

18th November 2016

Annual General Meeting 2016 – Chairman’s Statement

Dear fellow Shareholders,

For the financial year ended 30th June 2016, the Company recorded a record profit of \$8.06 million, representing a significant increase on the prior period. The pre-tax NTA increased by 23.25c including the 6.25c of fully franked dividends paid over the same period.

The strategy of offering a completely benchmark unaware strategy whilst providing concentrated exposure to emerging companies has continued to provide excellent risk adjusted returns to shareholders, well above that of the wider market. The Company continues to provide current and future shareholders a Listed Investment Company that is true to its investment philosophy of investing in emerging companies over a long term investment horizon of between 3 and 5 years, whilst maintaining the ability to hold a significant cash position of up to 100% in times where excellent risk adjusted returns are not able to be sourced by the Investment Manager.

In its fourth year of operations the Company continues to grow from the perspective of both net assets and the number of shareholders. The number of shareholders that held equity in the Company increased by 4% in FY16, and notably this is without the assistance of any form of capital raisings, including the issue of new shares through a Dividend Reinvestment Plan. The net assets of the business continue to increase with a post-tax net asset value of \$55.4 million at the end of financial year 2016.

Dividends paid by the Company have now grown for four consecutive years since listing in February 2013. For the financial year 2016 the Company will pay a fully franked dividend of 6.75c to shareholders. This represents an increase of +3.85% over the previous year. The paramount focus of the Directors continues to be the ability to provide shareholders with a growing, predictable stream of dividends, franked to the maximum extent deemed appropriate by the Board of Directors.

The Company continues to place significant emphasis on providing quality and value add communications to our shareholder base. The Directors believe the monthly investment reports and quarterly question and answer session with the NAOS Chief Investment Officer are some of the most useful and transparent within the Listed Investment Company space. To further improve our shareholder communications, we will be holding investor briefings in five of the capital cities on a bi-annual basis. The Directors believe these briefings will allow both prospective and current shareholders the ability to meet with both the Board of Directors and the wider team at the Investment Manager, and allow them to have answered any questions they may have in regards to the Company and its operations.

As stated in previous years, the Board remains committed to managing the capital base of the Company in a manner that provides the flexibility the Investment Manager requires to maximise potential shareholder returns over the long term. The Board continues in its

commitment to limit the size of the Company to \$150 million unless organic growth increases the asset value over this amount.

Importantly, all Directors of the Company were net acquirers of shares over the financial year, and the Directors hold a cumulative 3.44m shares, further aligning our interests with that of all shareholders of the Company.

The Board is grateful for all shareholder support through the year and we welcome all new shareholders who joined the Company in the 2016 financial year.

David Rickards,

Independent Chairman