

The background of the slide is a photograph of a hot air balloon festival. Numerous colorful balloons are floating in a sky filled with soft, grey clouds. The ground is a rugged, rocky landscape with winding paths. In the distance, a town is visible nestled in a valley. The overall scene is serene and scenic.

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QUARTERLY INVESTOR BRIEFING QUARTER 2 FY-2017

NAOS Absolute Opportunities Company (ASX: NAC)

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CALL DETAILS

1. Date	Thursday 2 February 2017	
2. Time	11.00am AEDT	
3. Telephone	Within Australia: 1800 857 029 New Zealand: 0800 449 288	Outside Australia: +61 3 8687 0635
4. Guest Access Code	1084 2873#	
5. Questions	Please email all questions to enquiries@naos.com.au prior to the allotted call time	

1. NAC Q2 FY17 REVIEW

- Performance & Risk Summary
- Stock Contribution (Since Inception)
- Return Profile, Positive v Negative Return Months
- Capital Analysis: Addressing the Discount
- Dividend Profile
- Director/Shareholder Alignment
- Historical Net Equity & Cash Exposure
- Industry/Sector Exposure
- Company Meetings

2. Market Commentary

- Domestic and Macro Equity Market Review
- NAOS Investment Philosophy

3. Keeping Up to Date

- Shareholder Presentations, NAOS National Roadshow February/March
- Shareholder Communications
- NAOS Team and NAC Directors

1. NAC Review

NAC: PERFORMANCE & PORTFOLIO CHARACTERISTICS SUMMARY

AS AT 31 DECEMBER 2016

	1 Month	3 Month	6 Month	1 Year	Inception (p.a.)	Inception (Nom.)
NAC Investment Portfolio Performance*	-1.98%	-2.82%	+10.01%	+22.73%	+23.29%	+56.37%
Benchmark (RBA Cash Rate + 250bps)	+0.36%	+1.07%	+2.20%	+4.66%	+4.82%	+10.57%
Relative Performance	-2.34%	-3.89%	+7.81%	+18.07%	+18.47%	+45.80%

*Investment Portfolio Performance is **pre fees and tax and post all operating expenses**.

Performance has **not been grossed up for franking credits received by shareholders**. Inception is 12 November 2014

Total Number of Equity Holdings (Long & Short)	21
Total Number of Income/Debt Instruments*	0
Total Number of Holdings	21
Portfolio Weighted Market Capitalisation (AUD)	\$2.784bn
Percentage of Positive Months (NAC)	65%
Percentage of Positive Months (XAOAI)	54%
Standard Deviation of Returns (NAC)	9.65%
Standard Deviation of Returns (XAOAI)	12.62%
Correlation of Returns to XAOAI	0.44
Sortino Ratio	9.92
Downside Deviation (NAC)	2.35%
Downside Deviation (XAOAI)	7.22%
Current Estimated Portfolio Beta	0.47

NAC: POSITIVE STOCK ATTRIBUTION SUMMARY SINCE INCEPTION

AS AT 31 DECEMBER 2016

Positive Stock Contribution Analysis

(Contribution is what has attributed to NAC's performance since Inception of 12 November 2014)

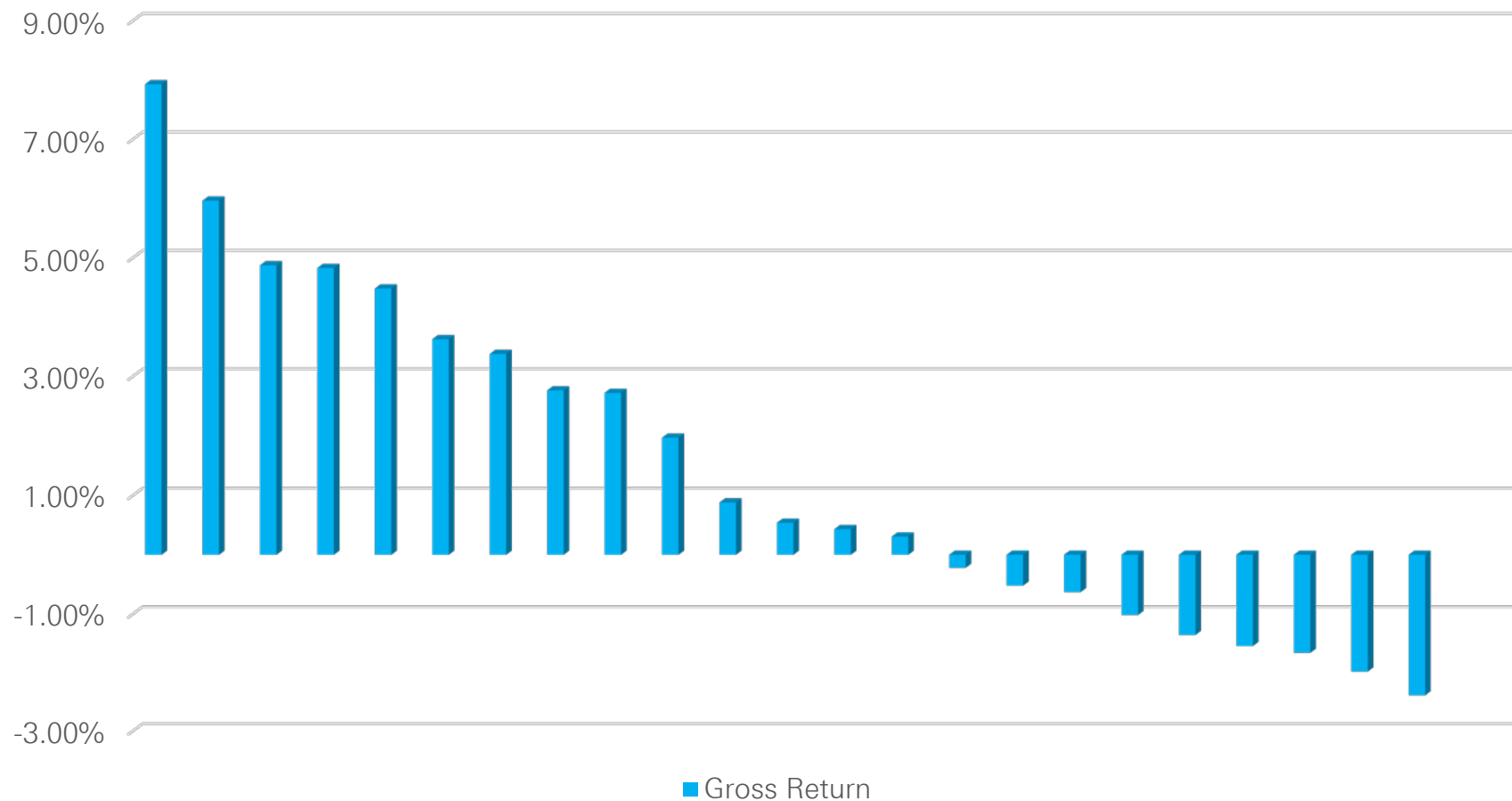
Below is a table listing the top positive contributors to NAC's total return since inception. The purpose of the table is to illustrate that the performance the investment team derive over time is not simply from one or two positions, but from a variety of positions, even with a concentrated portfolio of investments that is generally limited to 0-40 securities at any one time. Positions in the table below may have been held either as a long position or short position at any given point in time.

Investment	Contribution to Return (% NAV)	Investment	Contribution to Return (% NAV)
US Dollar	+9.49%	Event Hospitality	+4.83%
Broadcast Services	+5.82%	SmartGroup Ltd	+4.21%
My Net Fone	+5.24%	1-Page	+3.82%
Armidale Investment Corp	+4.99%	Bellamy's Australia	+3.43%

NAC: RETURN PROFILE, POSITIVE V NEGATIVE MONTHS

AS AT 31 DECEMBER 2016

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NAC CAPITAL ANALYSIS: ADDRESSING THE DISCOUNT

AS AT 31 DECEMBER 2016

NTA ANALYSIS

Pre Tax - \$1.14

Post Tax & Pre Unrealised Gains Tax – \$1.16

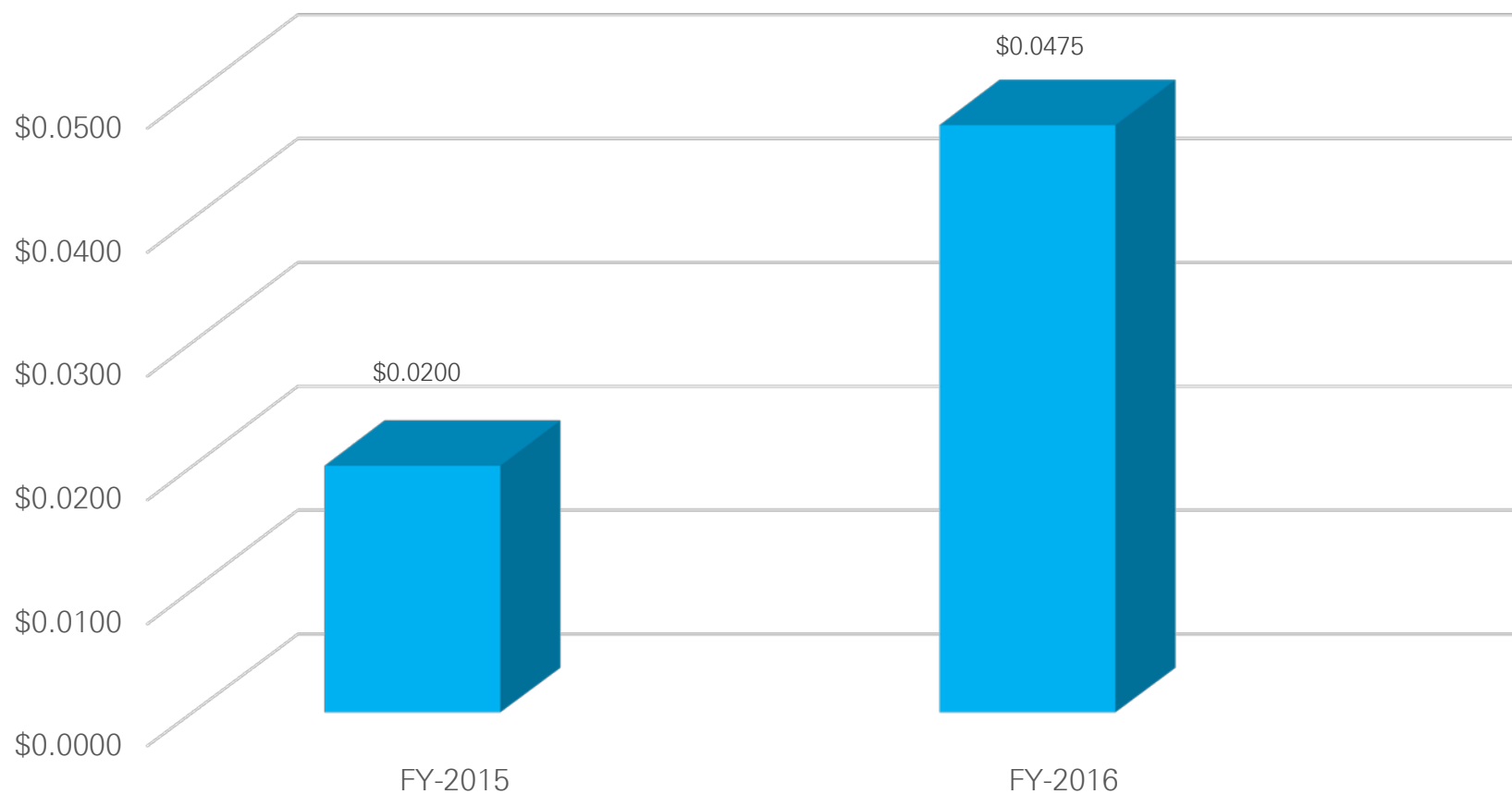
Post Tax - \$1.12

Share Price	\$1.15
Share Price (Discount)/Premium to NTA (undiluted, pre tax)	0.88%
Fully Franked Dividend Yield	4.13%
Gross Dividend Yield	5.90%
Shares on Issue	43,000,000
Directors Shareholding	5,051,051

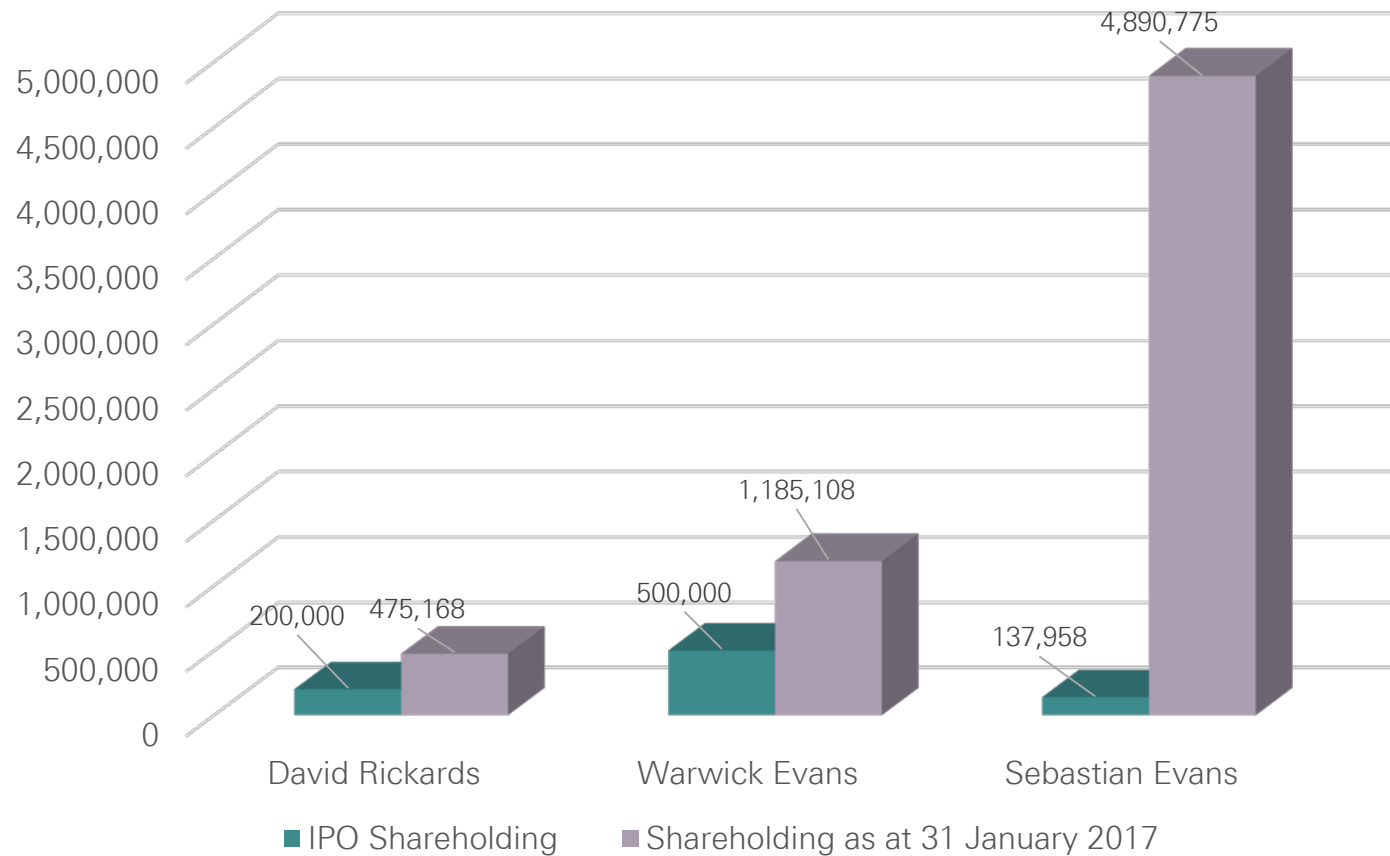
NAC: HISTORICAL FULLY FRANKED DIVIDEND PROFILE

AS AT 31 DECEMBER 2016

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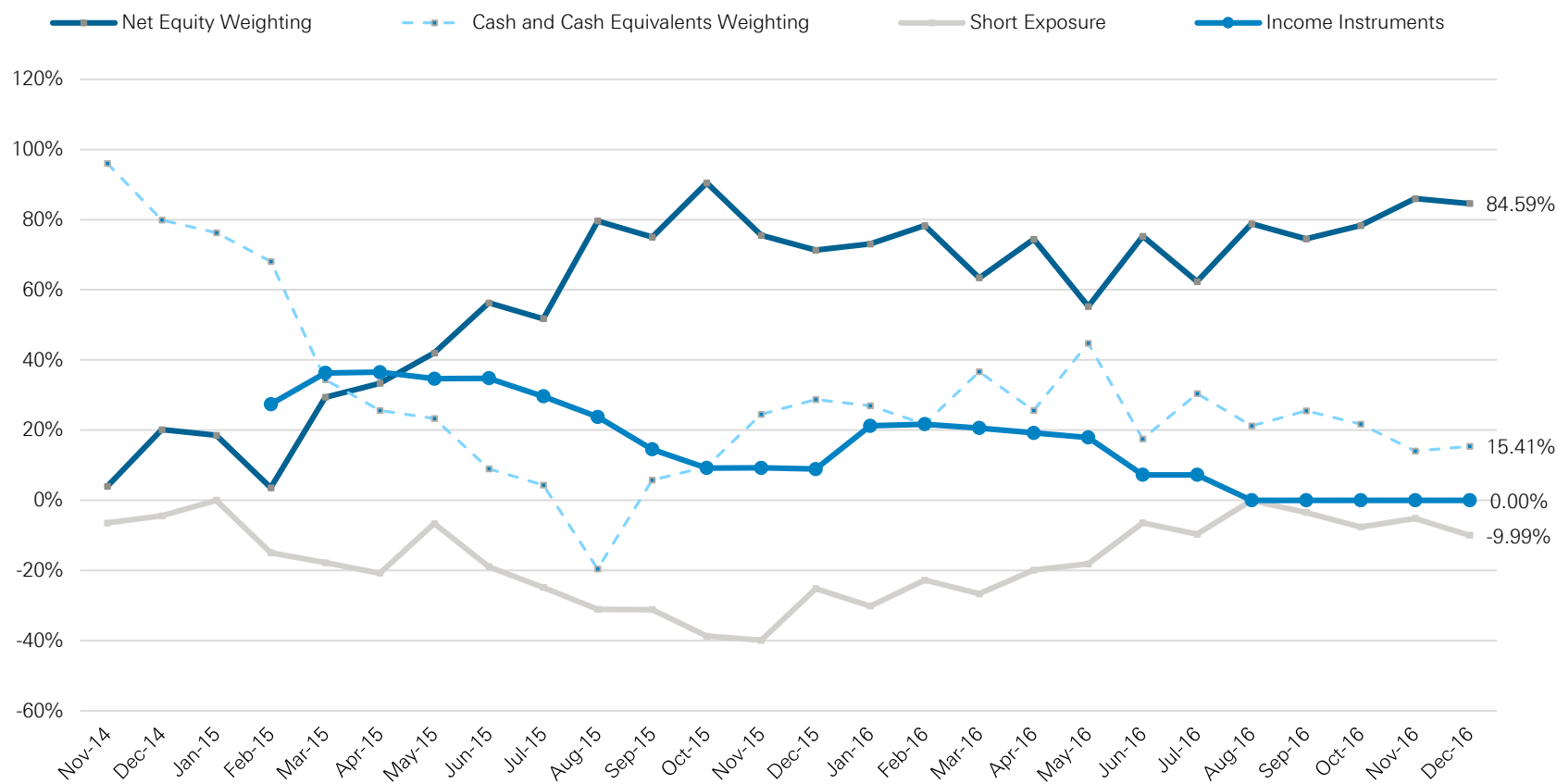


NAC: DIRECTORS INCREASING ALIGNMENT WITH SHAREHOLDERS SINCE IPO AS AT 31 JANUARY 2017



NAC: PORTFOLIO STRUCTURE HISTORICAL NET EQUITY AND CASH WEIGHTINGS AS AT 31 DECEMBER 2016

NAOS

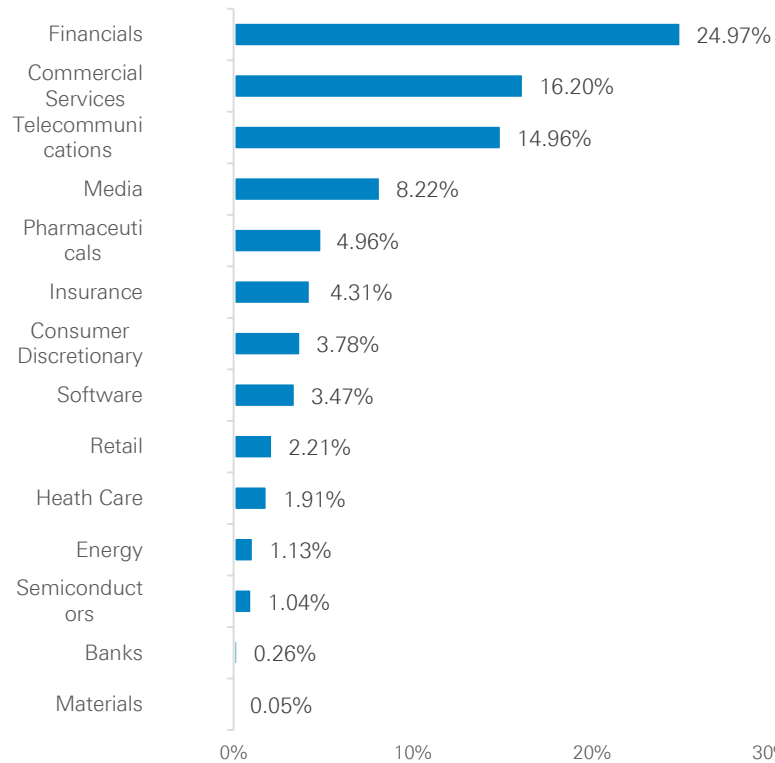


NAC: PORTFOLIO STRUCTURE

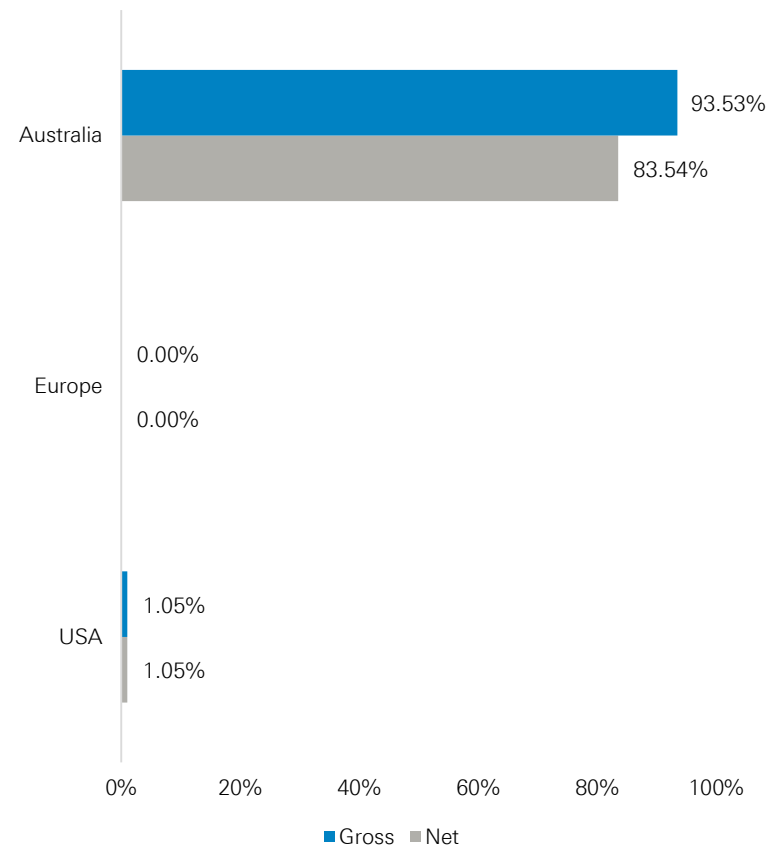
AS AT 31 DECEMBER 2016

NAOS

Net Industry Exposure



Geographical Equity Exposure



The NAOS investment philosophy is based around the belief that for a company to succeed and generate strong returns for shareholders it must be led by a motivated, proven and experienced management team. The NAOS' Investment Team has direct contact with many listed and unlisted companies across a wide range of industries. The table below provides an insight into the types of companies NAOS has engaged with over the last quarter.

• Bellamys Australia Ltd (BAL AU)	• Websters Ltd (WBA AU)
• Gentrack Group (GTK AU)	• Dominos Pizza (DMP AU)
• Sirtex Medical (SRX AU)	• Armidale Investment Corp (AIK AU)
• Automotive Holdings Group (AHG AU)	• Elders Ltd (ELD AU)
• Shaver Shop (SSG AU)	• Synlait Milk (SNL NZ)
• Platinum Asset Mgt (PTM AU)	• Bluesky Alternatives (BLA AU)

2. Market Outlook

Domestic Focus

- 1HFY17 Reporting Season Expectations
- Rotation From Growth to Cyclical
- Resource Stocks Valuations vs. Commodity Prices
- Retail Sector Downgrades

Global Focus

- Global Interest Rate Levels
- High Yield Bond Spreads

Significant Market Dispersion Over Past 3 Months (Total Return)

- Scottish Pacific -27.51%
- Vocus Communications -27.80%
- Vita Group -32.44%
- Adairs -44.80%
- Bellamy's Australia -71.48%
- Origin Energy +29.28%
- Iluka Resources +34.68%
- Cover-More Group +37.19%
- Ramelius Resources +39.89%
- Galaxy Resources +83.09%

ASX-300 Fundamentals

FY17 P/E – 17.60 Times

FY17 EPS Growth – 8.60%

FY17 Revenue Growth – 2.92%

MARKET OUTLOOK: ASX-300 RELATIVE INDUSTRY PERFORMANCE

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MARKET OUTLOOK: RELATIVE 1-YEAR PERFORMANCE OF CERTAIN RESOURCE COMPANIES

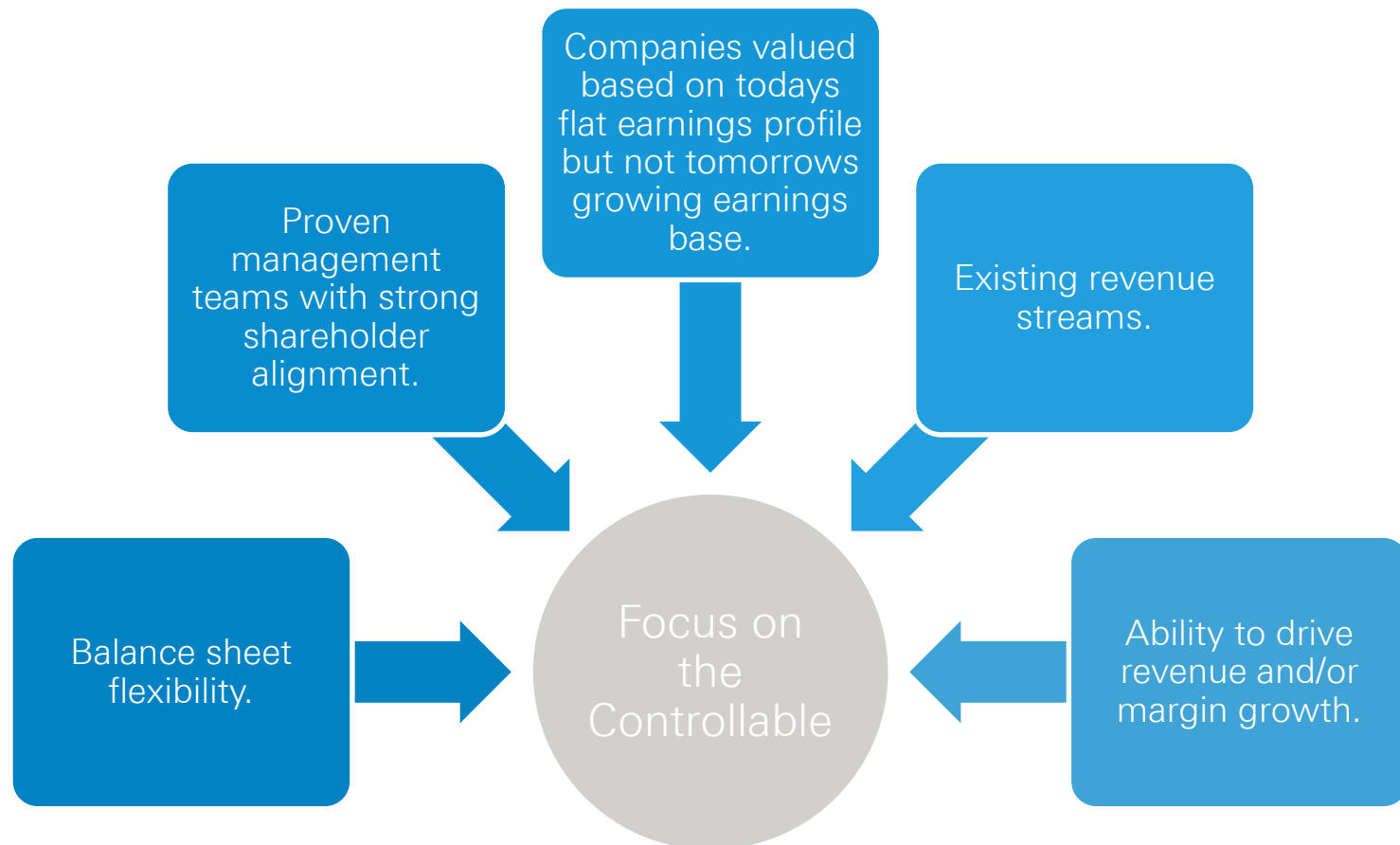
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MARKET OUTLOOK: RELATIVE 1-YEAR PERFORMANCE OF COMMODITY PRICES

NAOS





3. Keeping Up To Date

EVENT DETAILS

CANBERRA

11.00am – 12.00pm
Tuesday
28 February 2017

Hyatt Hotel
Centenary 1
120 Commonwealth
Avenue
Yarralumla ACT

BRISBANE

11.00am – 12.00pm
Wednesday
1 March 2017

Customs House
River Room
399 Queen Street
Brisbane QLD

SYDNEY

11.00am – 12.00pm
Thursday
2 March 2017

Museum of Sydney
Warrane Theatre
Cnr Phillip &
Bridge Street
Sydney NSW

ADELAIDE

11.00am – 12.00pm
Friday
3 March 2017

Intercontinental
Adelaide
Grevillea Room
North Terrace
Adelaide SA

MELBOURNE

11.00am – 12.00pm
Tuesday
7 March 2017

The Westin
Westin Room IV
205 Collins Street
Melbourne VIC



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



Twice yearly National Roadshow register here <http://naos.com.au/investor-event-registration/>



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

THE NAOS TEAM AND DIRECTORS



Sebastian Evans
Chief Investment Officer/
Managing Director



Richard Preedy
Chief Financial & Operating Officer



Ben Rundle
Portfolio Manager



Julie Coventry
Compliance Officer



Jeffrey Kim
Portfolio Manager



Julia Stanistreet
Business Development Manager



Robert Miller
Portfolio Manager



Chadd Knights
Associate Analyst



Sebastian Evans
Director



David Rickards
Independent Chairman



Warwick Evans
Director



Megan Walker
Marketing and Communications Manager

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