this to be an effective use of the Company's capital to close the discount to NTA as well as increasing the NTA per share over the long term.

Appendix

NAOS

NAOS Listed Investment Companies

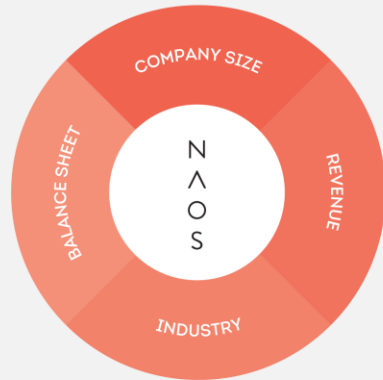


Source: Bloomberg Data January 2019

NAOS investment process

01

INVESTMENT UNIVERSE SCREEN CRITERIA



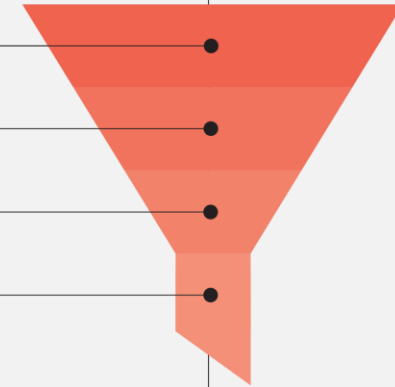
2804

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

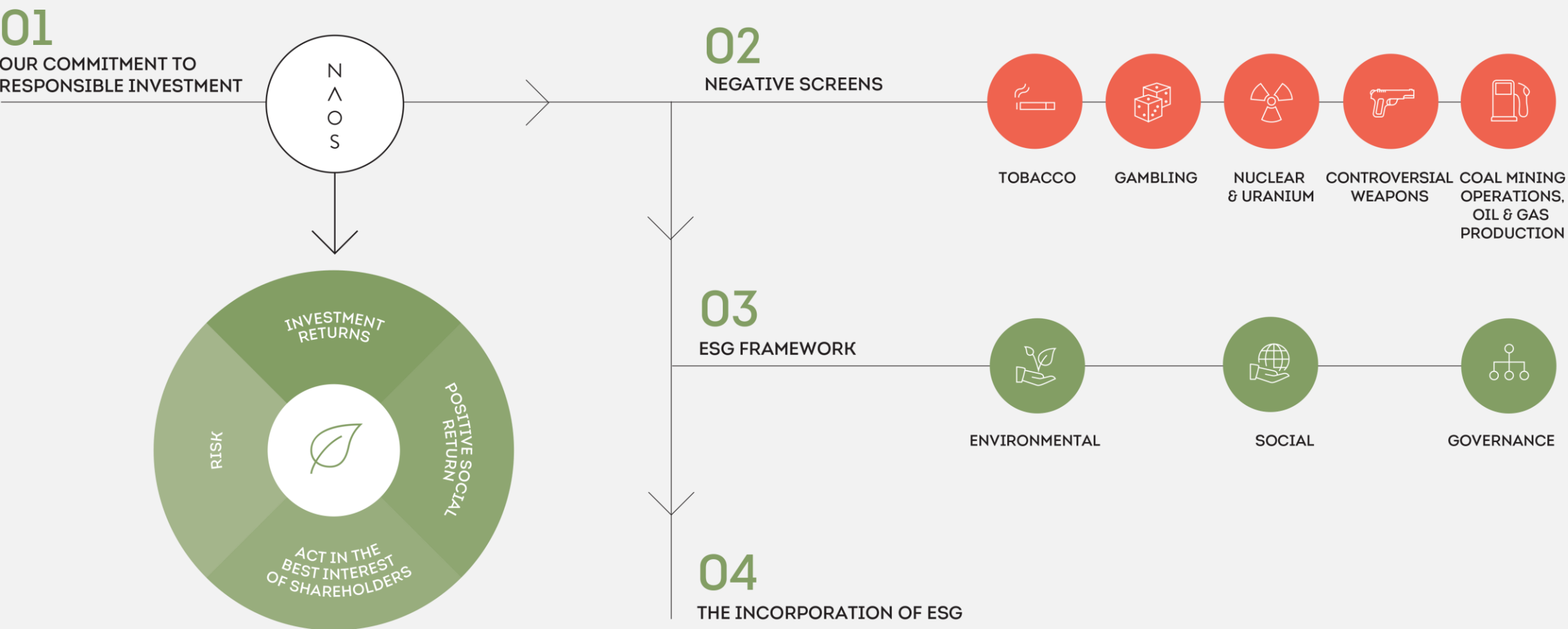


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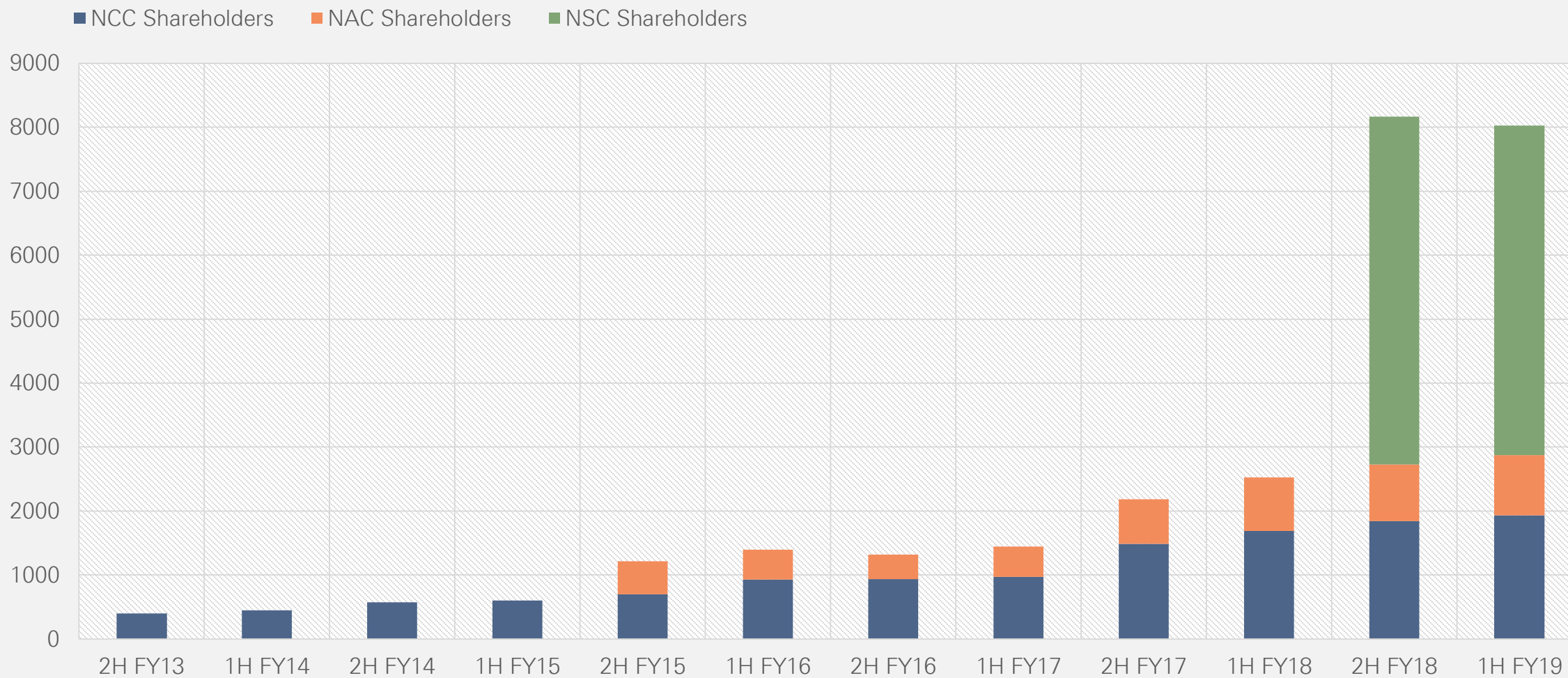
COMPANIES IN THE NAOS UNIVERSE

* Source: Bloomberg Data June 2018

NAOS ESG framework



Historical Shareholder Numbers



Investor awareness and communication



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



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



Twice yearly National Roadshow



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NAOS Asset Management



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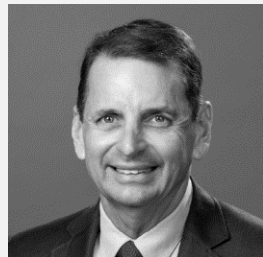
For all enquires contact enquiries@naos.com.au or call (02) 9002 1576

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



Sarah Williams
Independent Director, NCC and NAC

OUR TEAM



Sebastian Evans
Chief Investment Officer



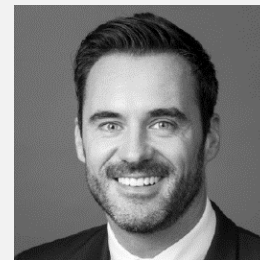
Ben Rundle
Portfolio Manager



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

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

A&O

NAOS

Thank you for your continued support