

NAOS SMALL CAP
OPPORTUNITIES
COMPANY LIMITED
(ASX: NSC)

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28 April 2022

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Q3 FY22 Investor Update and Q&A – Presentation Materials

Please find attached the presentation materials for the Q3 FY22 Investor Update and Q&A to be held by NAOS Asset Management Limited today at 11:00am (AEST).

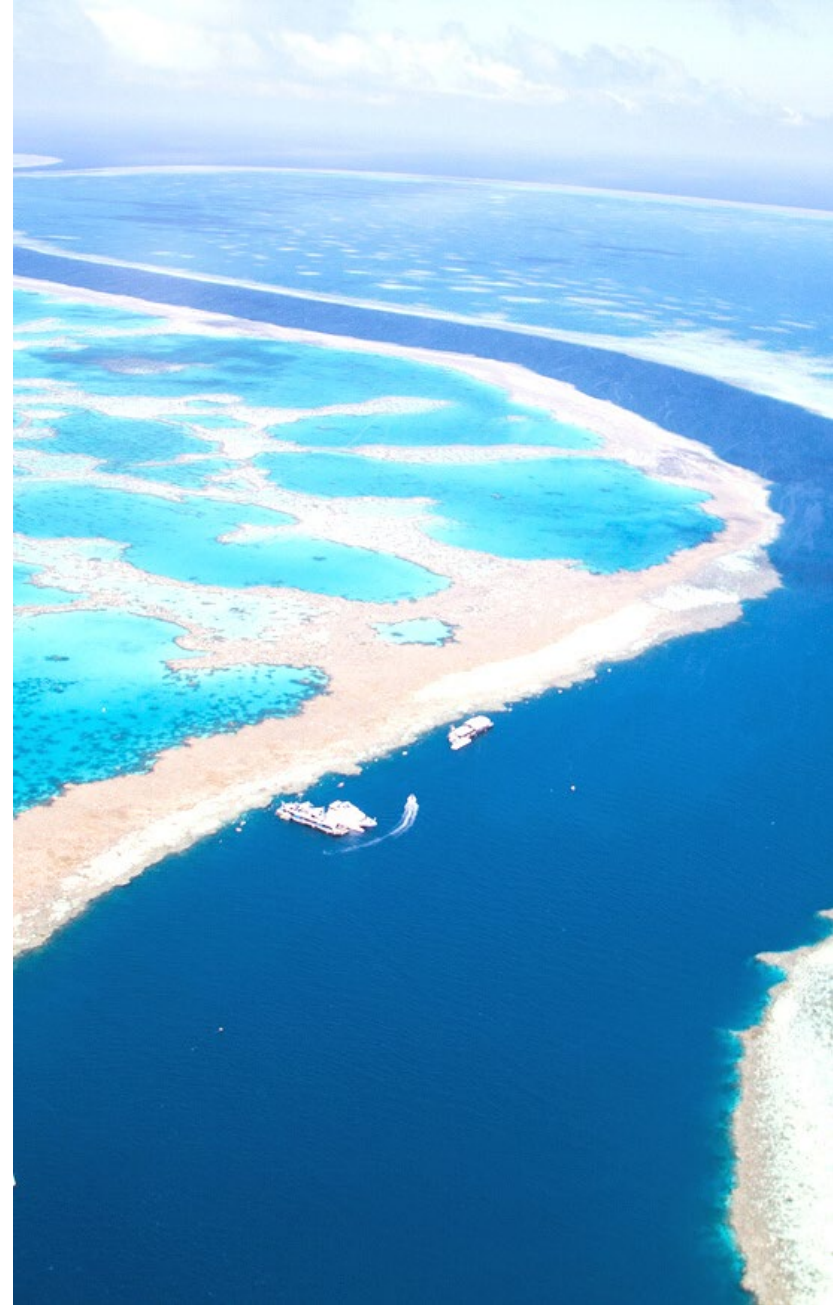
Authorised by:

Rajiv Sharma
Company Secretary

Q3 FY22 INVESTOR UPDATE & Q&A

Thursday 28 April 2022 | 11:00 am (AEST)
Audio Dial In: +61 3 8488 8990
Audio Access Code: 135-061-812

PRESENTED BY
NAOS ASSET MANAGEMENT



NAOS

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.

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NAOS Asset Management

Our Mission

To provide investors genuine long-term, concentrated exposure to growing Australian undervalued emerging companies with an industrial focus.

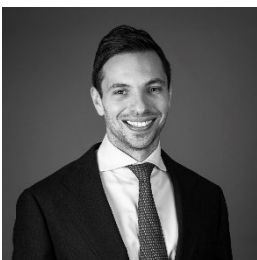
NAOS established its first Listed Investment Company (LIC) in 2013 with 400 shareholders, today NAOS manages ~\$400 million across three LICs and one private investment fund for approximately 8,000 investors.

Our directors and employees hold significant investments across the NAOS investment strategies, creating strong alignment of interests with all investors.

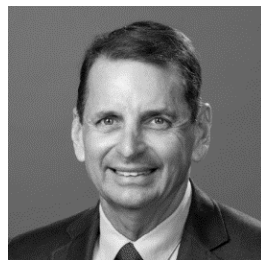
We believe that demonstrating leadership in ESG is ultimately a differentiating factor that benefits all parties. At NAOS we strive to create a positive impact on social, environmental and governance issues. We choose our investments based on a long list of criteria which include their ability to grow their revenue base, their pricing power, scalability, as well as their capability to internally fund their expansion.

NAOS Directors and Team

OUR DIRECTORS



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



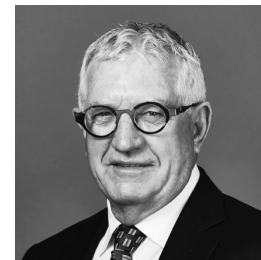
Warwick Evans
Chairman, NAOS Asset Management Limited & Director NCC, NSC & NAC



Sarah Williams
Independent Director, NCC and NAC



Mark Bennett
Director, NAOS Asset Management Limited



Trevor Carroll
Independent Chairman NSC



Matthew Hyder
Director, NAOS Asset Management Limited



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

OUR TEAM



Sebastian Evans
Chief Investment Officer



Robert Miller
Portfolio Manager



Brendan York
Portfolio Manager



Jared Tilley
Senior Investment Analyst



Nelson DeMestre
Associate Analyst



Richard Preedy
Chief Financial and Operating Officer



Rajiv Sharma
Head of Legal and Compliance



Angela Zammit
Marketing & Communications Manager

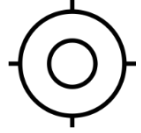


Hayley Coy
Marketing Coordinator



Julie Coventry
Business Sustainability Analyst

NAOS investment beliefs provide a competitive advantage



Value with Long
Term Growth



Quality over
Quantity



Invest for the
Long Term
5+ years



Performance v
Liquidity Focus

The closed end LIC structure
removes application and
redemption risk.



Ignore the
Index

No NAOS holdings
are part of either the
XSO or XKI indices.



Pure Exposure
to Industrials



Management
Alignment



Environmental, Social
and Governance (ESG)

We do not invest in businesses that
are directly related to the production
or sale of tobacco, gambling, nuclear,
uranium, coal or iron ore, animal
cruelty, controversial weapons, coal
mining operations or oil and gas
production companies.



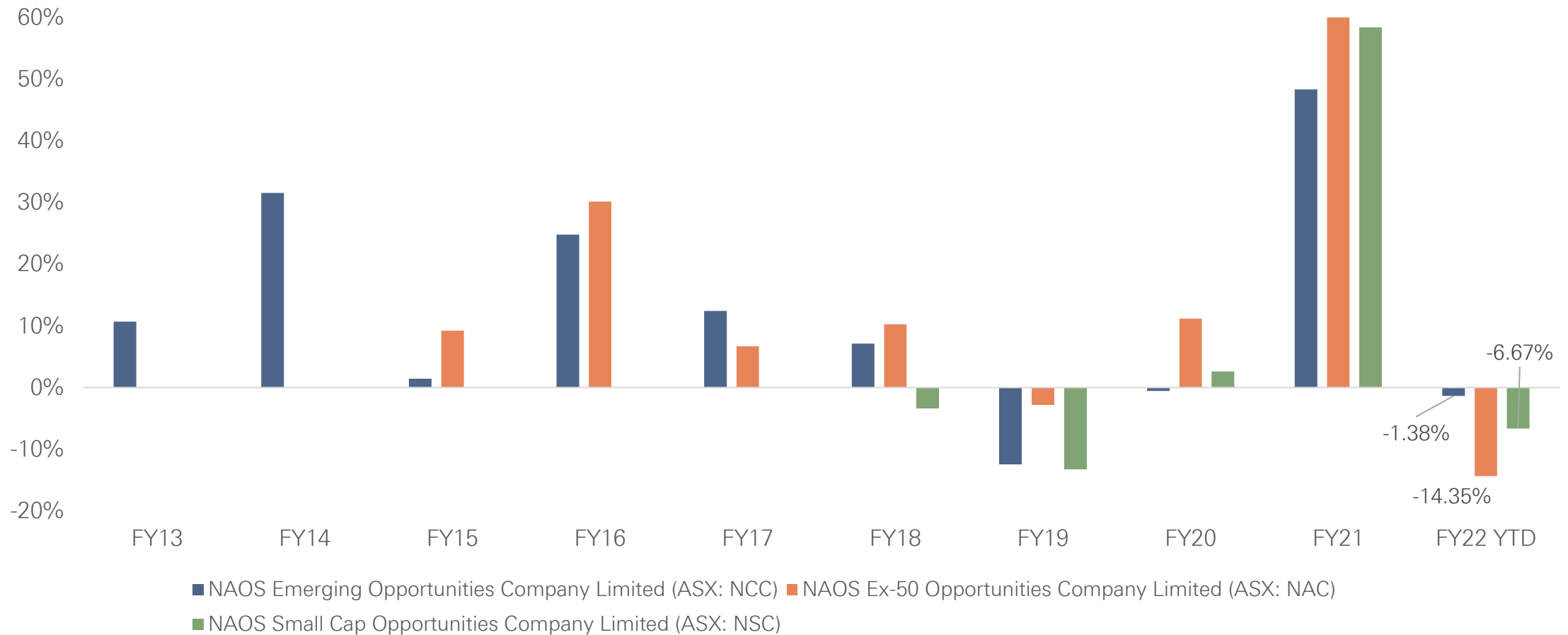
Constructive
Engagement

Reasons not to invest with NAOS

Our LICs are not for everyone. Some reasons why you may not choose to invest with NAOS include:

- Concentrated portfolios (0-15 investments)
- Long-term investment philosophy (5+ years)
- Focus on smaller companies (\$20 million - \$500 million market capitalisation)
- Benchmark unaware (No NAOS investments are within the XSOAI)
- Industrial focus (No exposure to resources or very early-stage businesses)
- Smaller fund size (increases ability to gain a meaningful exposure to smaller businesses)
- ESG aware with a focus on positive impact

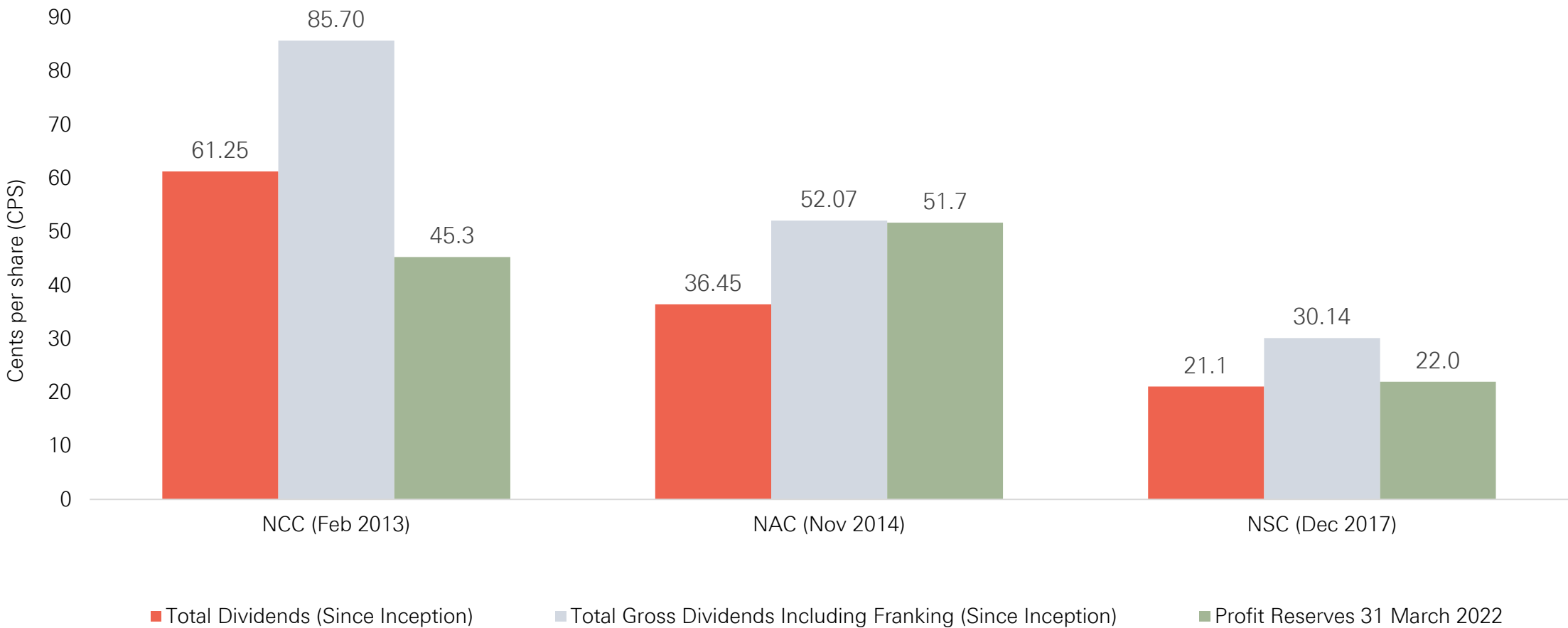
NAOS LICs investment portfolio financial year returns*



* Investment Portfolio Performance is post all operating expenses, before fees, taxes, interest and initial IPO and subsequent capital raising costs. Returns compounded for periods greater than 12 months. Performance has not been grossed up for franking credits received by shareholders. Inception dates are February 2013 (NCC), November 2014 (NAC) and December 2017 (NSC). FY22 YTD returns as at 31 March 2022.

NAOS LIC Fully Franked Dividend History and Profit Reserves

Each LIC has consistently paid dividends and holds healthy profit reserves



All figures as at 31 March 2022

Investment portfolio performance summary

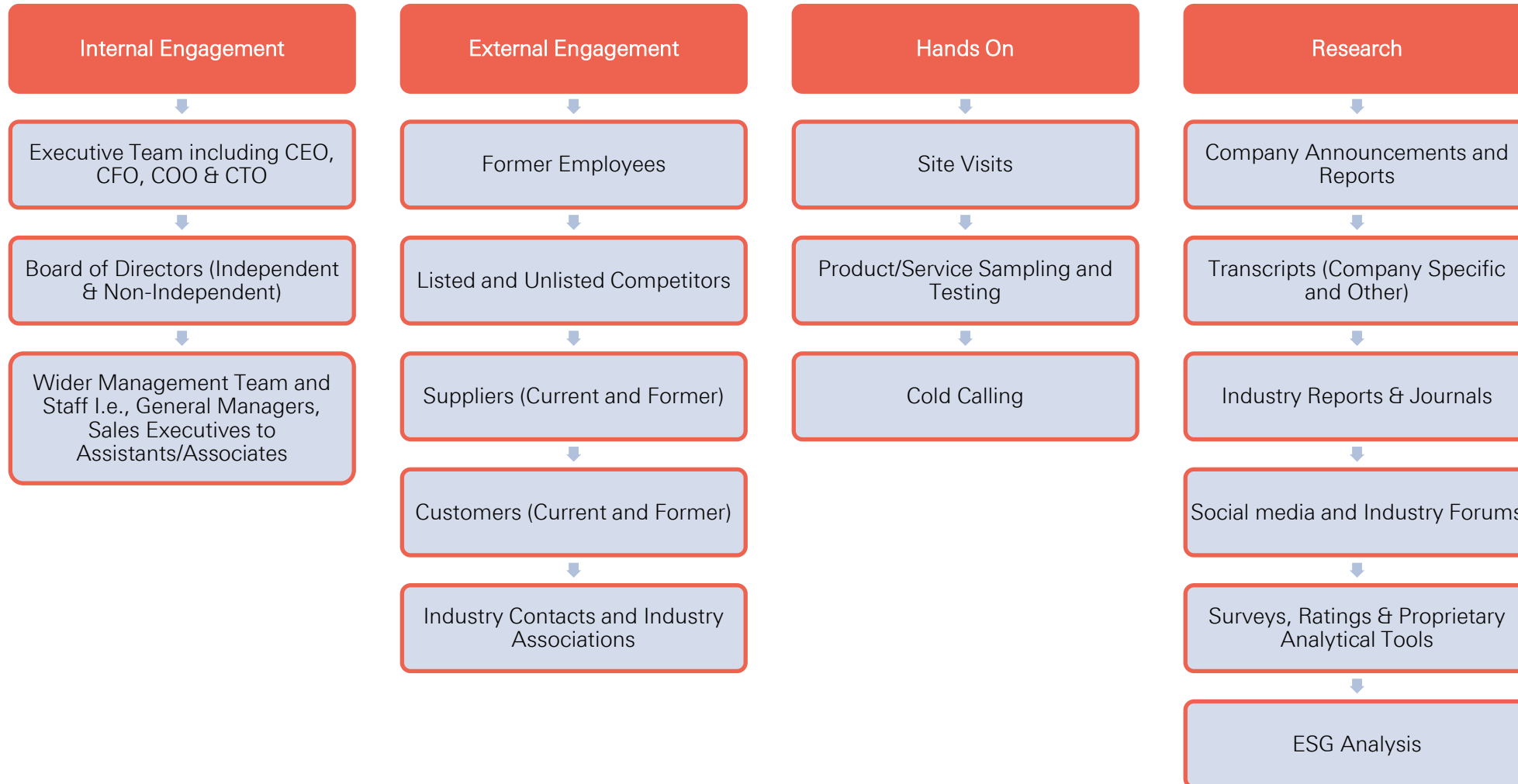
Investment Portfolio	Q3 FY22 PERFORMANCE	1 YEAR PERFORMANCE	1 YEAR BENCHMARK PERFORMANCE	INCEPTION (P.A.)	BENCHMARK INCEPTION PERFORMANCE (P.A.)
NAC Investment Portfolio Performance*	-16.78%	-0.71%	+10.96% [^]	+13.38%	+7.94% [^]
NCC Investment Portfolio Performance*	-5.56%	+12.21%	+9.68% [^]	+12.10%	+7.06% [^]
NSC Investment Portfolio Performance*	-10.38%	+6.05%	+9.68% [^]	+5.67%	+8.06% [^]

*Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders. Since inception (P.A. and Total Return) includes part performance for the month of February 2013 (NCC), November 2014 (NAC) and December 2017 (NSC). Returns compounded for periods greater than 12 months. All figures as at 31 March 2022.

[^]NAC Benchmark= S&P/ASX 300 Industrials Accumulation Index, NCC & NSC Benchmark= S&P/ASX Small Ordinaries Accumulation Index

What research does NAOS apply to the Investment Process?

The NAOS Investment Team undertakes fundamental analysis on potential and current investments. Some examples of our key focus areas include:



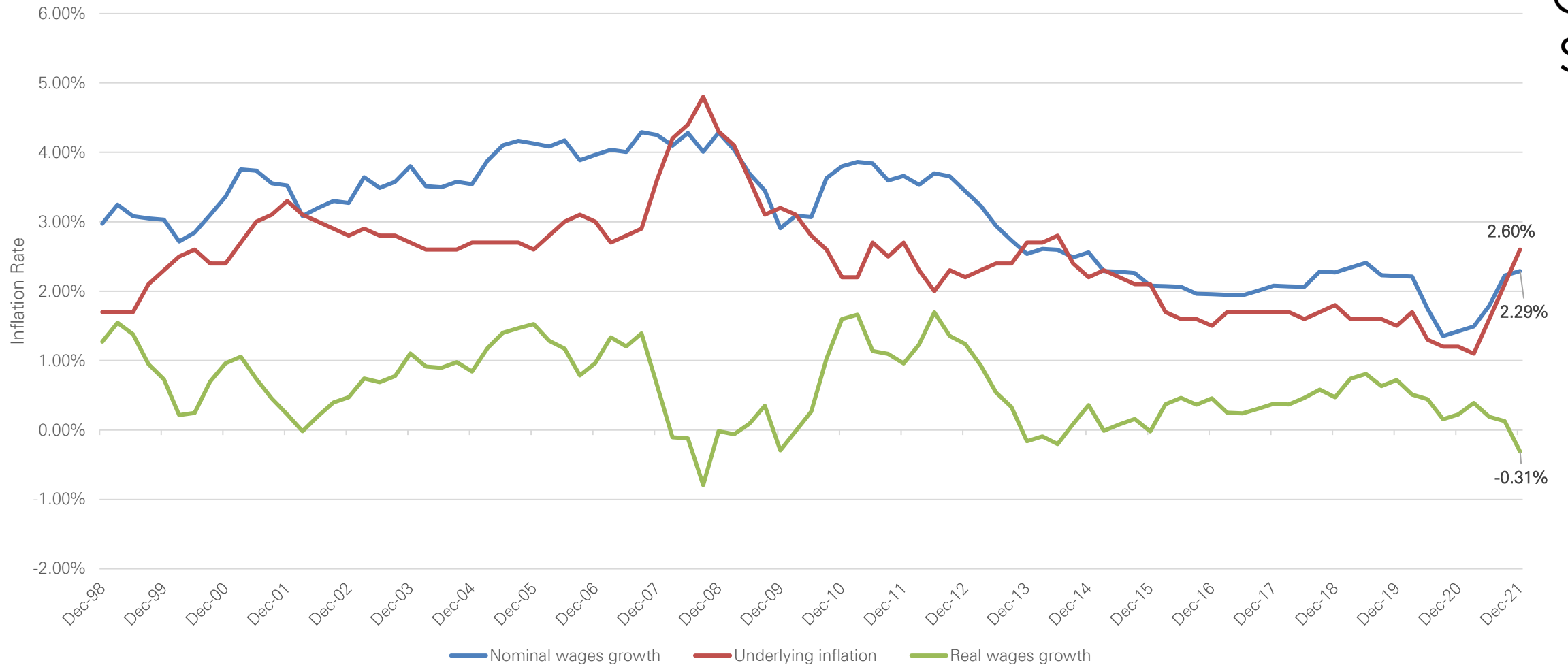
Q3 FY22 Summary

- The macroeconomic issues of 2021 became more acute i.e. Ukrainian war, sharp increase in inflationary pressures and short term interest rate expectations resulting in significant market volatility during early CY22.
- Arguably a long overdue dose of 'valuation realism' had a substantial impact across many sectors, most notably the tech sector as investors factored in higher interest rates and a renewed focus on cash flow generation (CTT -68%, ABY -49%, TPW -38%).
- A post-COVID world has brought with it a number of unforeseen issues for businesses which will affect short term earnings i.e. staff shortages, supply chain issues and inflationary pressures.
- A sharp increase in inflation driven by higher energy prices, a sharp increase in agriculture prices and employee costs due to labour shortages.
- In our view the demand environment over the medium term remains robust, driven by low unemployment levels, low interest rates (even post expected increases) and government spending & policy.

Q3 FY22 Summary Cont.

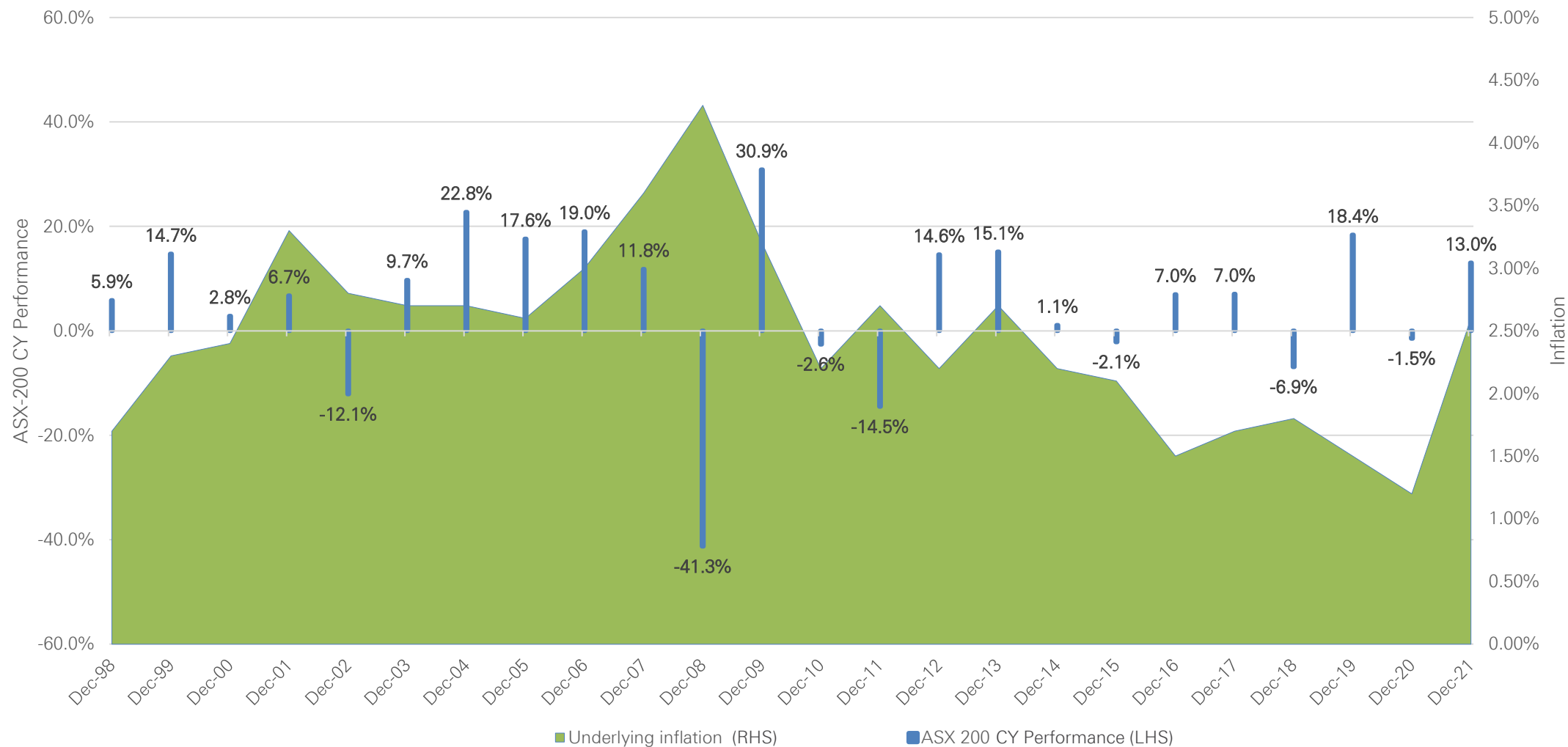
- Many core portfolio companies are direct beneficiaries of the domestic economic rebound and will likely continue to be so for the medium to longer term i.e. Big River (ASX: BRI) and COG Financial Services (ASX: COG).
- Amongst the volatility, new investments have been identified as potential long term portfolio holdings which include MOVE Logistics (NZX: MOV), Maxiparts (ASX: MXI) and Qualitas (ASX: QAL).
- We continued to proactively engage across all NAOS investments with an increasingly hands-on approach taken with specific investments.
- Negative Q3 FY22 absolute performance across the NAOS funds with underperformance vs. benchmarks driven by outperformance of commodity exposed businesses for which NAOS has no direct exposures.
- February reporting season was largely pre-guided with no major portfolio specific result surprises. Few strong absolute performers which did not offset the negative performance of the likes of BSA Limited (ASX: BSA).

Domestic Real Wages Growth – Will it Return?



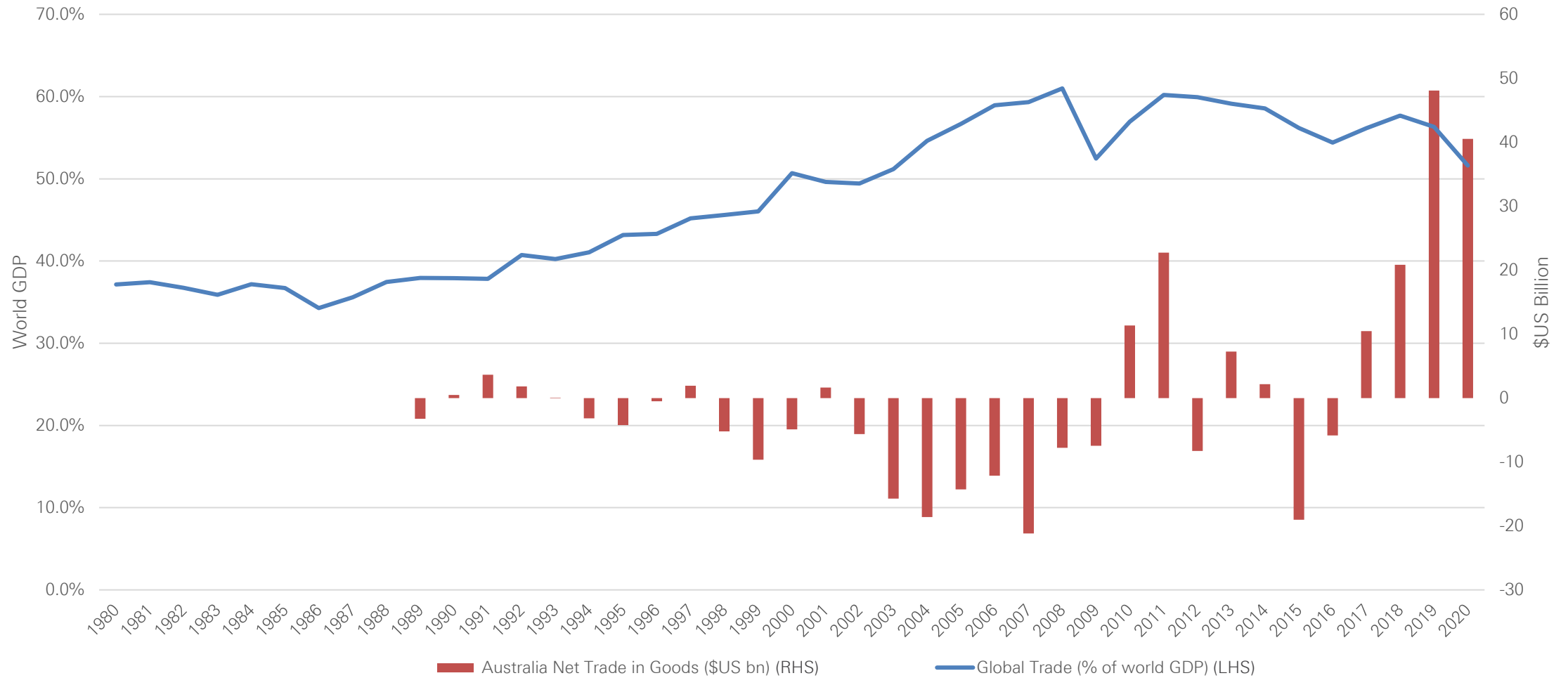
Source: NAOS, AFR, Australian Bureau of Statistics

Declining Globalisation vs Increasing Australian Exports

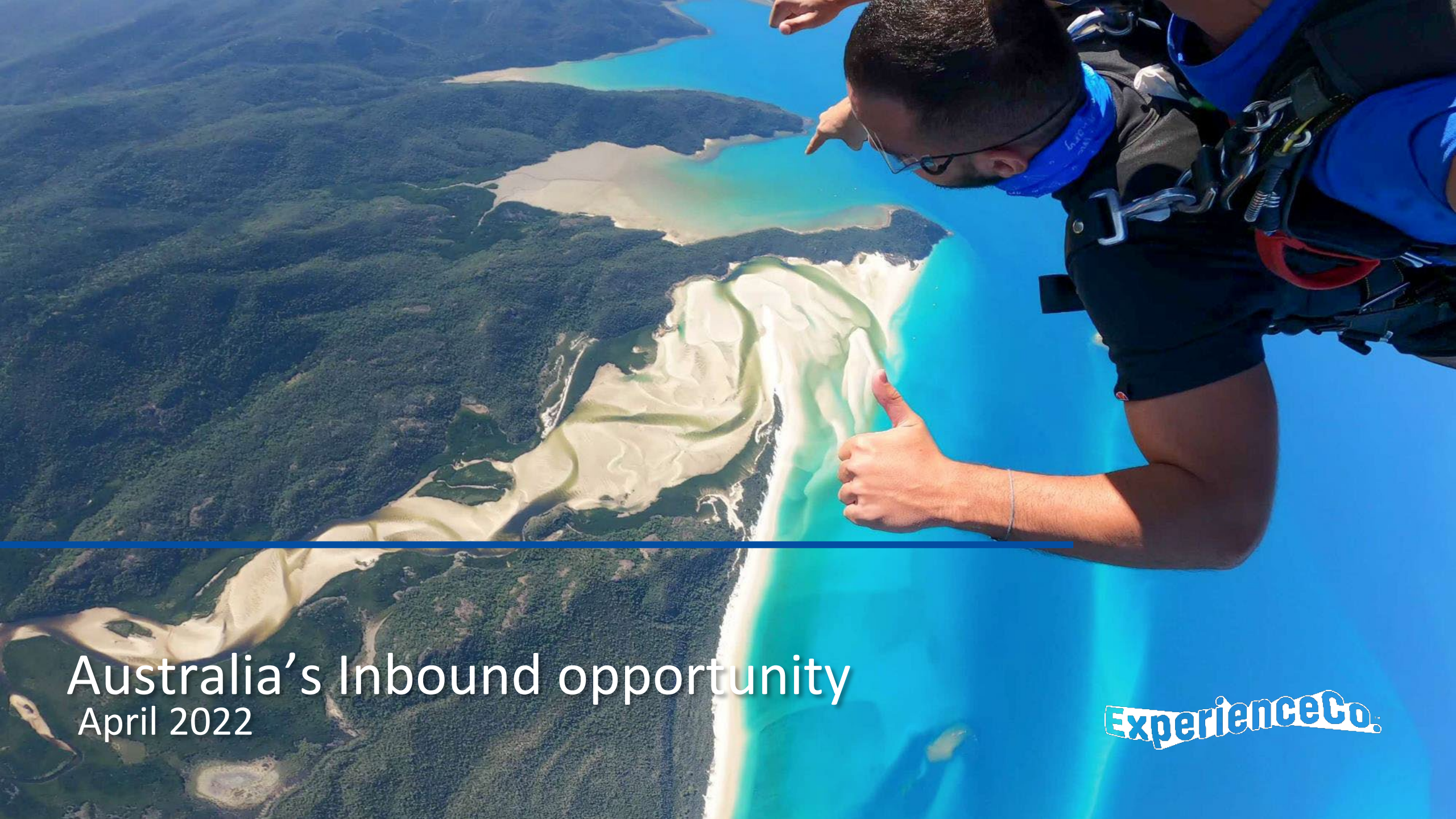


Source: NAOS, IRESS, Australian Bureau of Statistics

Globalisation Declining Vs. Australian Exports Increasing



Source: NAOS, World Bank



Australia's Inbound opportunity
April 2022

ExperienceCo.

About Us

Experience Co (ASX:EXP) is an adventure tourism company. We are all about helping you escape the ordinary, with safety and adventure at the core of what we do.

Experience Co employs over 1,000 people and operates across 37 locations in Australia and New Zealand.

Experience Co is also a leading provider of Indigenous and Conservancy based tourism experiences.

Our experiences include tandem skydiving, exclusive wilderness multi-day adventures, walks, indigenous experiences, treetop adventure courses, ziplining and tours to the Great Barrier Reef.

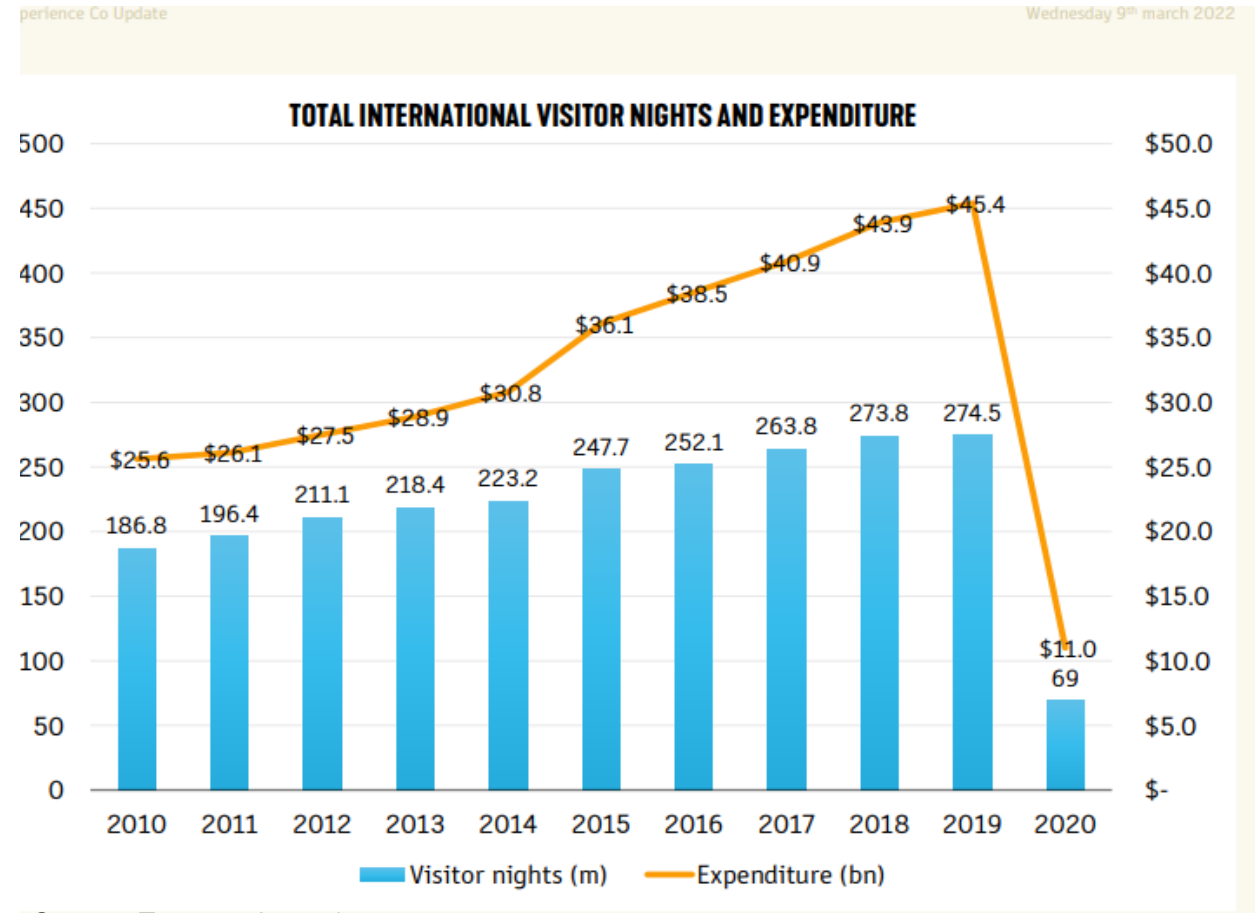
www.experienceco.com



Australian Historic Inbound Growth

Prior to COVID 19 the Australian tourism industry was leading economic performer

- ✓ Significant growth over the last 10 years driven by record levels of international visitation and expenditure
- ✓ Growth rate of tourism expenditure outstripped Australian Economy growth during same period
- ✓ 1 : 13 jobs in Australia are supported by the Tourism Industry via >230,000 registered businesses across the country
- ✓ International and domestic tourism expenditure supports regional Australia

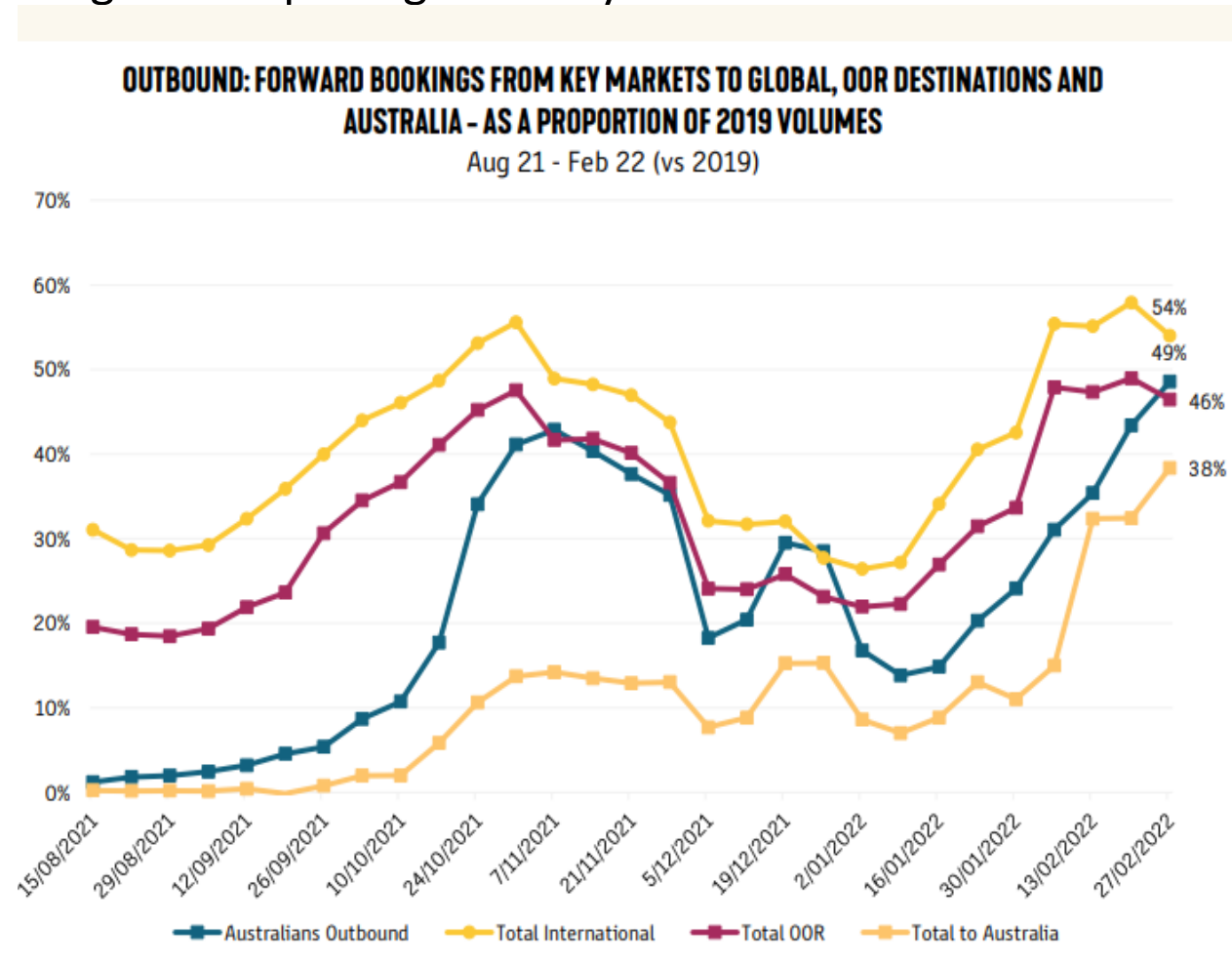


Source: Tourism Australia

The Recovery Pathway

Indicators are positive with regards to the 'great reopening recovery'

- ✓ Demand for OOR travel from key inbound markets is back to 54% of Pre-pandemic levels
- ✓ Aviation capacity been led by US carriers, closely followed by European and UK markets – Asian carriers will respond as markets open
- ✓ Two-way travel rules will regulate how quickly key markets return to Australia – Japan, China and Hong Kong
- ✓ Government policy on declaring countries as reopen is driving the swiftness of recovery for countries

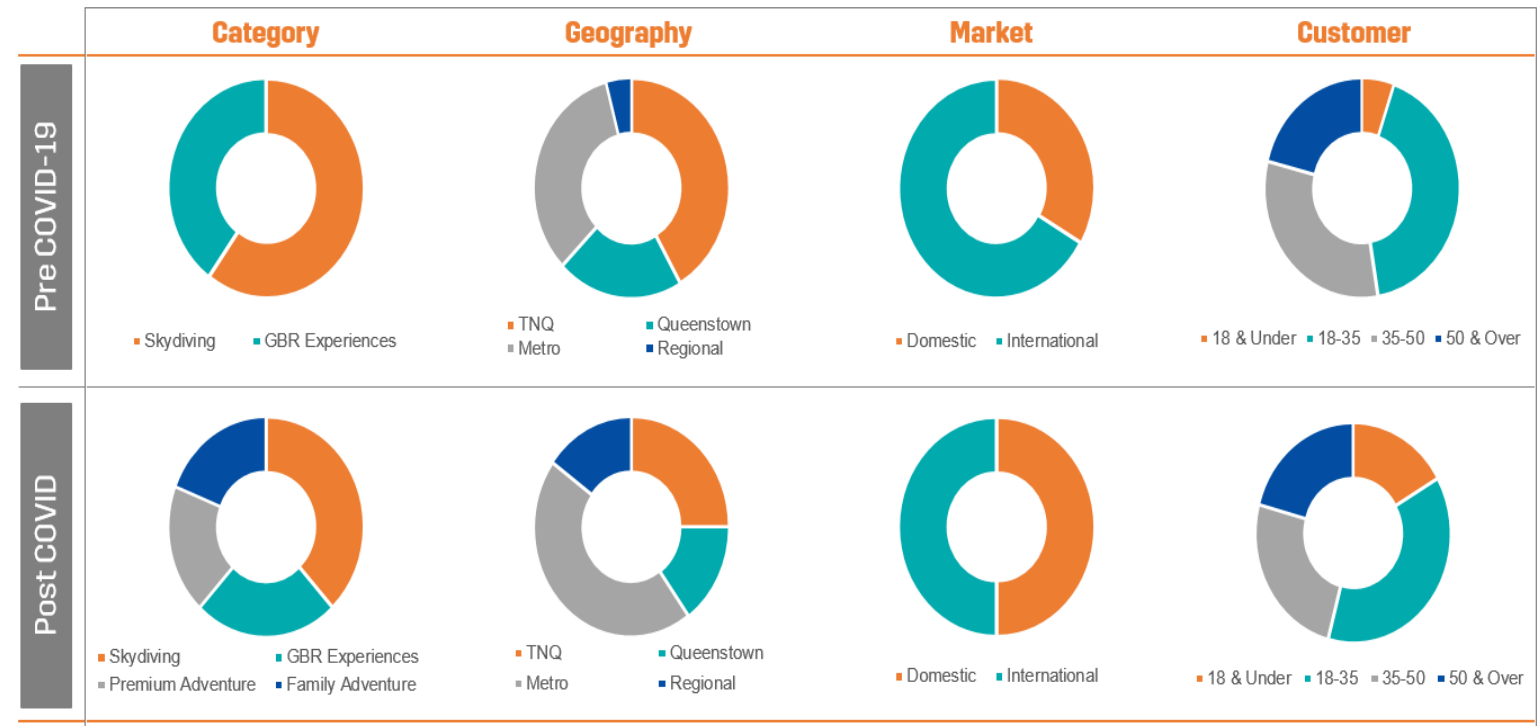


Source: Tourism Australia

How does industry take advantage of 'reopening'

Companies that balance their portfolio, invest in the customer and renew product will win

- ✓ Tourism operators have learnt being solely 'international' is no longer sustainable a balanced portfolio is a 'must'
- ✓ Investment during the 'off season' will be critical to the success or otherwise of the rate of recovery for some companies
- ✓ The customer dynamic has changed. Its no longer just about distribution via third parties – a more direct and interactive customer relationship is required
- ✓ Human capital is the new gold. The ability to be an employer of choice, attract and retain staff will be key
- ✓ Companies with exposure to youth and premium markets will benefit with an accelerated recovery due to the return of these markets



Source: EXP Treetops Adventure Investor Presentation, September 2021

A woman with dark hair, wearing a bright pink long-sleeved shirt, dark blue pants, and a white helmet, is ziplining through a dense forest. She is smiling and looking towards the camera. She is wearing brown gloves and is holding onto the zipline cable. The background is filled with green trees and foliage, with some sunlight filtering through the leaves.

ExperienceCo.

Thank you

For more information:

John O'Sullivan

Chief Executive & Executive Director

Experience Co

NCC key portfolio events Q3 FY22

HOLDING	INDUSTRY	Q3 UPDATE
 SAUNDERS INTERNATIONAL (ASX: SND)	Construction/ Engineering	1H FY22 results saw substantial margin & cash balance improvements. - Mobilisation of US Defence Dept. project in Darwin progressing to expectations. Scope for expansion of works in medium term. - Further infrastructure contract wins under the NSW Bridges Program. - Despite project wins, SND live pipeline & tender book has increased ~60% in 18 months and now stands at \$1.05 billion.
Contango. (ASX: CGA)	Financial Services	- Board changes bolstering funds management experience – Nerida Campbell appointed Chair, Jason Billings appointed NED. - Funds under management levels resilient during recent market volatility. - Cash flow positive quarterly report. Incremental revenues should deliver outsized incremental margins. - Announced a new investment manager partnership with Woodbridge Capital.
 COG Financial Services Limited (ASX: COG)	Financial Services	- COG subsidiary Westlawn utilising surplus cash for the accretive and strategic acquisition of funds management business Equity One. - Established \$31m parent company debt facility for future FB&A acquisitions. - Comparable industry transactions demonstrate strategic value of COG's distribution footprint (Pepper acquiring Stratton). - Focus to grow incremental profits in capital-light ways.

NCC overview as at 31 March 2022

NAOS

\$1.11

Pre-Tax
NTA

7.25%

Fully Franked
Dividend Yield

\$1.035

Share Price

11

Number of
Holdings

+12.10%

Performance
since Inception[^]
p.a.

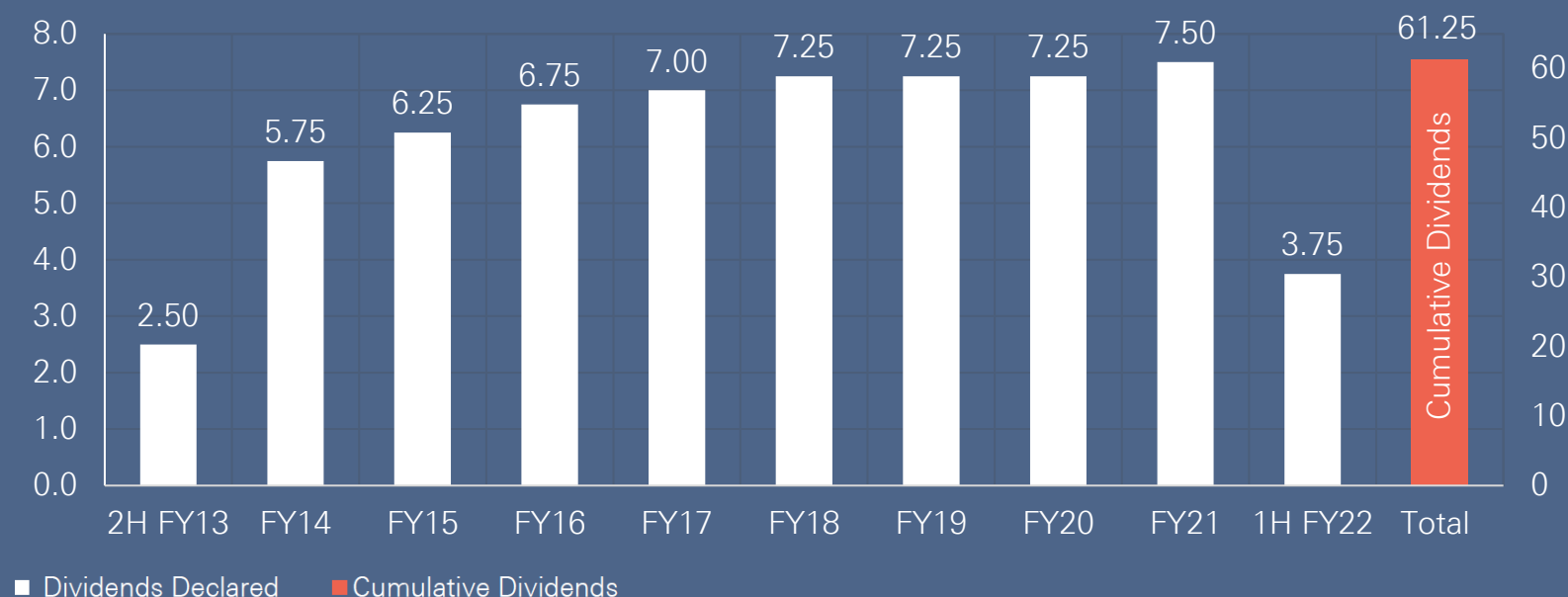
+12.21%

1 Year
Performance[^]

\$145.4m

Weighted
Average Market
Capitalisation of
the Investments

FULLY FRANKED DIVIDEND (CENTS PER SHARE)



[^]Investment Performance is post all operating expenses, before fees, taxes, interest, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders and returns are compounded for periods greater than 12 months. Inception date February 2013.

NSC key portfolio events Q3 FY22

HOLDING	INDUSTRY	Q3 UPDATE
 (ASX: COG)	Financial Services	▪ COG subsidiary Westlawn utilising surplus cash for the accretive and strategic acquisition of funds management business Equity One. ▪ Establishment of \$31m parent company debt facility for future acquisitions in FB&A segment. ▪ Comparable industry transactions demonstrate strategic value of COG's distribution footprint. ▪ Focus to grow incremental profits in capital-light ways.
 (ASX: BSA)	Industrial Services	▪ Settlement of legacy legal claim, providing long overdue certainty to BSA. ▪ Unsatisfactory FY22 update resulting in management & Board changes. ▪ Business efficiency & capital management plan to be executed upon. ▪ COVID headwinds & contract delays likely to abate throughout CY22, pleasingly revenue profile remains robust.
 (NZX: MOV)	Freight & Logistics	▪ Business review under Chris Dunphy's leadership completed. ▪ Actions now being implemented under this turnaround, focus on improving margins, capital efficiency & simplifying operations. ▪ Inflationary environment to favourably underpin growth profile. ▪ Continued build-out of the highly experienced leadership team (CTO).

NSC overview as at 31 March 2022

\$0.96

Pre-Tax
NTA

5.96%

Fully Franked
Dividend Yield

\$0.855

Share Price

8

Number of
Holdings

+5.67%

Performance
since Inception [^]
p.a.

+6.05%

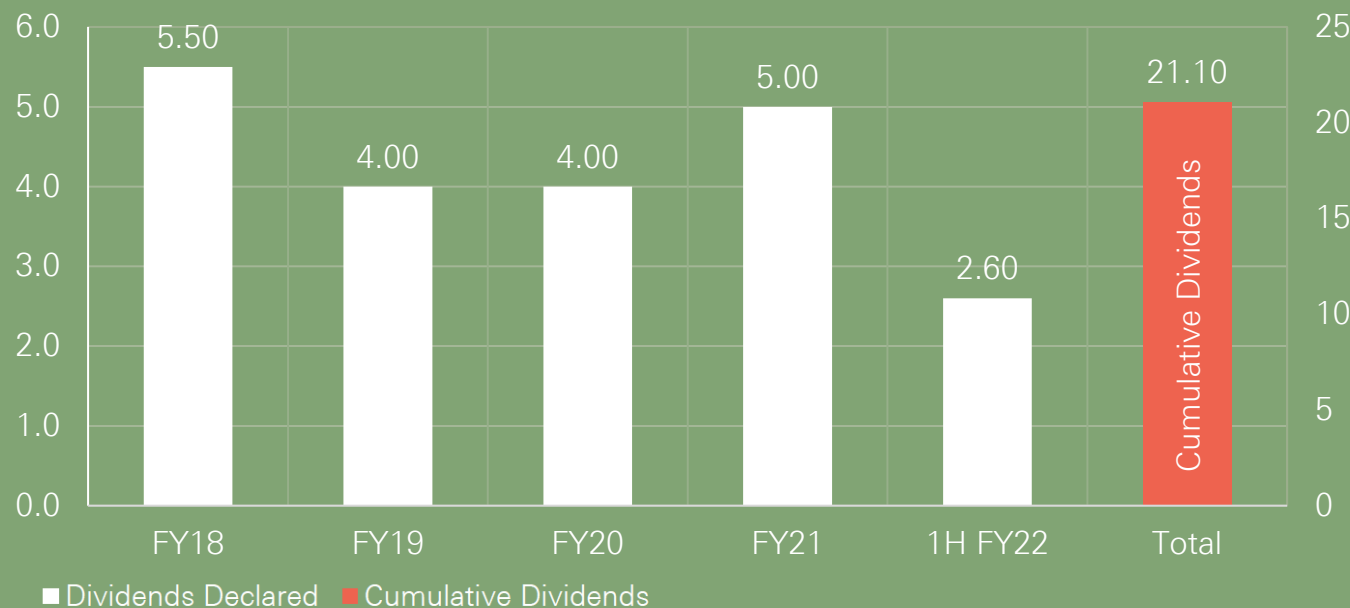
1 Year
Performance [^]

\$194.6m

Weighted
Average Market
Capitalisation of
the Investments

NAOS

FULLY FRANKED DIVIDEND (CENTS PER SHARE)



[^]Investment Performance is post all operating expenses, before fees, interest, taxes and capital raising costs. Performance has not been grossed up for franking credits received by shareholders and returns are compounded for periods greater than 12 months. Inception date December 2017.

NAC key portfolio events Q3 FY22

HOLDING	INDUSTRY	Q3 UPDATE
 eureka GROUP HOLDINGS (ASX: EGH)	Real Estate	▪ Detrimental impact of recent floods – Lismore substantially impacted. ▪ FY22 EBITDA guidance revised downwards driven by increased expenditure on people to ensure EGH can scale effectively. ▪ Revenue profile hedged to inflation. ▪ Long term structural tailwinds gaining momentum – ageing population, Build-to-Rent, housing affordability.
 urbanise (ASX: UBN)	Software & Services	▪ Improvements occurring in sales & product delivery, cost saving initiatives to drive more efficient revenue profile. ▪ Success with customer implementations & customer wins, offset by a material customer loss (Ventia). ▪ CEO search still ongoing, we expect an update in the near-term.
 gentrack (ASX: GTK)	Software & Services	▪ Upgraded FY22 guidance at AGM. Revenue \$115m demonstrating growth and validation new strategy is working. ▪ FY22 to be a reinvestment year in R&D, and sales & marketing. No change to previously announced 3-year financial targets. ▪ Momentum building for FY23 & FY24 despite uncertain European energy market backdrop. ▪ Transition to new CFO completed.

NAC overview as at 31 March 2022

\$1.18

Pre-Tax
NTA

6.15%

Fully Franked
Dividend Yield

\$1.00

Share Price

9

Number of
Holdings

+13.38%

Performance
since Inception [^]
p.a.

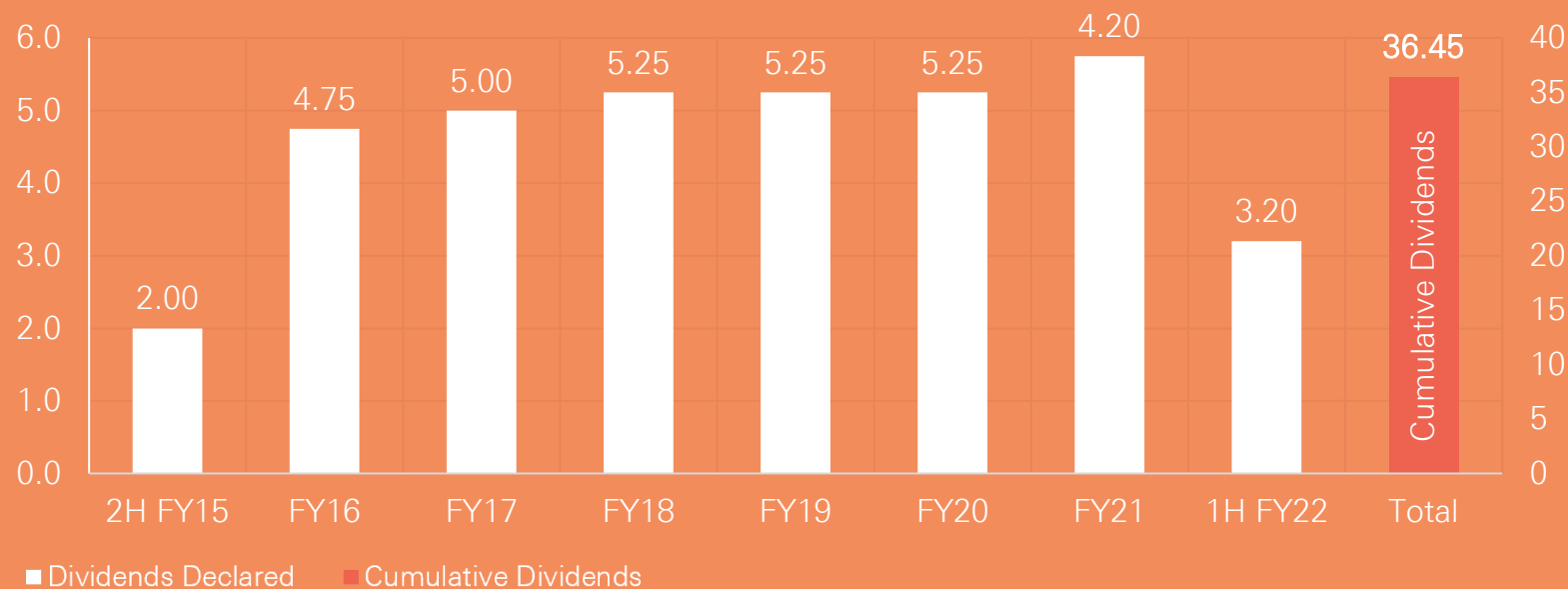
-0.71%

1 Year
Performance [^]

\$167.3m

Weighted
Average Market
Capitalisation of
the Investments

FULLY FRANKED DIVIDEND (CENTS PER SHARE)



[^]Investment Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders and returns are compounded for periods greater than 12 months. Inception date November 2014.

Capital Management Initiatives

Performance	• Maintain a focus on long term performance without deviating from the NAOS investment philosophy.
Dividends	• Continue to focus on a growing stream of dividends, franked to the maximum extent possible, whilst maintaining an adequate reserve balance.
Alignment	• Continue to be aligned with shareholders as Directors and Staff are some of the largest shareholders across all 3 of the LICs.
Communication	• Maintain a very high standard of marketing materials and communications so all current and prospective shareholders have a clear understanding of the NAOS offering.
NSC	• The share buyback remains active. 23.5 million shares, or 14% of shares on issue, have been bought back on market since the buyback commenced in April 2019. • One-for-three bonus Options (ASX: NSCOA) were issued in May 2021, allowing shareholders to acquire fully paid ordinary shares exercisable at \$1.02 per Option on or before 28 June 2024.
NAC	• The share buyback remains active. 21% of shares on issue have been bought back on market since the buyback commenced in June 2019 to date, which has been significantly accretive for shareholders. • One-for-two bonus issue of Options (ASX: NACOA) were issued in March 2020, allowing shareholders to acquire fully paid ordinary shares exercisable at \$1.03 per Option on or before 31 March 2023.
DRP	• Shares purchased on-market to satisfy DRP requirements when shares are trading at a discount to NTA, thus eliminating any dilution for shareholders.

Overview and Outlook Q4 FY22

Market volatility likely to continue with numerous factors contributing to investor sentiment:

- Freight & logistics issues, widespread skill shortages, inflationary spike no longer appearing to be transitory.
- Domestic interest rates expectations of certain rate rises. Other economies into rate rise cycles already (NZ, USA, UK, South Korea).
- Australia's strengthening commodities position on the global scale (wheat, natural gas, iron ore, etc).
- Geopolitical unrest & Australian Federal election.

Investments we believe may have noteworthy quarters ahead include:

- GTK – Half year results in May, another key datapoint & potential for commentary on any customer wins.
- EXP – Post COVID normalisation of trading conditions, significant leverage to domestic tourism boom.
- COG – Potential for utilisation of recently established FB&A bank facility.
- BSA – Update on CEO search and business efficiency plan implemented.
- SND – Update on converting the record tender pipeline into tangible signed contract wins.

NAOS Asset Management 1% Pledge

As a company, we commit to Pledge 1% of revenue, time and intellect to movements and missions that matter.



1% Revenue

Each year NAOS donates 1% of its annual revenue to the charity partners below. Each charity supports a cause that we strongly believe in.



1% Time

Our people have an incredible range of skills that can be a huge help to charities and community organisations. Each year, team members have the opportunity to take 2 days paid volunteer leave to lend a helping hand to an organisation of their choice.



1% Intellect

NAOS sees the value in supporting young members of the investment community. We provide training and mentorship for one student each year.



Q&A

Thank you for your continued support.

“Games are won by players who focus on the playing field - not by those whose eyes are glued to the scoreboard.”

Warren Buffett

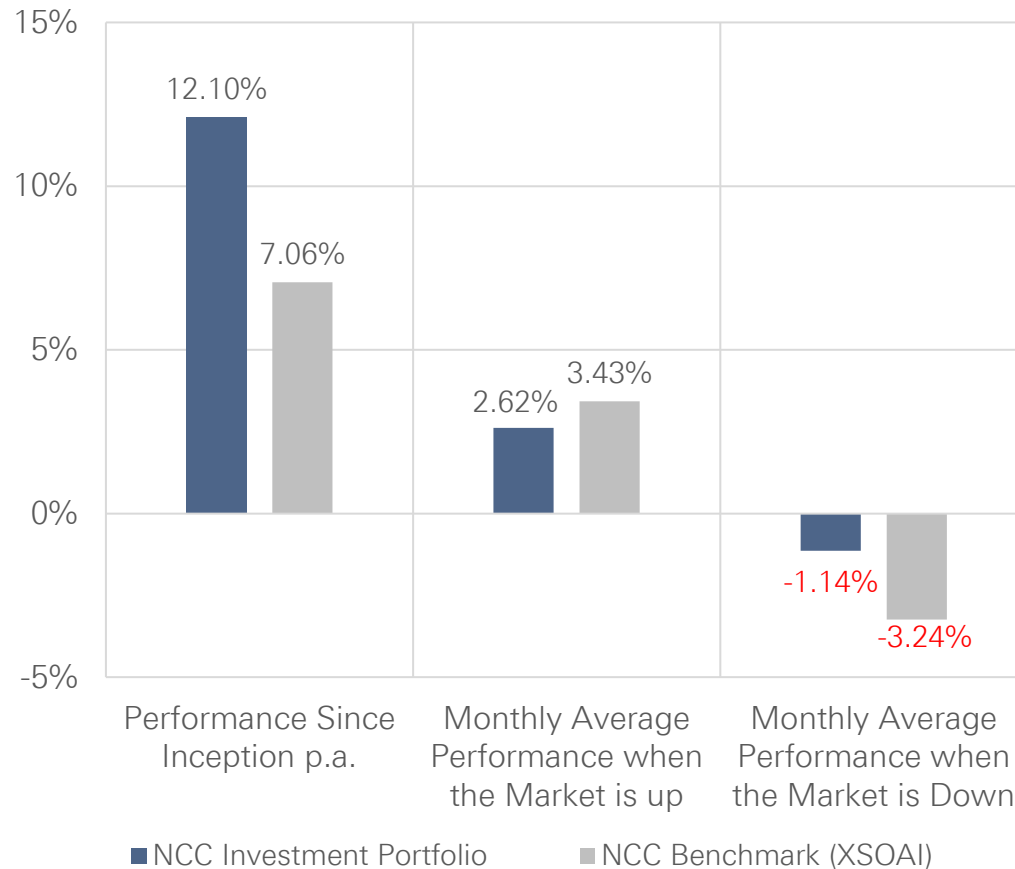
APPENDIX



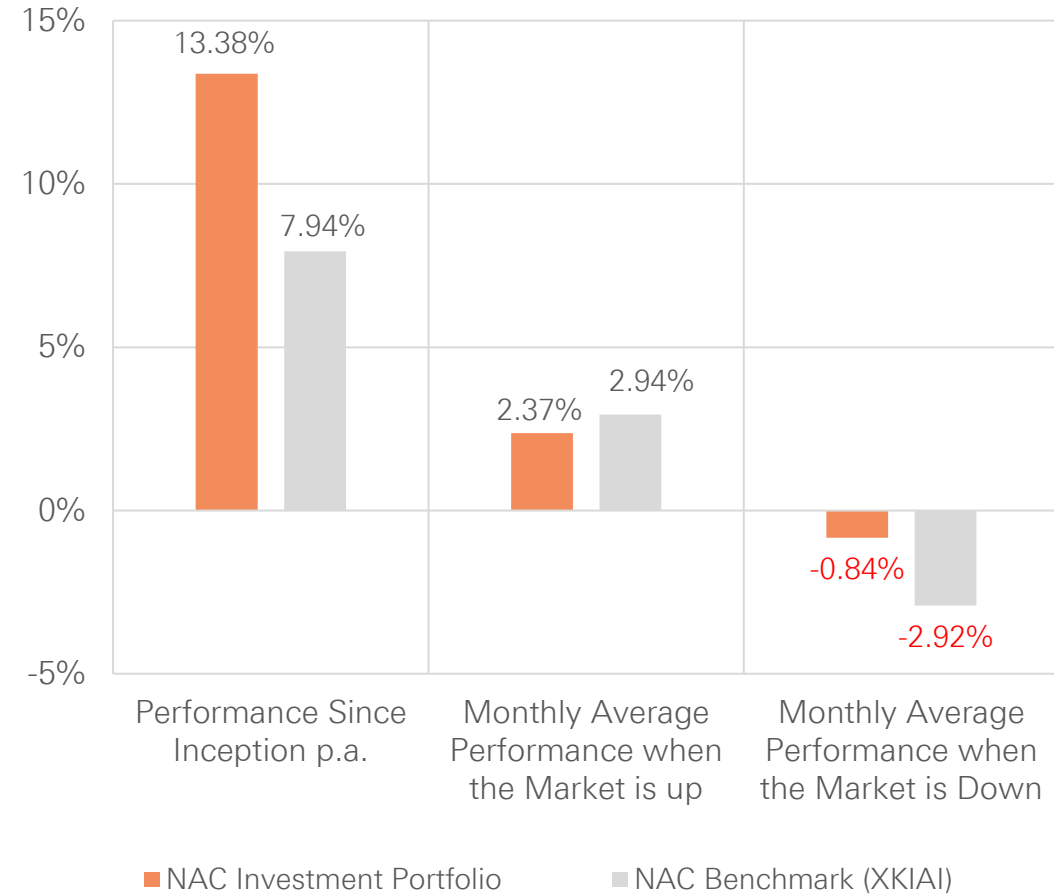
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S

NAOS strong long term (5 years+) risk-adjusted returns*

NCC Investment Portfolio Risk and Performance Metrics

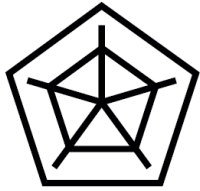


NAC Investment Portfolio Risk and Performance Metrics



* Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. 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. All risk metrics are calculated from the inception date of each portfolio. All Figures are as at 31 March 2022. Since NCC's inception (109 months) there have been 72 positive months for the market and 37 negative months and since NAC's inception (89 months) there have been 57 positive months for the market and 32 negative months.

The features of a NAOS LIC



Closed-end structure
No applications or redemptions



Long-term
Investment decisions



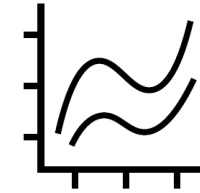
Intra-day Liquidity
Trades on the ASX



Corporate Governance
Public companies provide accountability of Directors



Dividends
A growing stream of dividends, franked to the maximum extent possible



Opportunity
May trade at a discount or premium to asset value

Key business & industry traits for maximising long-term performance and reducing the risk of permanent capital loss events

Industry Tailwinds Supporting Long Term Revenue Growth

A growing revenue base provides companies with a number of competitive advantages such as the ability to scale their fixed cost base and increase margins, the opportunity to reinvest to improve their product or service offering, or the chance to enter new markets and compete on a number of considerations other than just price.

Pricing Power

Certain products and/or services around the globe can charge a price that is largely irrelevant to the consumer, due to the simple fact that it provides such a sound consumer experience.

Scalability

Ideally, a business structure is built from the ground up and is structured in such a way that it has the systems and processes to handle significant scaling without an equivalent dollar of cost being added to the cost base. Businesses that can demonstrate a trend of increasing profits over the long term have generally been able to increase margins as well.

Capability to Internally Fund Expansion Opportunities

The ability to invest in organic business initiatives such as research and development, new product or service launches into adjacent markets, or small bolt on acquisitions that bring with them a new capability.

Business Moat

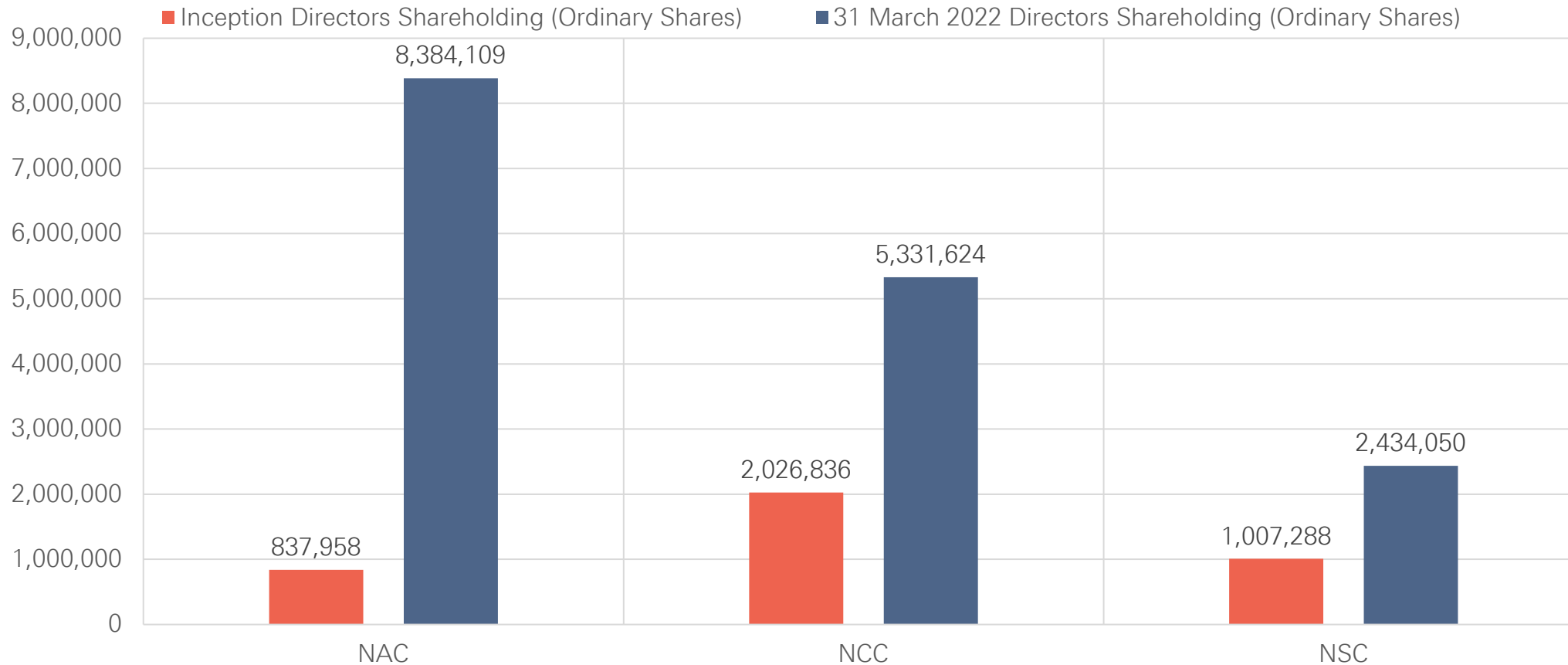
If a business has a sustainable competitive advantage and can also increase this advantage over time, this will generally lead to significant organic revenue growth over the long term. This is driven by a strong customer proposition as well as significant pricing power. With such organic growth the business should have the financial resources to support further innovation to ensure they maintain and even enhance this moat over time.

Alignment

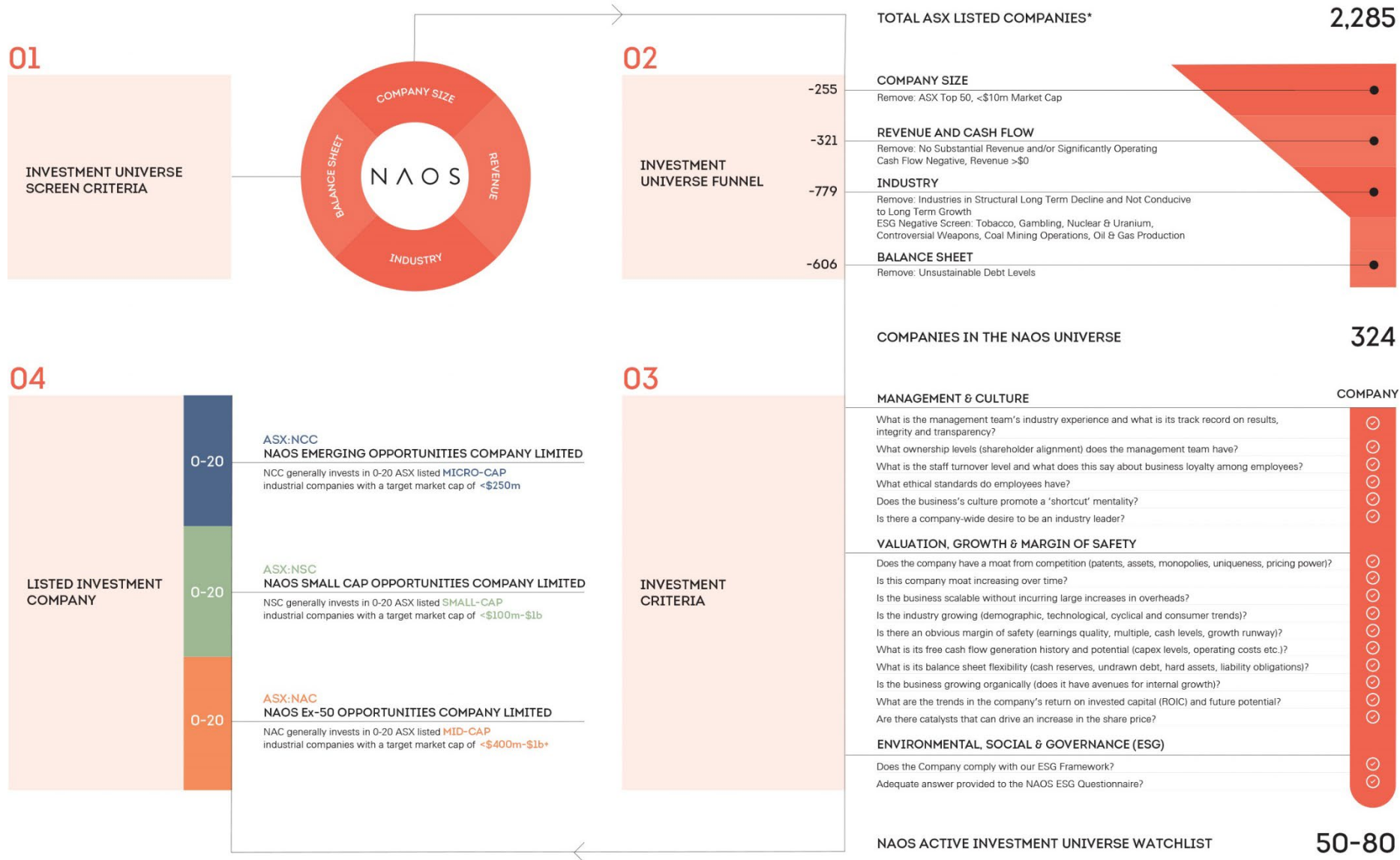
A company with the ability to support the interests of all shareholders can have substantial compounding effects over time. If the Board of Directors, key executives and staff are material shareholders then a business is more likely to develop a culture, values and a business strategy that aligns with total shareholder return outcomes over the long term.

NAOS management alignment

NAOS Director's shareholdings have significantly increased since the inception of each LIC



NAOS investment process



* Source: Bloomberg Data June 2021

NAOS ESG framework

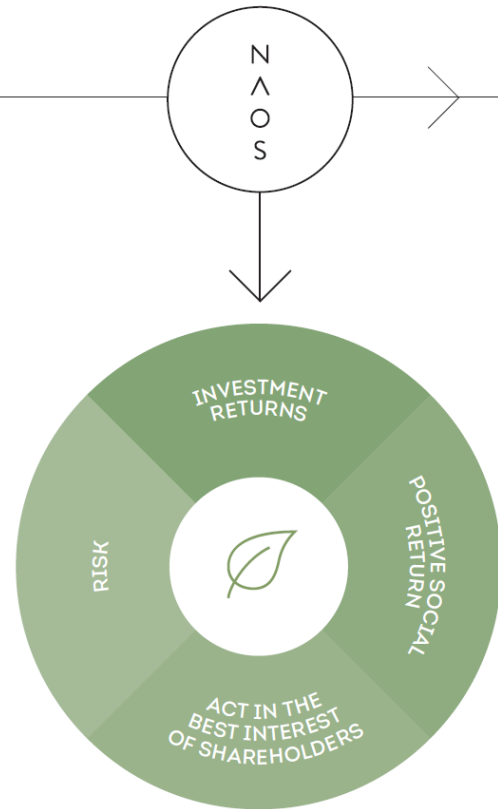
01

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.

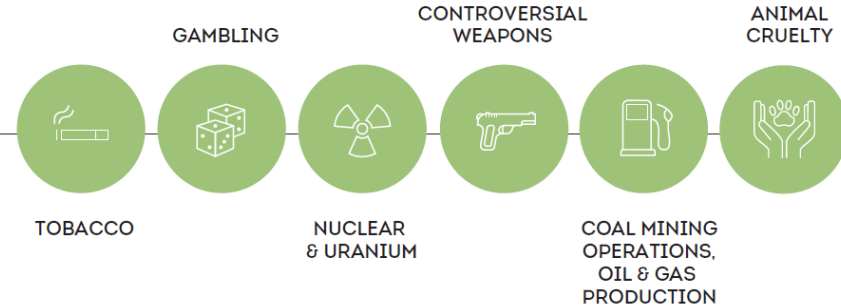
NAOS is a signatory to the United Nations-supported Principles for Responsible Investment (PRI) and is guided by these principles in incorporating ESG into its investment practices.



02

NEGATIVE SCREENS

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



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.



04

THE INCORPORATION OF ESG

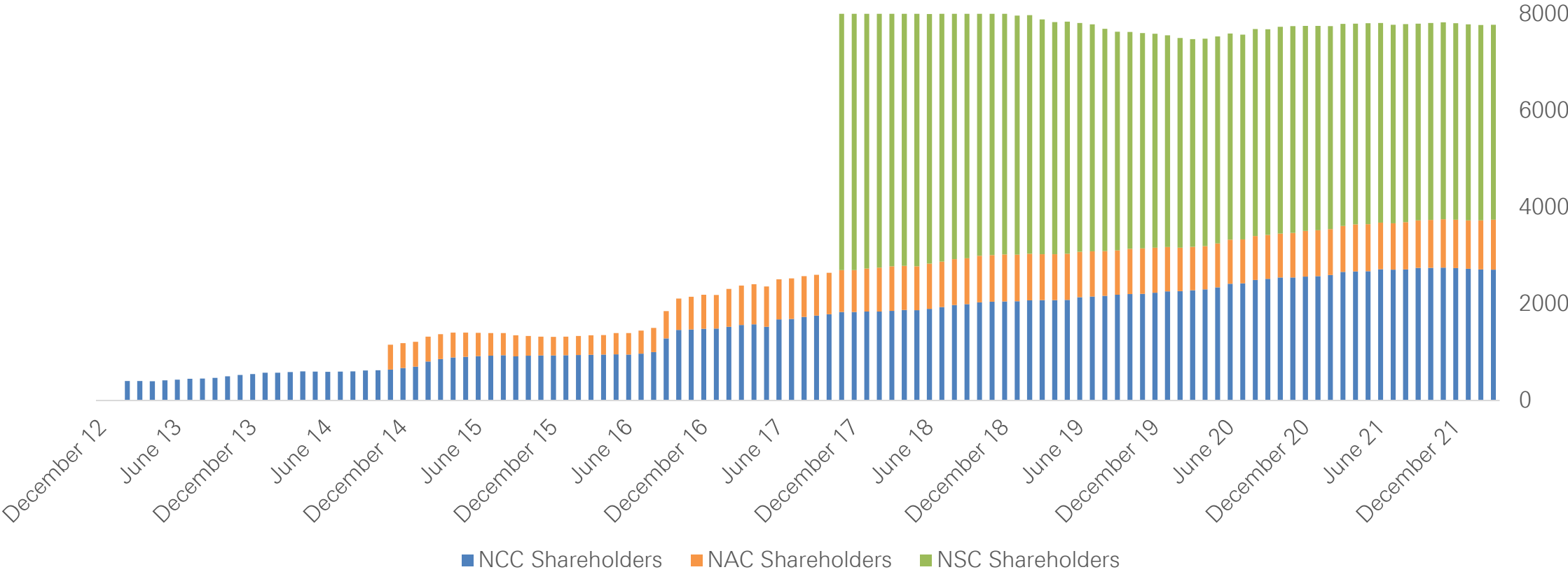
The incorporation of ESG considerations into the investment process applies across all NAOS investments and involves regular discussions and engagement with companies over material ESG issues.

ESG considerations rest at the core of the NAOS investment process. While the investment team screens all prospective investments on an ESG basis, NAOS also ensures that all its investee companies abide by the same principles. NAOS seeks to ensure investee companies are acting in a responsible manner, are setting clear targets and are having a positive impact on their respective stakeholders (i.e. employees, clients, community). Their impact on the environment is foremost among these priorities. As part of this process, NAOS has continued to evolve its ESG questionnaire it provides to all investee companies. This questionnaire provides NAOS with transparent, consistent and granular data on how these companies are both performing and improving upon these focus points.

Signatory of:



Historical shareholder numbers



Investor awareness and communication



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