

NAOS SMALL CAP
OPPORTUNITIES
COMPANY LIMITED
(ASX: NSC)

ABN 47 107 617 381



Level 34
25 Martin Place
Sydney NSW 2000
T (02) 9002 1576
F (02) 8215 0037
E enquiries@naos.com.au
www.naos.com.au

3 August 2023

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Q4 FY23 Investor Update and Q&A – Presentation Materials

Please find attached the presentation materials for the Q4 FY23 Investor Update and Q&A to be held by NAOS Asset Management Limited today at 10:30am (AEST).

Authorised by:

Rajiv Sharma
Company Secretary



NANOS

ASSET MANAGEMENT



Thursday 3 August 2023 | 10:30 am (AEST)
Audio Dial In: +61 3 8488 8990
Audio Access Code: 422-489-216

Q4 FY23 Investor Update and Q&A

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.

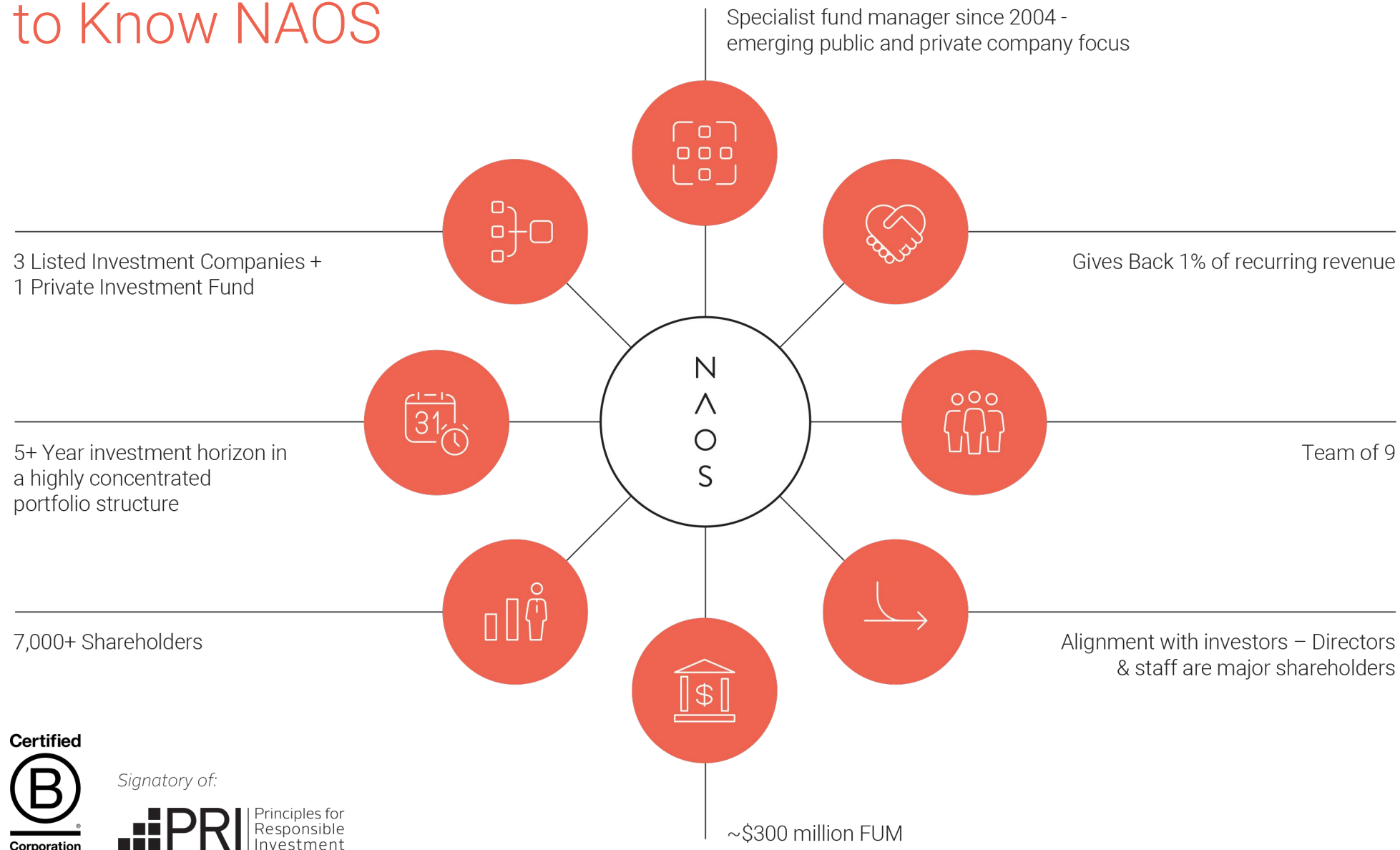
Neither NAOS or any of its respective officers or employees makes any representation or warranty (express or implied) with respect to the correctness, accuracy, reasonableness or completeness of any information contained in this material and to the maximum extent permitted by law, NAOS disclaims all 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.

Acknowledgement of Country

NAOS Asset Management acknowledges Traditional Owners of Country throughout Australia and recognises the continuing connection to lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures; and to Elders past and present.

Get to Know NAOs



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 Chair of NCC, NAC and Independent Director NSC



David Rickards OAM
Independent Chair of NSC and Independent Director of NCC & NAC



Trevor Carroll
Independent Director NSC



Matthew Hyder
Director, NAOS Asset Management Limited

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

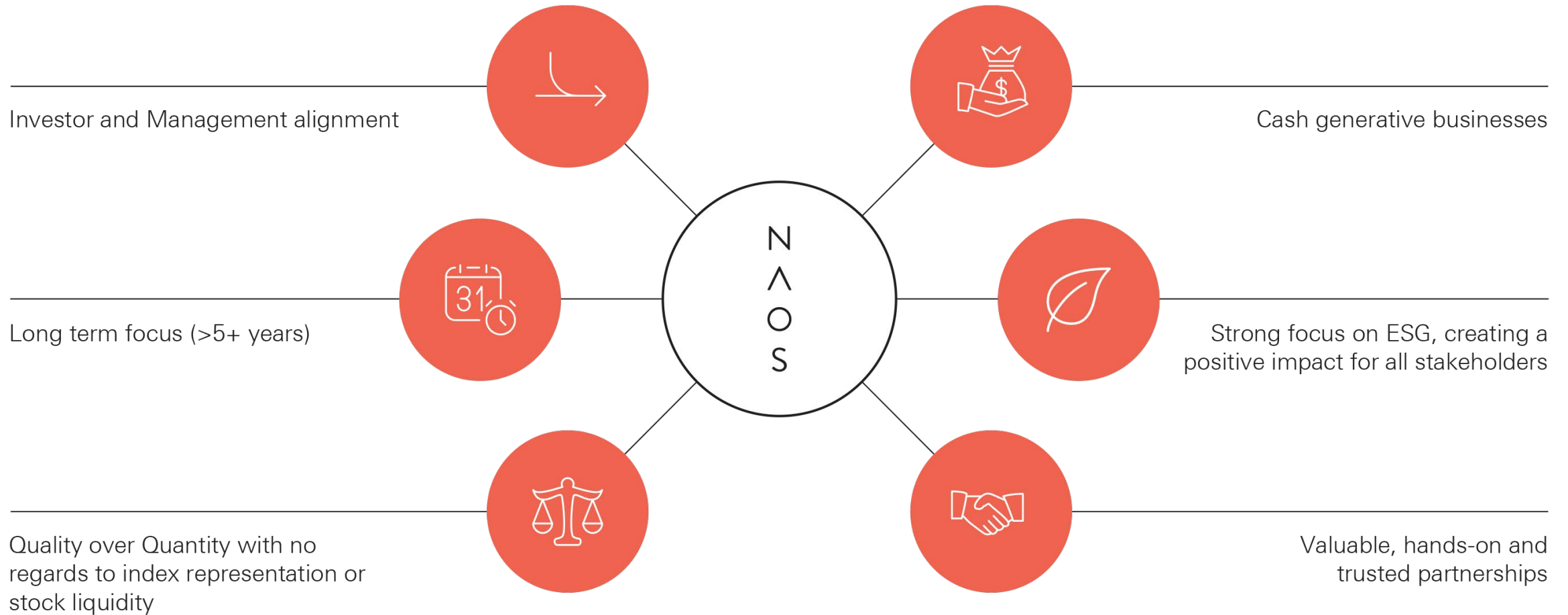


Angela Zammit
Marketing & Communications Manager



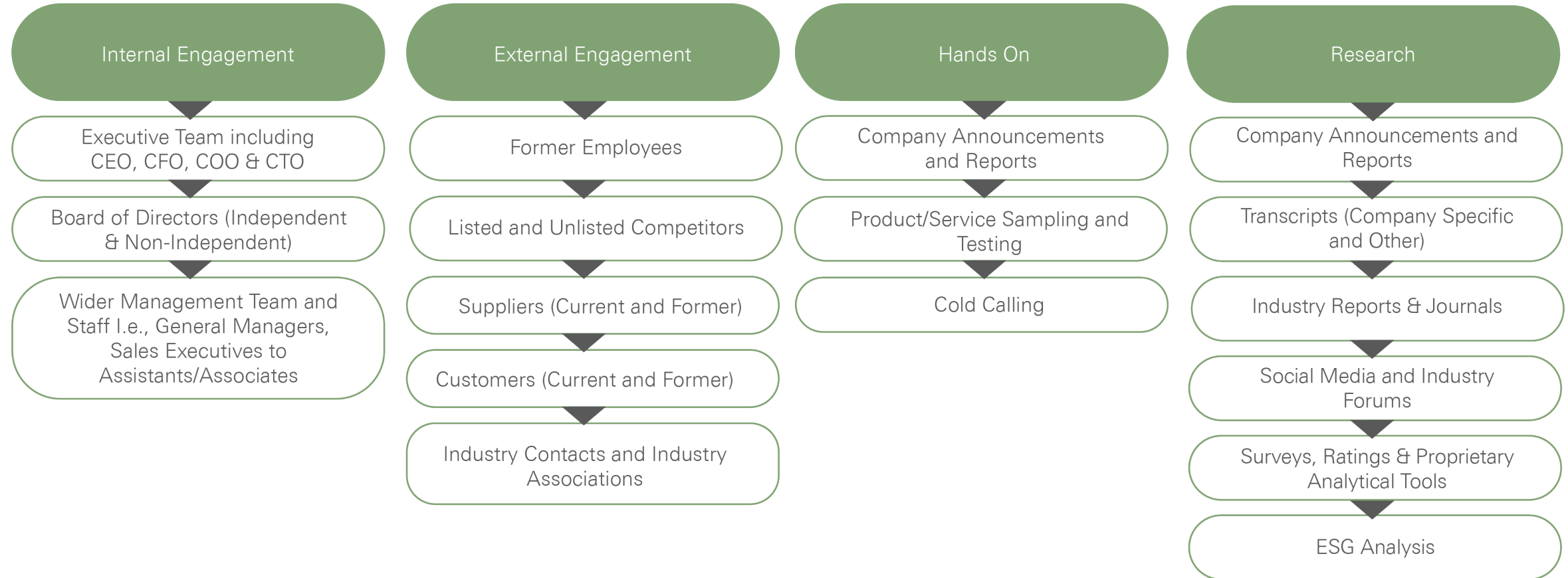
Julie Coventry
ESG Officer

Our Investment Beliefs and Differentiation



What Qualitative Information Sources Does NAOS Use?

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



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 & shareholdings often >20%)
- Long-term investment philosophy (5+ years)
- Focus on emerging companies (\$20 million - \$500 million market capitalisation)
- Benchmark unaware (no core NAOS investments are within the XSOAI)
- We do not invest in 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
- LICs can often trade at discounts and premiums to their underlying net asset backing

Investment Portfolio Performance Summary

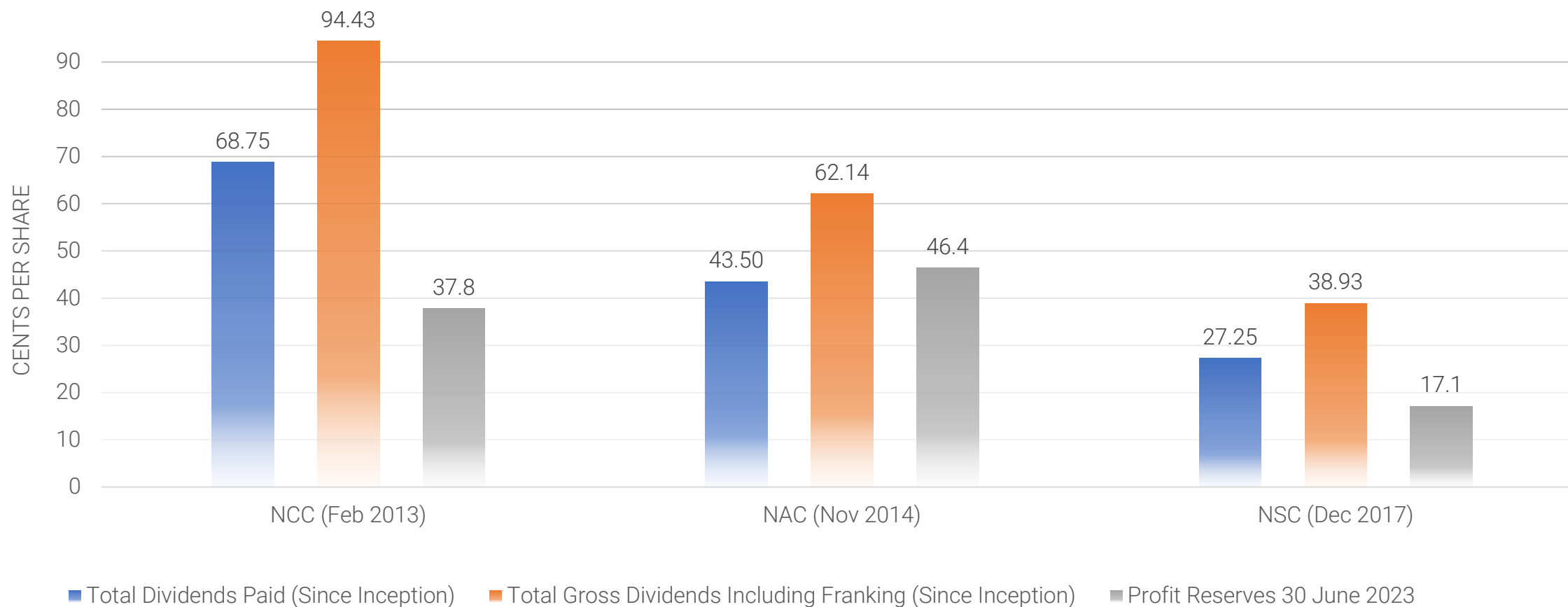
	Q4 Performance FY23		1 Year Performance		3 Year Performance (p.a.)		5 Year Performance (p.a.)		Inception Performance (p.a.)	
	NAOS LIC	Benchmark [^]	NAOS LIC	Benchmark [^]	NAOS LIC	Benchmark [^]	NAOS LIC	Benchmark [^]	NAOS LIC	Benchmark [^]
NCC Investment Portfolio Performance*	-4.35%	-0.54%	+0.34%	+8.45%	+8.10%	+5.16%	+1.91%	+2.25%	+9.00%	+4.68%
NAC Investment Portfolio Performance*	+15.12%	+2.16%	+18.15%	+11.65%	+11.42%	+8.92%	+8.35%	+5.67%	+11.19%	+6.62%
NSC Investment Portfolio Performance*	-1.77%	-0.54%	+2.62%	+8.45%	+11.51%	+5.16%	+4.28%	+2.25%	+3.18%	+3.44%

*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 30 June 2023.

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

NAOS LIC Franked Dividend History and Profit Reserves

Each LIC has consistently paid dividends and holds healthy profit reserves



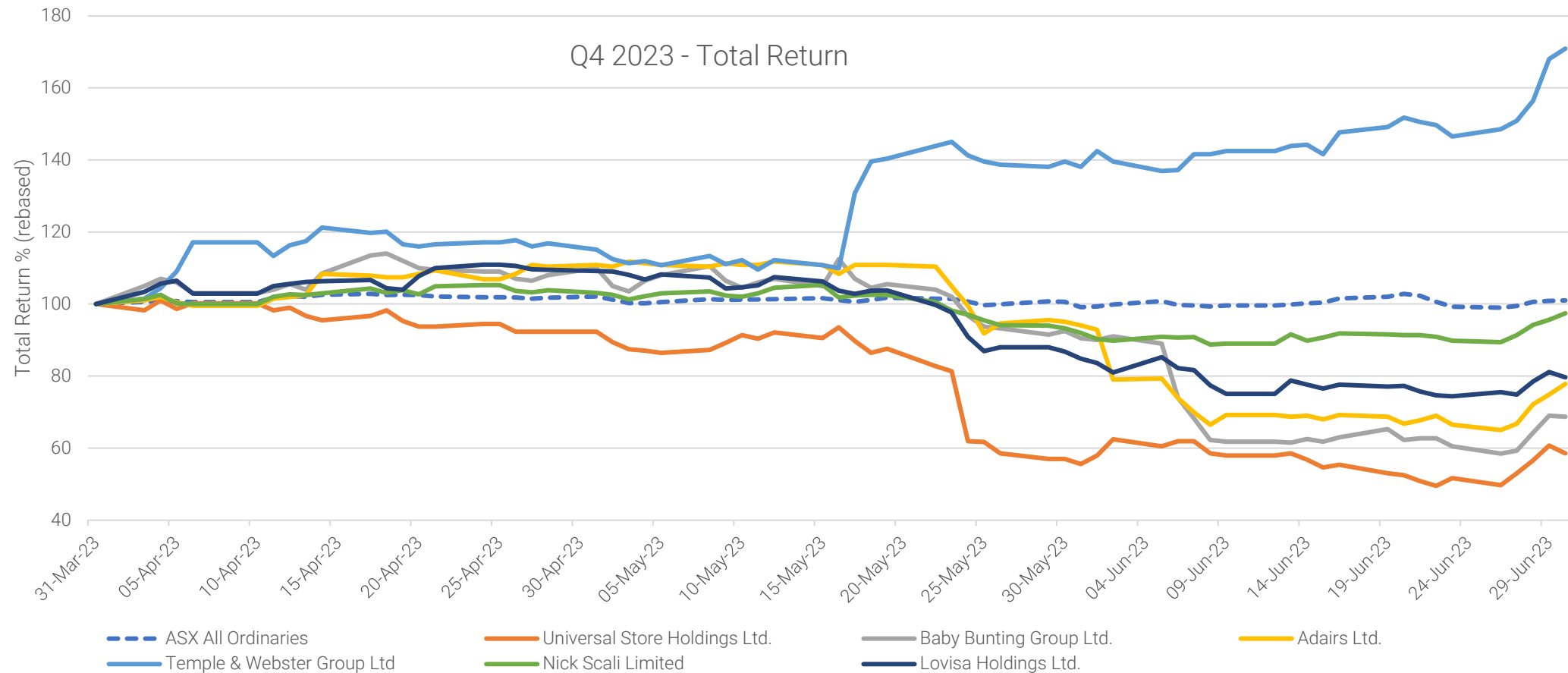
All figures as at 30 June 2023

Q4 FY23 Summary

- The S&P/ASX 200 Accumulation Index (XJOAI) returned +1.01% for Q4 FY23, and the S&P/ASX Small Ordinaries Accumulation Index (XSOAI) returned -0.54%, bringing FY23 returns to +14.78% and +8.45% respectively.
- Technology stocks roared their way back into bull market territory with the Nasdaq returning +13.05% in Q4 FY23 and +25.02% for FY23 with renewed interest due to developments in artificial intelligence.
- After 10 interest rate rises out of 11 RBA meetings in FY23, consumer discretionary businesses started to experience slower trading conditions with downgrades from Adairs (ASX: ADH), Baby Bunting (ASX: BBN) and Universal Store Holdings (ASX: UNI) to name just a few.
- Unemployment remains stubbornly low (albeit a lagging indicator) as government and monetary officials battle with productivity matters.
- In smaller companies share/trading liquidity remains extraordinarily low with many companies valued between \$100-\$200 million trading on total monthly values of just \$1-\$2 million.

Impact of rising rates – Consumer Discretionary Stocks

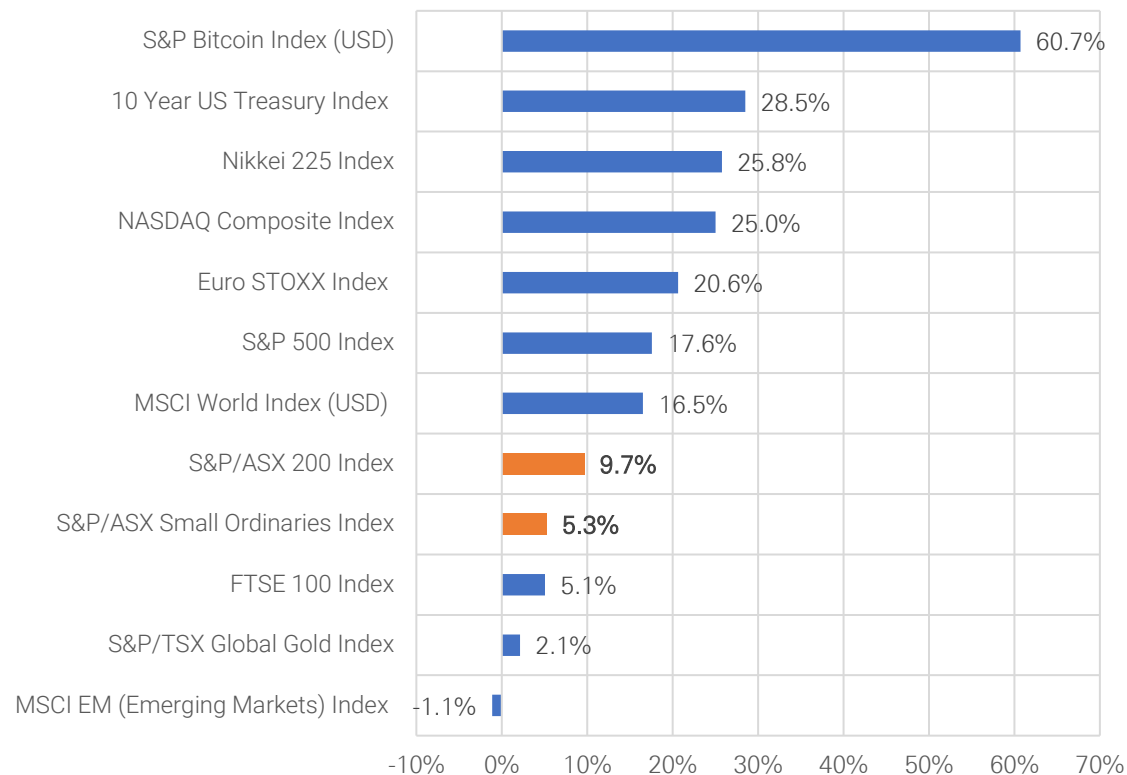
The consumer discretionary sector benefited strongly during the pandemic as consumers were flush with stimulus, however with rising rates, several consumer discretionary stocks downgraded earnings expectations as consumers start to reduce spending.



Source: FactSet

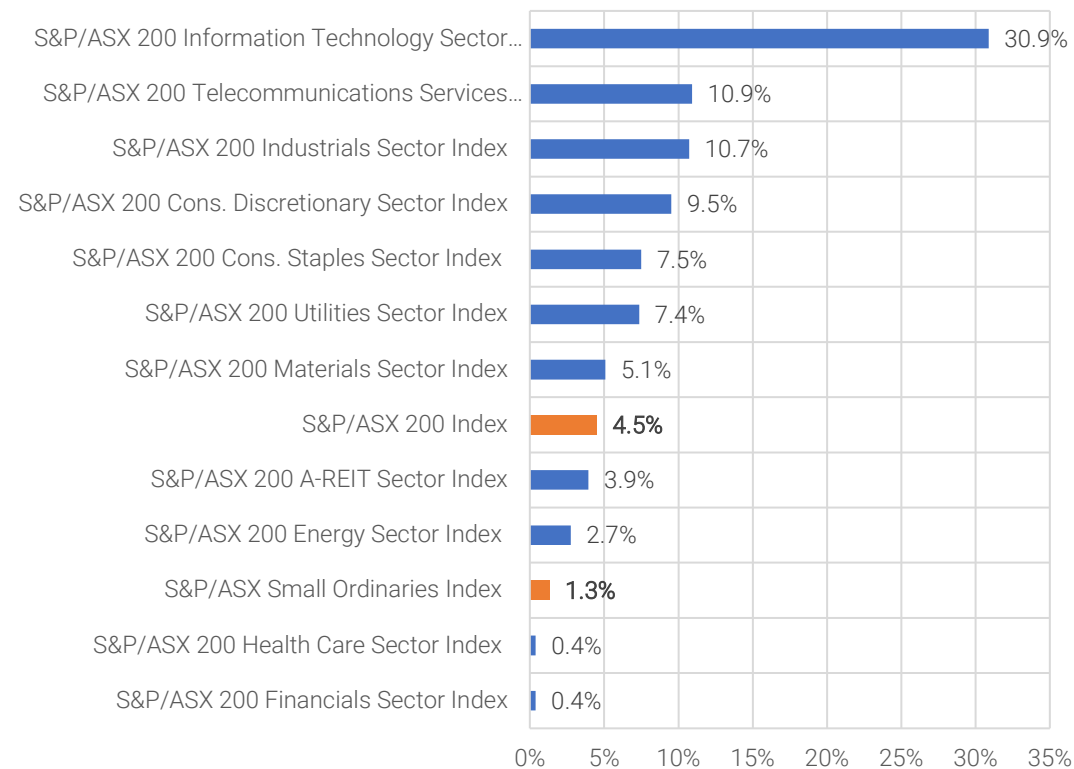
Unexpected Sources of Returns

FY23 Price Returns (%)



Source: S&PCapIQ

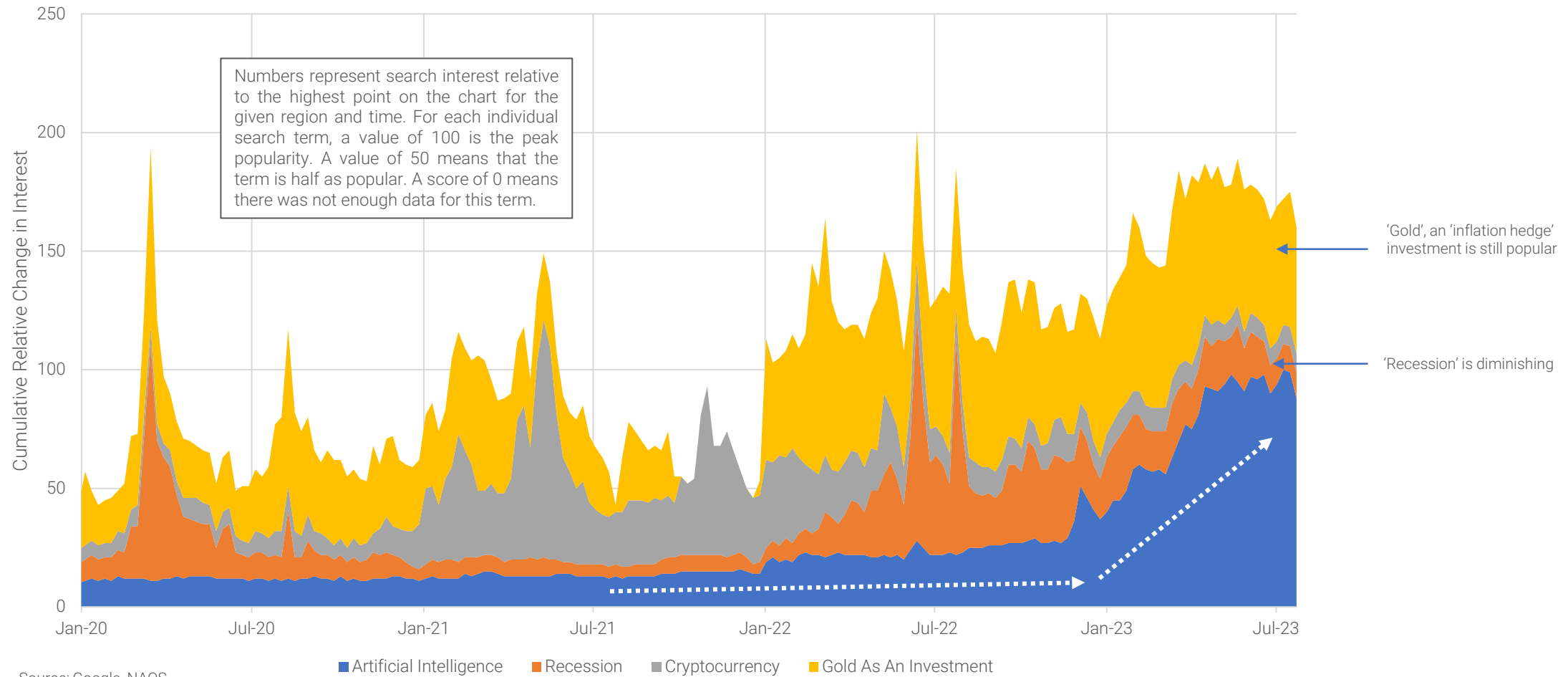
ASX Index Breakdown - Total Returns for 2H FY23



Source: S&PCapIQ

The Year of Artificial Intelligence...

Google Search Trends Data (Worldwide)



EXPLAINER: Google Trends is a tool which analyses the relative popularity of a given search term typed into Google's search engine relative to its total search volume

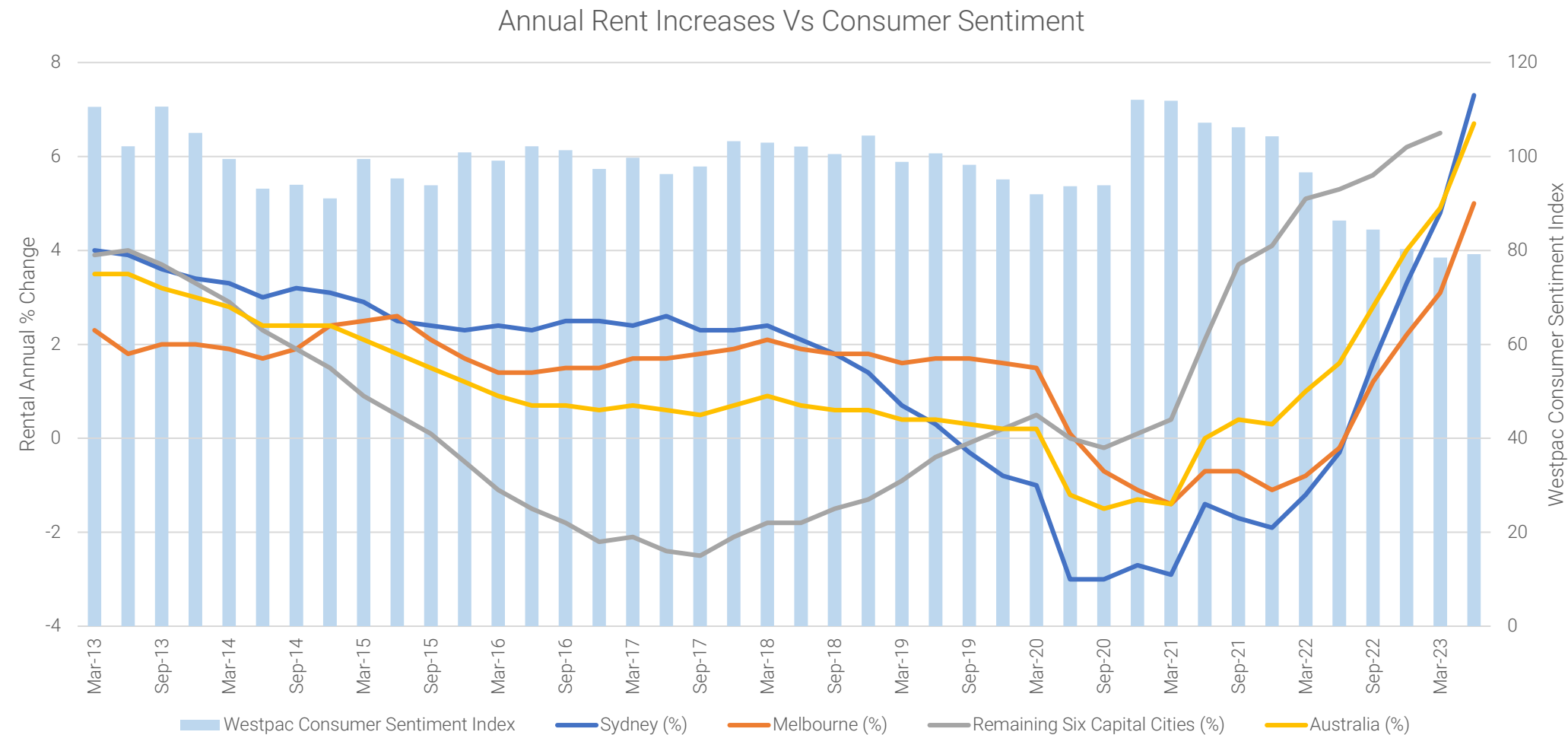
Q4 FY23 Summary Cont.

- The tone of interest rate expectations has changed from “how high will they go?” to “how long will they remain at this level and how aggressive will the future cuts be?”.
- In the US where effective rates are currently 5.08%, ~67% of economists expect US rates to be between 3.75% and 4.50% at the end of CY25.
- Several longer term thematicas have gained more exposure and momentum, even in times of heightened macro uncertainty. These include:

Housing Supply	<p><i>“Slowing supply, together with increasing household formation is expected to lead to a supply household formation balance of around -106,300 dwellings (cumulative) over the 5 years to 2027”</i></p> <p>- (Aus Gov NHFIC Housing 2022-23 Report).</p>
Novated Leasing	<p>Boom in Novated Leases as a result of recently legislated EV incentives.</p> <p><i>“Since [the legislation] announcement MMS has seen increased enquiries and orders from customers for EVs. Novated lease EV orders up 331% on prior corresponding period”.</i></p> <p>- McMillan Shakespeare Ltd, 1H FY23 results presentation</p> <p><i>“Electric vehicles represented 36% of all Novated leases delivered in 3Q23, increasing to 45% in the month of June 23”.</i></p> <p>- FleetPartners 3Q23 Business Update July 2023</p>
Renewable Energy	<p>Recent data from the AEMO indicates that Australian Solar and Wind generation continues to hit record highs, increasing 11% from last year.</p>

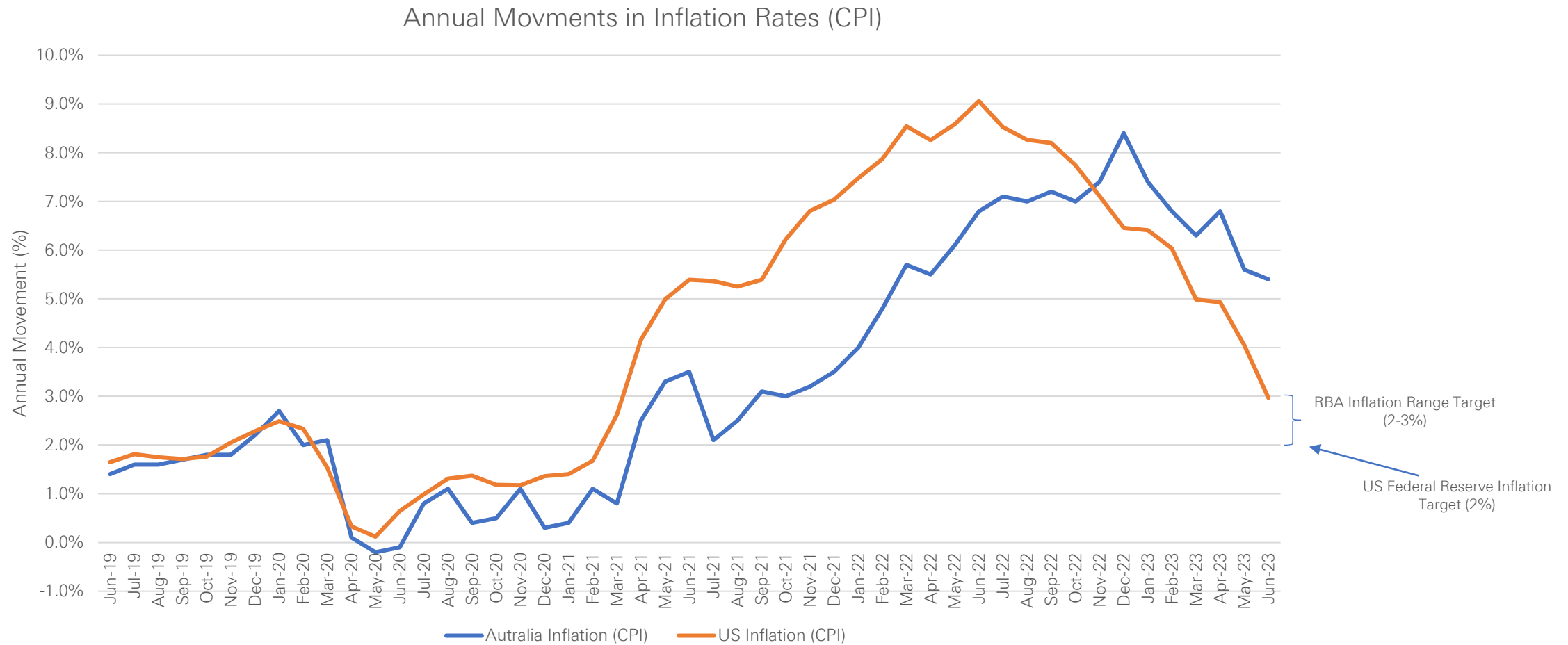
NHFIC – National Housing Finance and Investment Corporation
AEMO – Australian Energy Market Operator

Australia's Rental Crisis Isn't Helping Consumer Sentiment



Source: Australian Bureau of Statistics, Reserve Bank of Australia, Westpac

Inflationary Trends – The Trend is Our Friend



Source: Australian Bureau of Statistics, US Bureau of Labor Statistics

Note – Movements in CPI is an annualised estimate based on month to month changes of a basket of goods and services purchased by Australian households.



John Lorente

Managing Director and Chief Executive Officer

BigRiver



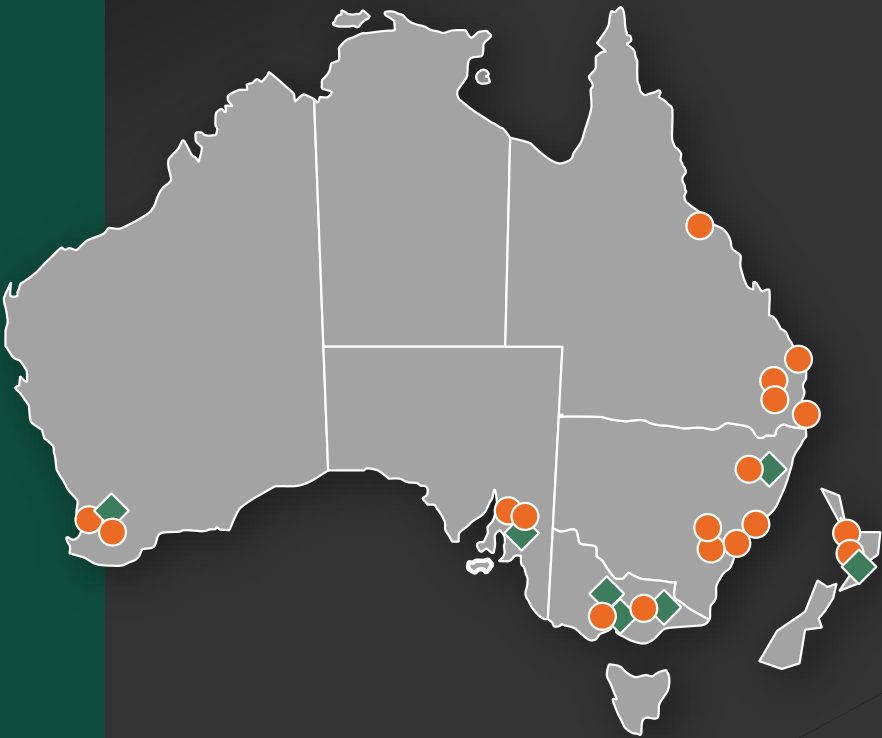
BigRiver

NAOS Investor Update

Industry Trends

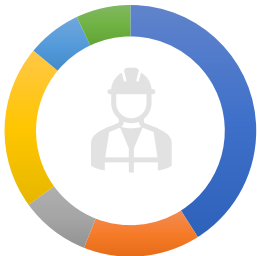
01 Market performance diversity

- BRI diversified by geography, industry segment, construction type and customer
- Performance of market has differed significantly by segment and geography
- Supply chains impacted by recent events – impacting profitability of market and delivery of construction



- ◆ Big River manufacturing facilities
- Big River sales / distribution sites

Construction markets



- 41% Detached housing
- 15% Multi-residential
- 9% Alterations & Additions
- 21% Commercial
- 7% Civil
- 7% OEM (re-manufacturing)

Regions



- 27% Queensland
- 24% Victoria
- 23% New South Wales/ACT
- 19% SA/WA
- 7% New Zealand

Supply chain diversity

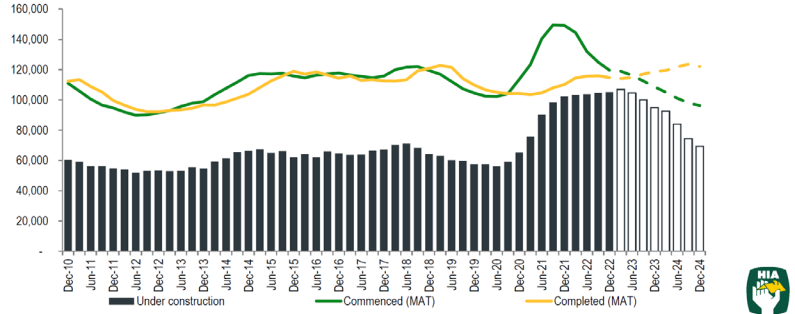


- 21% of revenue
Manufactured by BRI
- 20% of revenue
Direct Import by BRI
- 59% of revenue
Sourced from local supply partners

*BRI FY2022 Data

HIA Forecasts: Building Activity Pipeline – Houses, Australia

Source: HIA Economics, ABS 8752.0, ABS 8731.0



Australia HIA Housing Starts Forecasts

Source: HIA Economics

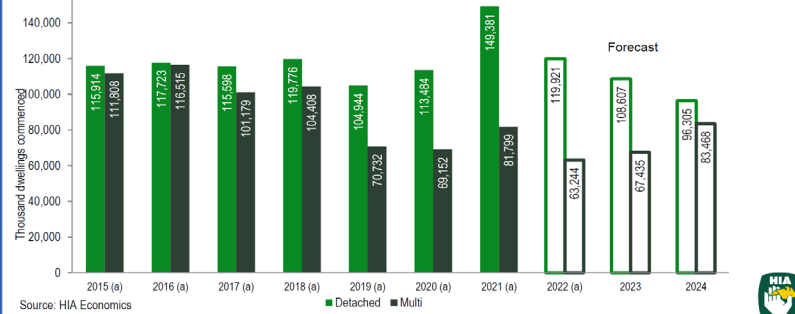
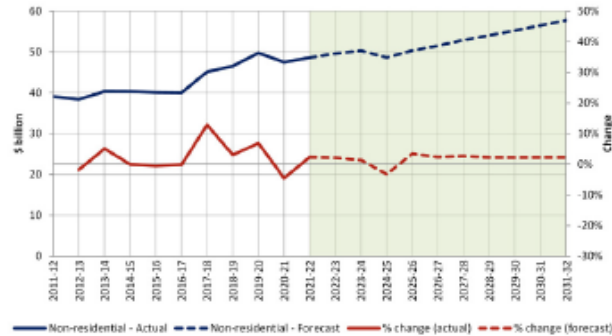


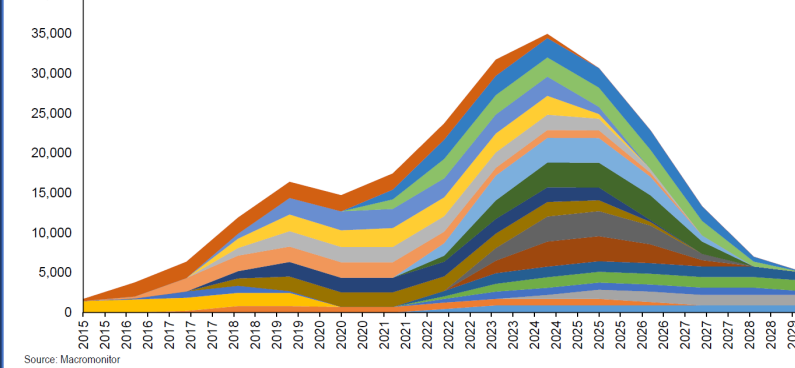
Figure 7.13 Non-Residential Building Total
(\$ billion, 2019-20 prices and % Change)



Source: ABS and ACIF CFC

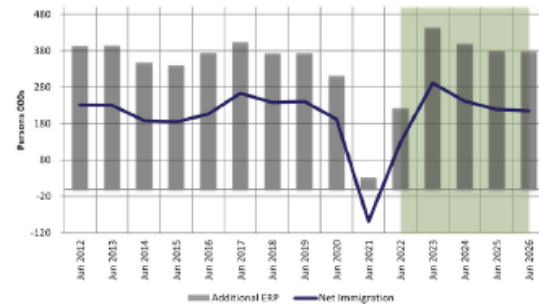
Largest 20 Infrastructure Projects

Source: Macromonitor



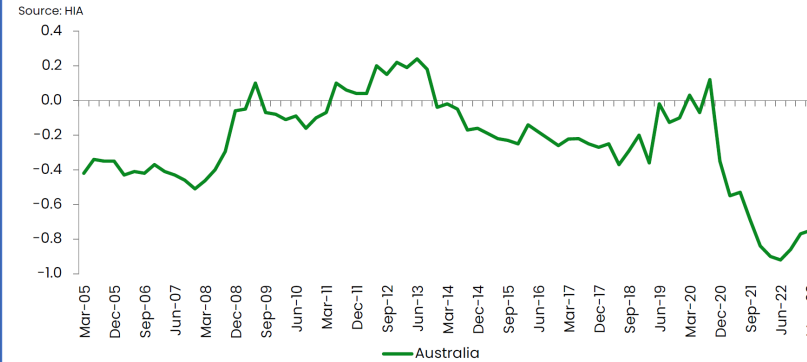
- Approvals record high in Dec 2020 – significant delays 3 years (labour, materials & land)
- Housing completions remain strong but starts falling away
- Commencements versus completions
- Multi residential on historical lows
- Commercial strong but also delayed
- Civil/Infrastructure projects at peak
- Delivery of construction delayed – backlog of work

Figure 3.10 Immigration and population growth (persons, 000s)



Note: ERP=Estimated Resident Population
Source: ABS, AUSM and CFC forecasts

HIA Trade Availability Index



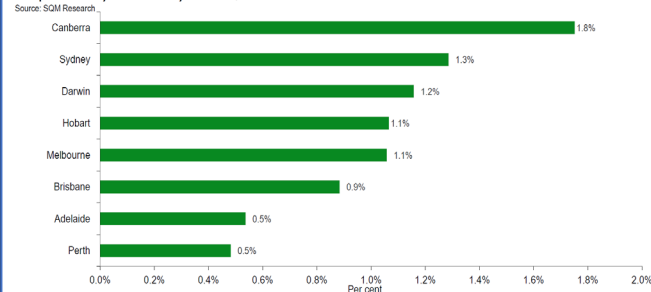
Housing demand will be strong

- Low vacancy rates
- 650k immigrants next two years

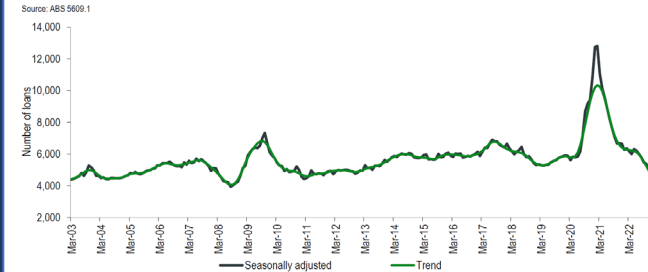
Builders/developers struggling

- Trade availability historical lows
 - Delays in housing
- Lending tight
- Delays in securing title of land
- Fixed price contracts
- Cashflow - deposit & delays

Capital City Vacancy Rates, March 2023



Lending for Construction and Purchase of New Dwellings - Australia






- Regionally – performance will differ across geographies
- Short, medium and longer-term outlooks differ
- Segments:
 - Housing delivery will continue – set a new base before growth
 - Multi res will grow – driven by medium density
 - Infrastructure strong – hit a peak
 - Commercial continue to be strong – particularly Hospitals, Aged Care
 - A&A and retail soft as discretionary spend dries up
- Fundamentals all point to sustained growth but:
 - Construction built on confidence – Government uncertainty
 - Labour
 - Land
 - Loans
 - Businesses able to manage cash and pivot in a changing market will succeed

BigRiver




Thank you



NAOS Investee Companies - Key Events Q4 FY23

HOLDING	INDUSTRY	Q4 UPDATE
 (ASX: MXI)	Automotive	<ul style="list-style-type: none"> Majority (80%) acquisition of automotive supplies & workshop consumables distributor Förch Australia for ~\$10m. Substantial future revenue opportunity in this adjacent vertical. Board renewal continued with appointment of a new Chair. Listed peer Supply Network Ltd (ASX: SNL) FY23 guidance upgrade implies the commercial vehicle parts market not experiencing significant impact from current macroeconomic conditions.
 (ASX: SND)	Industrials	<ul style="list-style-type: none"> Termination received from head contractor Crowley on Project Caymus job in Darwin. Acquisition of profitable specialist engineering company Automation IT. Further project win under 'NSW Government Fixing Country Bridges Program'. \$42m contract secured with BP for a renewable fuels project in W.A.
 (ASX: UBN)	Software	<ul style="list-style-type: none"> Achieved major milestone of software platform 'go-live' with Tier 1 FM customer Colliers Australia. Completion of \$3.5m capital raising. Funding to be used for customer growth initiatives & removal of balance sheet uncertainty. Board renewal continued with appointment of highly credentialed software industry NED & change in Chair.

NAOS Investee Companies - Key Events Q4 FY23

HOLDING	INDUSTRY	Q4 UPDATE
 (ASX: GTK)	Software	<ul style="list-style-type: none"> 1H FY23 (Mar-23) financials released. Strong earnings margin & cash flow generation. Singapore office opened. FY23 and FY24 financial outlook again upgraded. FY23 benefitting from non-recurring legacy customer revenue. Company targets for FY25-27 remain unadjusted. Multiple customer wins in Airports division within Europe/UK.
 (ASX: MOV)	Transport & Logistics	<ul style="list-style-type: none"> Renewal of a specialist transport & distribution contract with a major NZ customer. All \$8.2m convertible notes on issue have now been converted into ordinary shares. Board renewal continues with the appointment of a new NED with a strong digital/technology background.
 (ASX: DSE)	Software	<ul style="list-style-type: none"> Quarterly results showed a 4th consecutive quarter of positive operating cashflow, demonstrating consistent cash generation. Achieved milestone of 1m paid users on Dropsuite backup software. CY23 guidance released. Continue to focus on sustainable growth whilst re-investing for the future.

NCC Overview as at 30 June 2023

\$0.81
Pre-Tax NTA

\$0.85
Post-Tax NTA

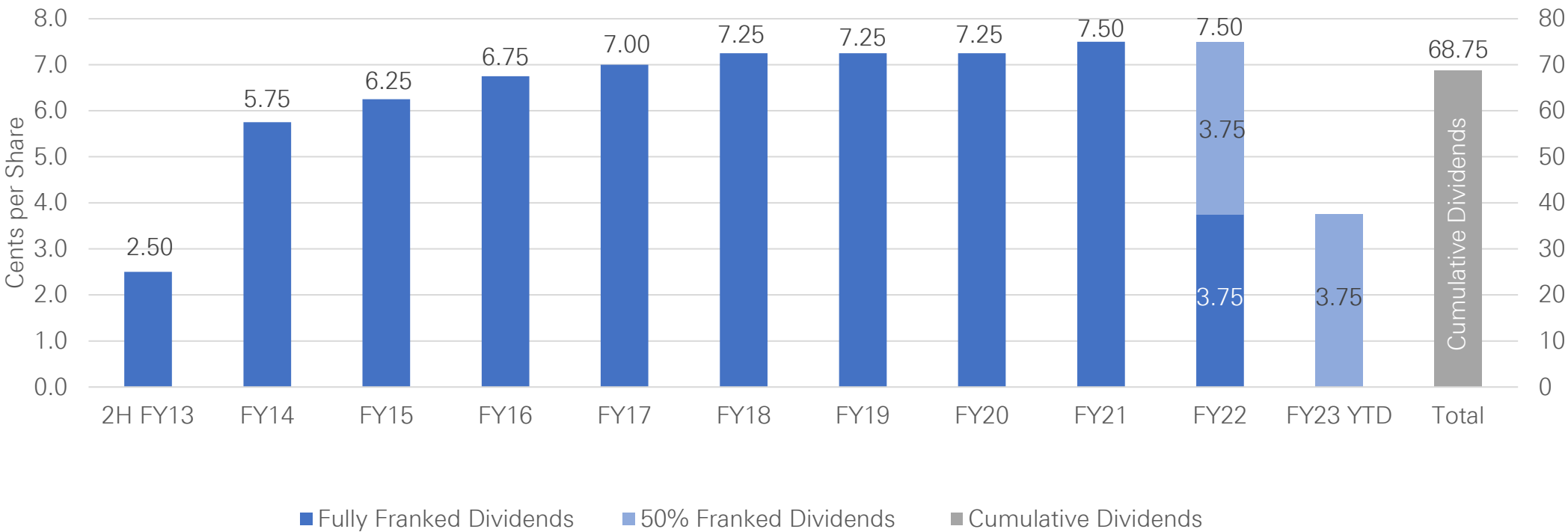
\$0.68
Share Price

11.03%
Franked
Dividend Yield

11
Number of
Holdings

\$151.1m
Weighted Average
Market Capitalisation
of the Investments

FRANKED DIVIDEND HISTORY



NAC Overview as at 30 June 2023

\$1.03
Pre-Tax NTA

\$1.04
Post-Tax NTA

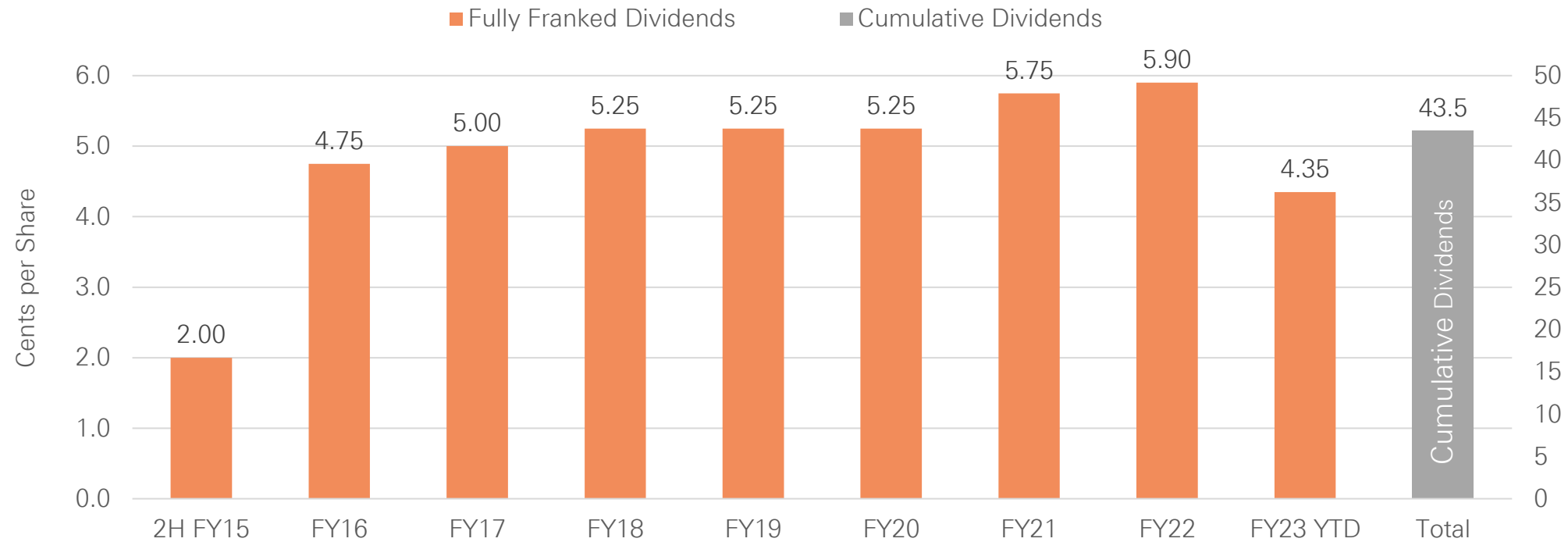
\$0.88
Share Price

6.19%
Fully Franked
Dividend Yield

12
Number of
Holdings

\$205.2m
Weighted Average
Market
Capitalisation of the
Investments

FULLY FRANKED DIVIDEND HISTORY



NSC Overview as at 30 June 2023

\$0.80
Pre-Tax NTA

\$0.81
Post-Tax NTA

\$0.68
Share Price

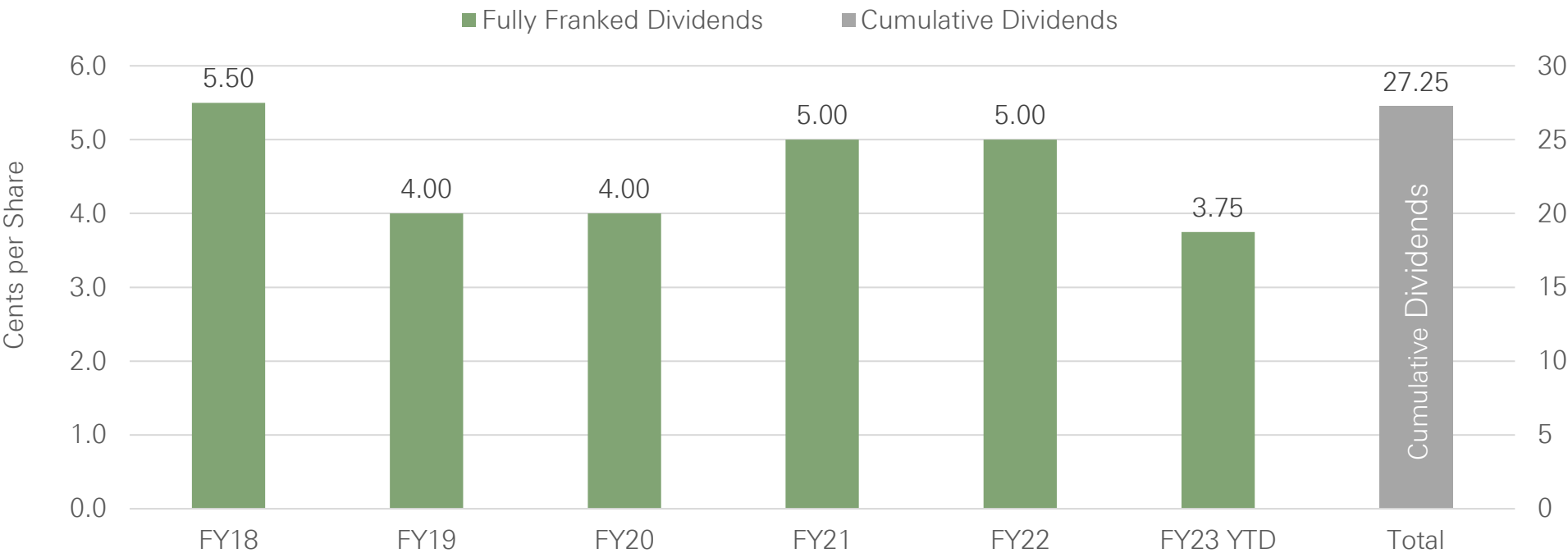
7.06%
Fully Franked
Dividend Yield

10
Number of
Holdings

\$195.6m
Weighted Average
Market
Capitalisation of the
Investments

NAOS

FULLY FRANKED DIVIDEND HISTORY



Overview & Outlook Q1 FY24

- Q1 FY24 will see the release of FY23 financial reports for most of our investee businesses.
- Investor focus will be less on the FY23 results and more on Q4 FY23 trading updates (and any July/August detail) to gauge the impact of interest rate rises on demand, and how businesses have been able to adjust if necessary.
- We will be looking for the following updates:

MOVE Logistics (ASX: MOV)	A detailed strategy update from new CEO Craig Evans, who was appointed just prior to the 1H FY23 result.
Saunders International (ASX: SND)	Update on any unresolved issues for recently terminated Caymus project. Update on the order book and progress on expanding into desired adjacent industries.
Big River Industries (ASX: BRI)	What is BRI experiencing from a demand given market expectations of a sharp slowdown? How is BRI's diversified model performing in the current environment?
Urbanise.com (ASX: UBN)	Has UBN been able to convert its customer pipeline at a faster rate? Has the successful implementation of client Colliers led to further opportunities?

Overview & Outlook Q1 FY24

We believe many of our investee companies have exposure to long-term structural tailwinds such as:

Renewable Energy Transition

- GTK provides the billing platforms to utilities that are well suited for renewable energy.
- COG will benefit from the shift to EV's, and increased demand for funding of equipment purchases from clients working on large renewable energy projects.

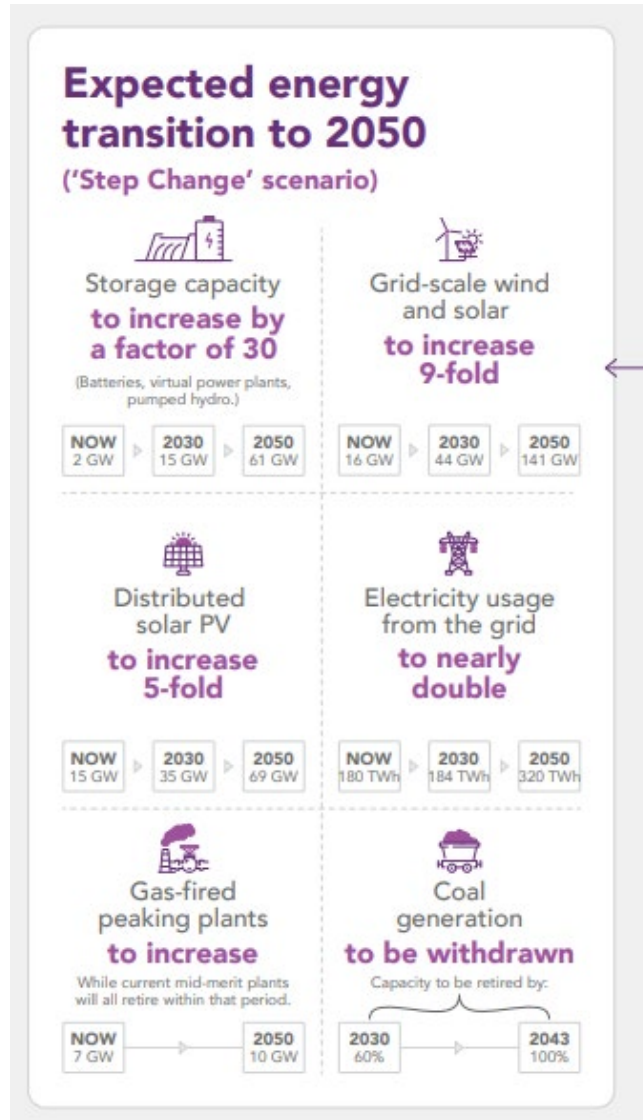
Infrastructure Spending

- BRI will benefit from continual investment in infrastructure projects across Australia.
- Many of COG's clients will require financing to purchase equipment required for various infrastructure related contracts.
- SND has a large exposure to the construction and maintenance of infrastructure-type assets.

Technological Efficiency

- UBN's core products are designed to improve efficiency and outcomes in industries that are relatively low margin but recurring in nature.
- GTK's core product provides its utilities customers with a lower price to service and also a cloud-based platform offers a superior consumer experience.

Structural Tailwinds: Renewable Energy Transition

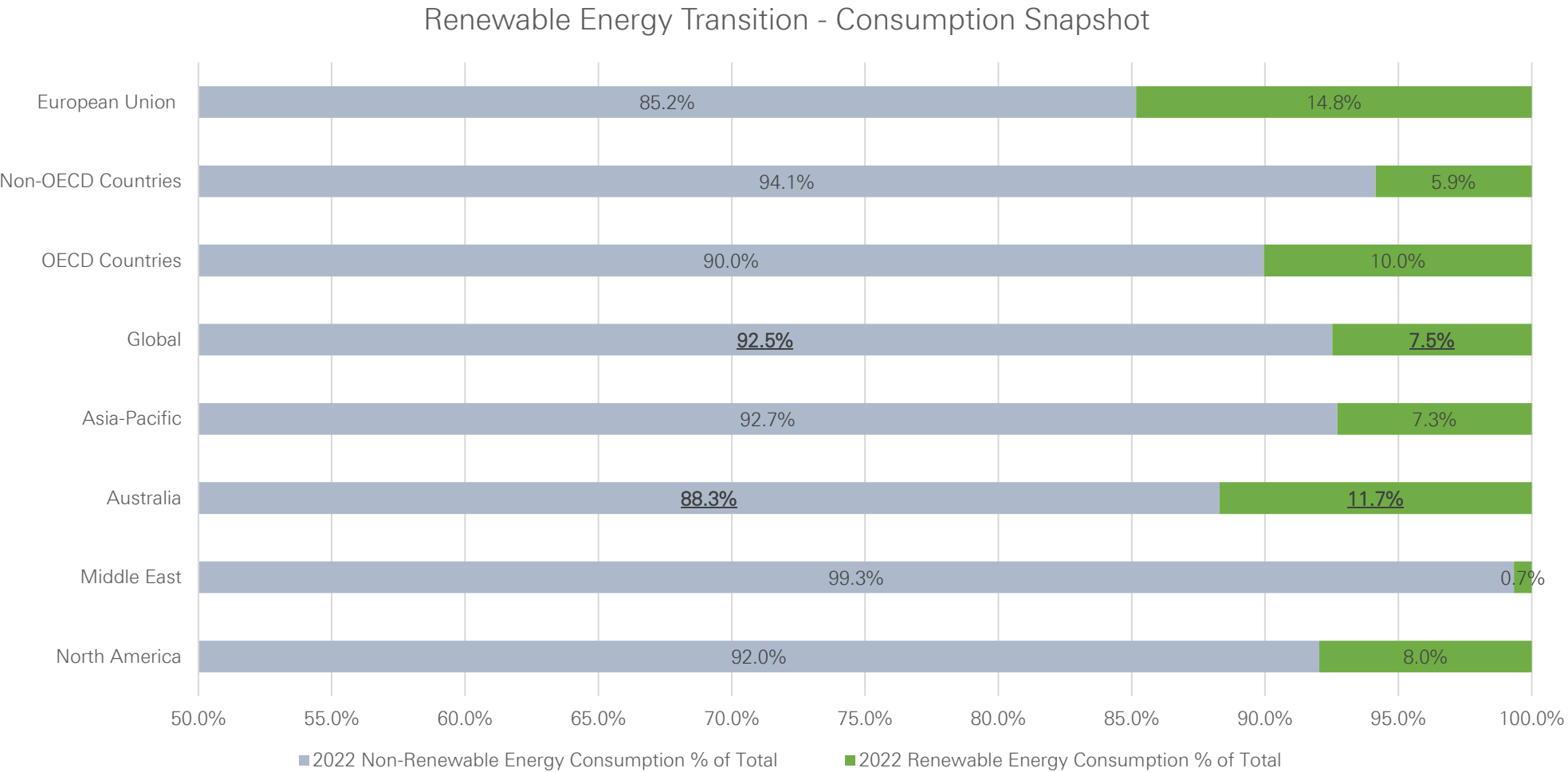


Funding requirement for the transition to renewable energy is a once-in a generation event.

- AEMO estimate that total renewable investment required for the energy transition by 2050 will be ~\$181bn.
- 7% of the total investment is forecasted to be related to construction and development of the transmission network.
- AEMO have already identified the need for 10,000km of new transmission lines across network projects. (For reference, a trip from Perth to Cape York via Melbourne and Sydney is 7,753km).

Source: AEMO, Australian Energy Market Operator

Structural Tailwinds: Renewable Energy Transition



A long way to go before the renewables transition is implemented. The underpinning infrastructure needs to play 'catch up'.

Source: Energy Institute Statistical Review of World Energy

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

An aerial photograph of a river with a waterfall, surrounded by dense forest with vibrant autumn foliage in shades of orange, yellow, and green. The river flows from the top left towards the bottom right, with a small waterfall visible in the center. The text 'NAOS' is overlaid in large white letters, and 'ASSET MANAGEMENT' is overlaid in smaller white letters below it.

NAOS

ASSET MANAGEMENT

Appendix

NAOS Asset Management 1% Pledge

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



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



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.



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



BUSH HERITAGE
AUSTRALIA

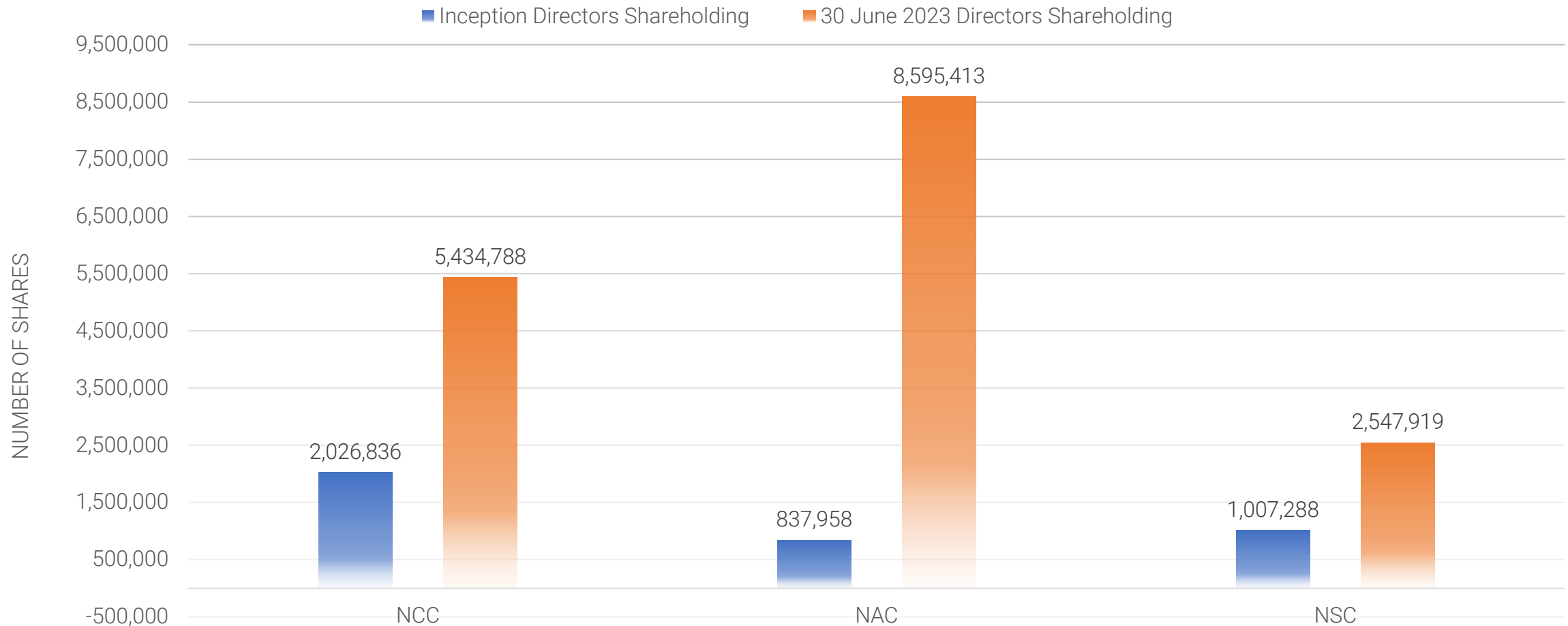


Royal Flying Doctor Service



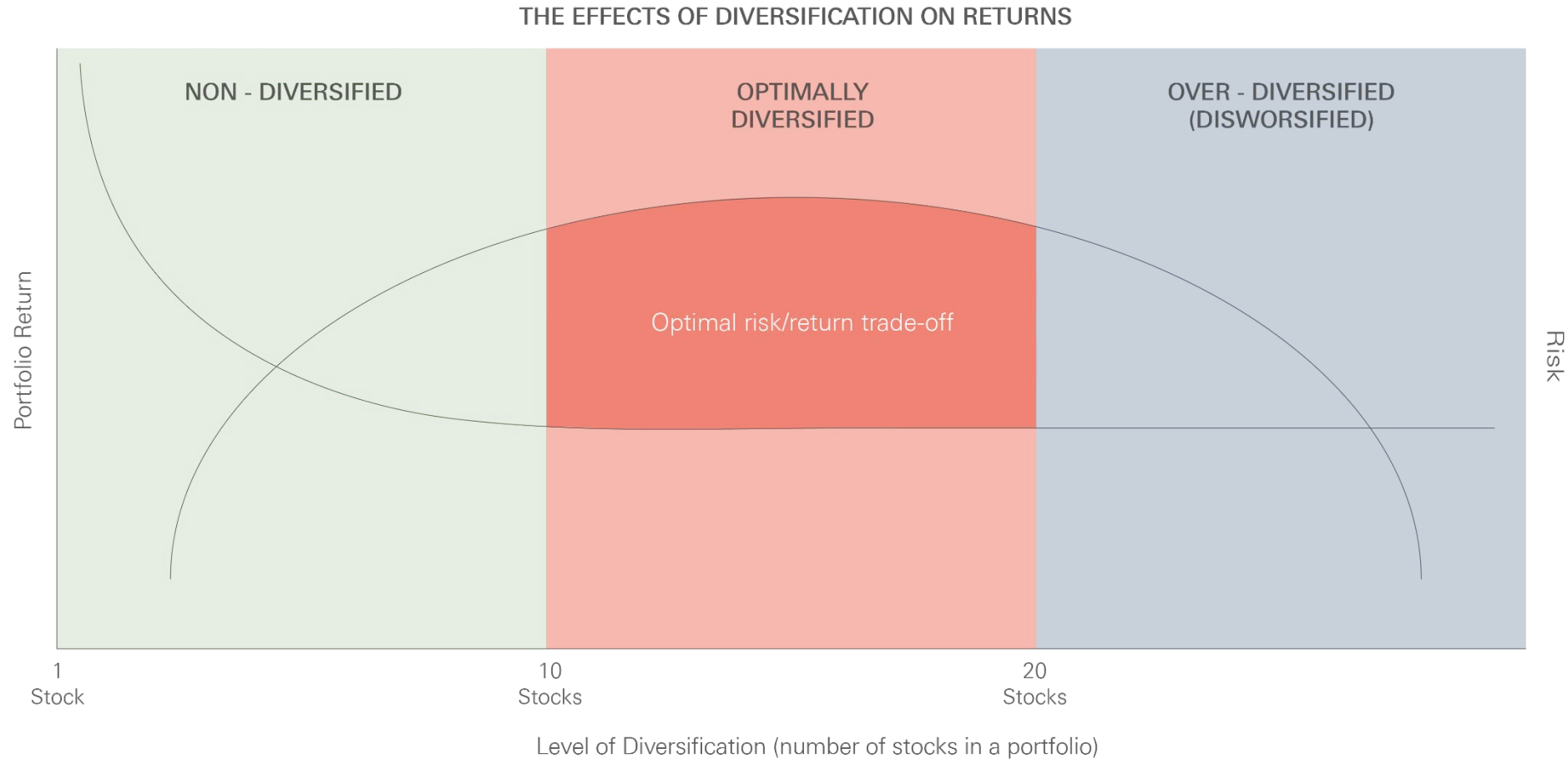
NAOS LICs Director Alignment

Directors' shareholdings have significantly increased since the inception of each LIC



The Case for Concentrated Investing

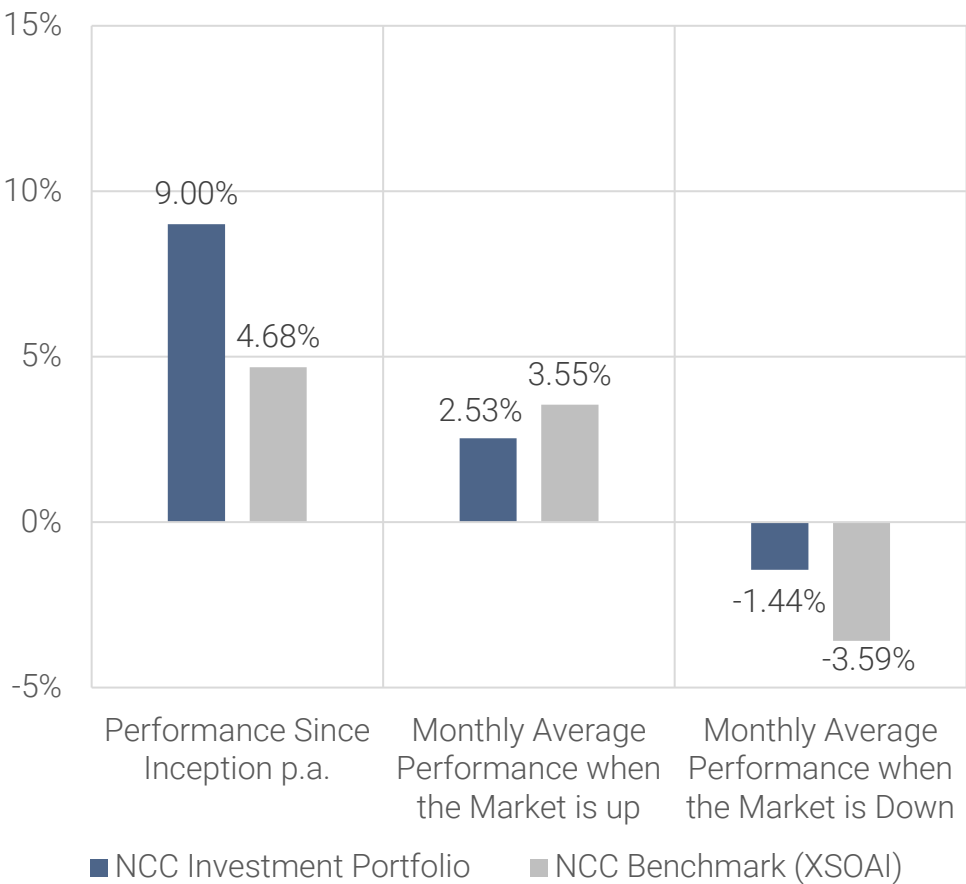
Holding too many stocks in a portfolio can lead to poor risk adjusted performance



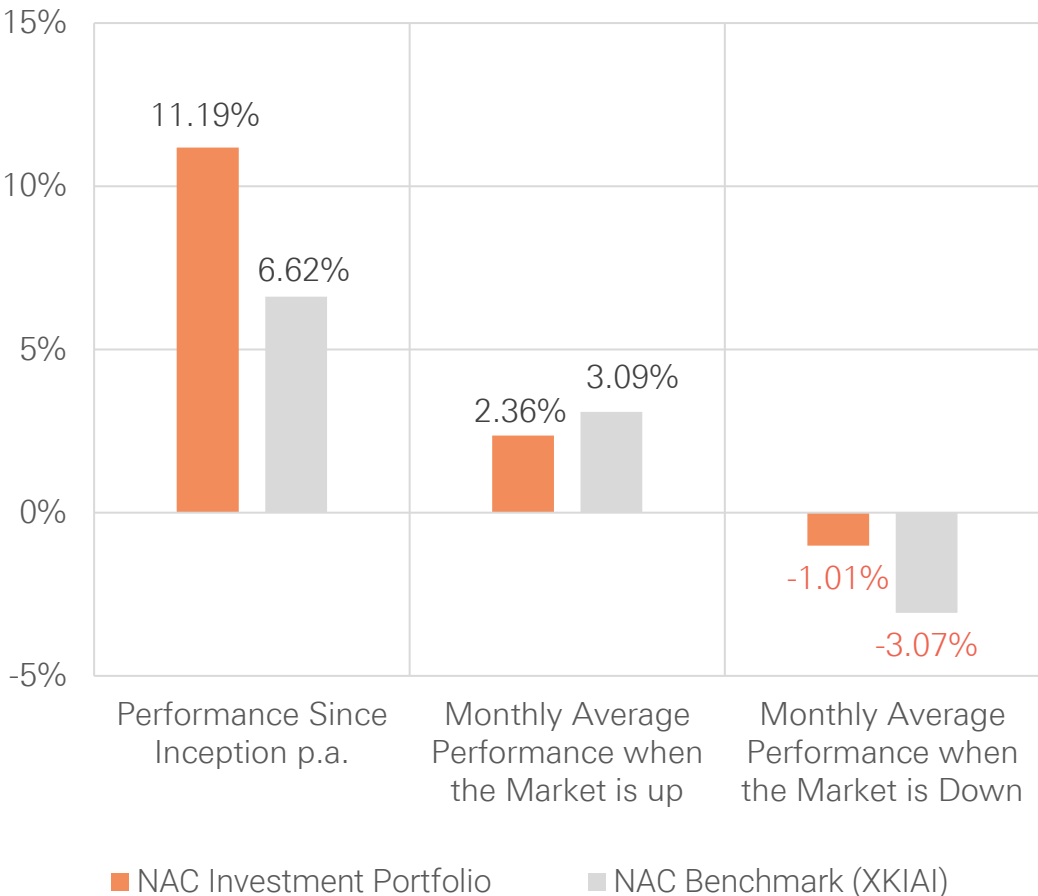
Source: NAOS Asset Management

NAOS Strong Long-term Risk-adjusted Returns*

NCC Investment Portfolio Risk and Performance Metrics



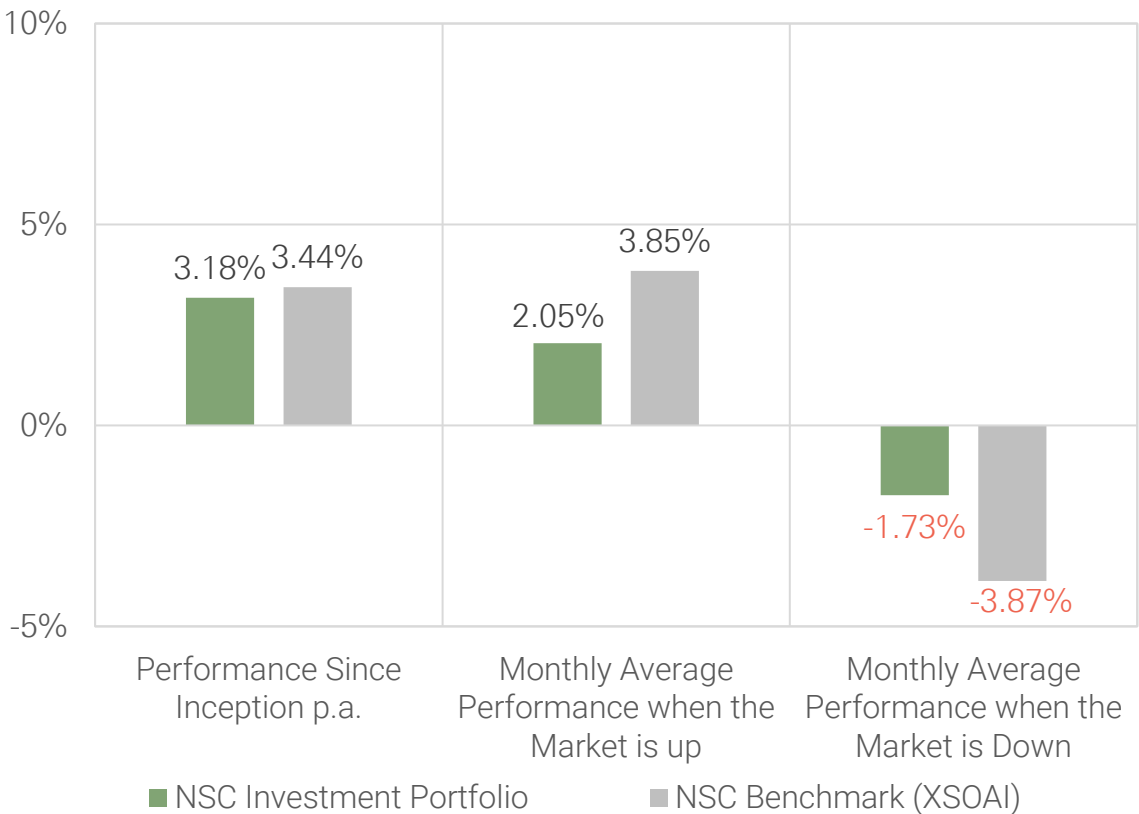
NAC Investment Portfolio Risk and Performance Metrics



* 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 30 June 2023. Since NCC's inception (124 months) there have been 79 positive months for the market and 45 negative months and since NAC's inception (104 months) there have been 64 positive months for the market and 40 negative months.

NAOS Strong Long-term Risk-adjusted Returns*

NSC Investment Portfolio Risk and Performance Metrics

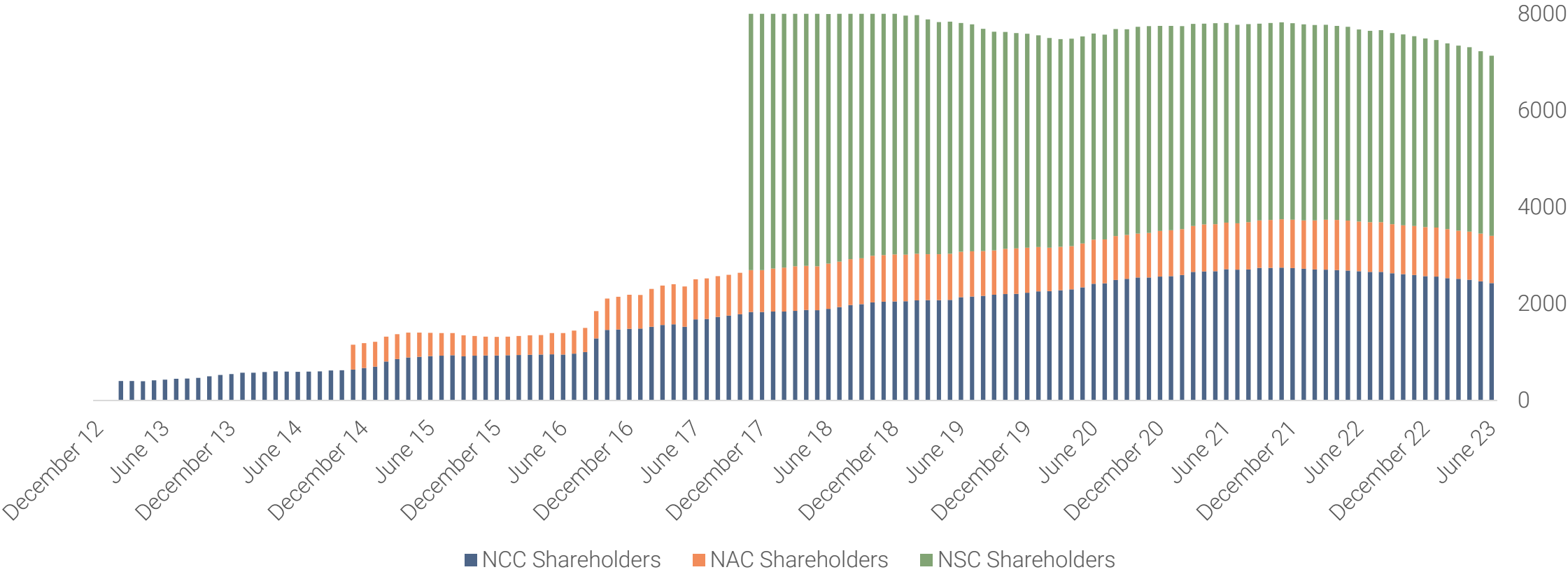


* Investment Portfolio Performance is post all operating expenses, before fees, interest, taxes, initial IPO commissions and all subsequent capital raising costs. Performance has not been grossed up for franking credits received by shareholders. Returns compounded for periods greater than 12 months. All risk metrics are calculated from the inception date of each portfolio. All Figures are as at 30 June 2023. Since NSC's Investment Portfolio inception (68 months) there have been 34 positive months for the market and 34 negative months.

Capital Management Initiatives

Performance	<ul style="list-style-type: none"> Maintain a focus on long term performance without deviating from the NAOS investment philosophy.
Dividends	<ul style="list-style-type: none"> Continue to focus on a growing stream of dividends, franked to the maximum extent possible, whilst maintaining an adequate reserve balance.
Alignment	<ul style="list-style-type: none"> Continue to be aligned with shareholders as Directors and Staff are some of the largest shareholders across all 3 of the LICs.
Communication	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The share buyback remains active. 32 million shares, or 19% 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	<ul style="list-style-type: none"> The share buyback remains active. 24% 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.
DRP	<ul style="list-style-type: none"> Shares purchased on-market to satisfy DRP requirements when shares are trading at a discount to NTA, thus eliminating any dilution for shareholders.

Historical Shareholder Numbers



NAOS ESG Framework

01

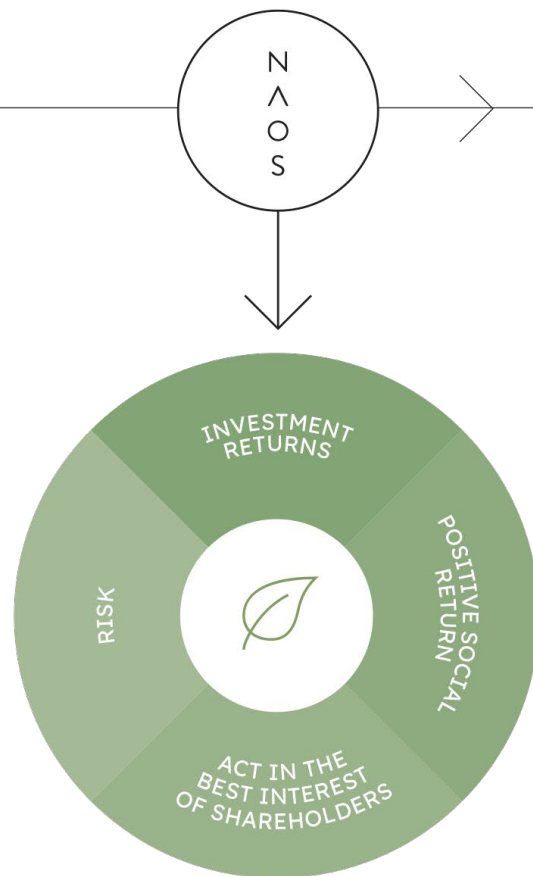
OUR COMMITMENT TO RESPONSIBLE INVESTMENT

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.

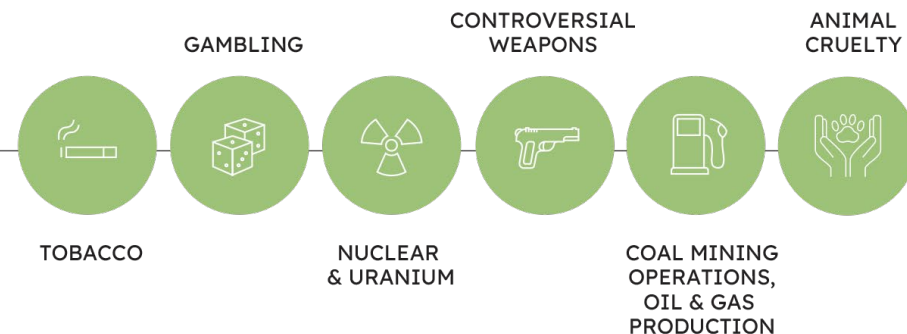
Signatory of:



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. NAOS aims to have a thorough understanding of the companies it invests in. Once invested, NAOS regularly reviews and monitors the ESG performance of its investee companies through questionnaires. The results provide valuable information and allow us to assess ESG opportunities and risks, and to assist and support our investee companies in attaining their ESG goals.

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.

Why Invest via a Listed Investment Company?

We strongly believe LICs are a highly effective structure to give investors the highest quality exposure to specific asset classes, which in the case of NAOS is emerging businesses.

A Listed Investment Company structure:

- Allows the investment manager to build a concentrated portfolio of high-quality investments **without needing to worry about short-term liquidity requirements**.
- **Fund size is generally limited** to the upside, allowing investors to maintain a significant exposure to the underlying investments and not be diluted by new investors, which may occur in an open-ended fund.
- Enables a **smoother distribution profile** as profits can be retained, as opposed to managed funds which distribute all taxable income annually. Dividends from a LIC may also be fully franked.
- Can provide **access to a range of alternative asset classes** which may not be suited to an open-ended structure.

Investor Awareness and Communication

The image is a promotional graphic for a newsletter. It features a light green curved top section and a red bottom section. The text 'CEO Insights, NAOS Newsletter' is centered in the green section. The NAOS logo, consisting of the letters N, A, O, and S stacked vertically, is positioned on the right side of the red section. Below the logo, the text 'NAOS NTA Update & Insights Newsletter' is displayed in large white font. Underneath this, 'April 2022' is written in a smaller white font. At the bottom of the red section, a white text box contains the message: 'If you aren't already, join our investment community and be the first to receive NAOS News, podcasts, Insights and Invitations. [Subscribe Here](#)'. The bottom of the image features a white section with the text 'NAOS Emerging Opportunities Company Limited (ASX: NCC)' in a dark blue font.



Quarterly Webinars

NAOS News & Insights

NAOS Q4 FY22 Investor Update Webinar | Presentation Materials and Video Recording

July 28, 2022

The team from NAOS wish to thank those who participated in the NAOS Investor Update Webinar.

[View the video recording](#)

[Presentation materials can be viewed here](#)

[illegible]

A promotional banner for NAOS News & Insights. The top half has a solid red background with the text 'News and Media' in white. Below this, the 'NAOS' logo is displayed in large, bold, black letters. To the right of the logo is a hamburger menu icon. Underneath the logo, the text 'LATEST FROM NEWS & MEDIA' is written in red. The main visual is a photograph of an open wooden treasure chest overflowing with gold coins. A red banner with the text 'NAOS NEWS & INSIGHTS' is overlaid on the bottom left of the chest. Below the photograph, the headline 'SMASHED SMALL CAPS THAT CAN TURN INTO PORTFOLIO TREASURES - AFR 20 MAY 2022' is shown in bold black text, followed by the date 'May 23, 2022' in a smaller font. The bottom of the banner features a blurred image of green leaves.



@naosassetmanagement



www.naos.com.au



@NaosAssetMgmt



@naos_asset_management

Subscribe now: www.naos.com.au/subscribe