

Presentation on:

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**NAOS Emerging Opportunities Company (ASX: NCC)**

For: 4Q FY14 Investor Briefing

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**Shareholder Presentation**





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## NCC – Details for June Quarter Investor Conference Call

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- **Date:** Monday 21<sup>st</sup> July 2014
- **Time:** 11:00am (AEST)
- **Telephone:** 1800 857 029 (National Toll Free Number)
- **Guest Access Code:** 1084 2873#
- If you wish to send a question via email prior to the conference call please email all questions to Anneke Senden (Business Development Manager) [asenden@naos.com.au](mailto:asenden@naos.com.au)



## NCC – June Quarter Investor Briefing Agenda

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- Information About the Company
- NTA Analysis & Capital Structure Details
- The NCC Competitive Advantage
- Historical Dividend, Share Price and Option Price Graph
- Total Shareholder Return Analysis
- Quarterly Performance & Attribution Analysis
- Current Portfolio Analysis
- Sample of Company Meetings Between April – June 2014
- Market Outlook & Economic Commentary
- Investor Information, Broker Research & Wrap Platform Distribution
- Investor Q&A Session



## NCC – Information About the Company

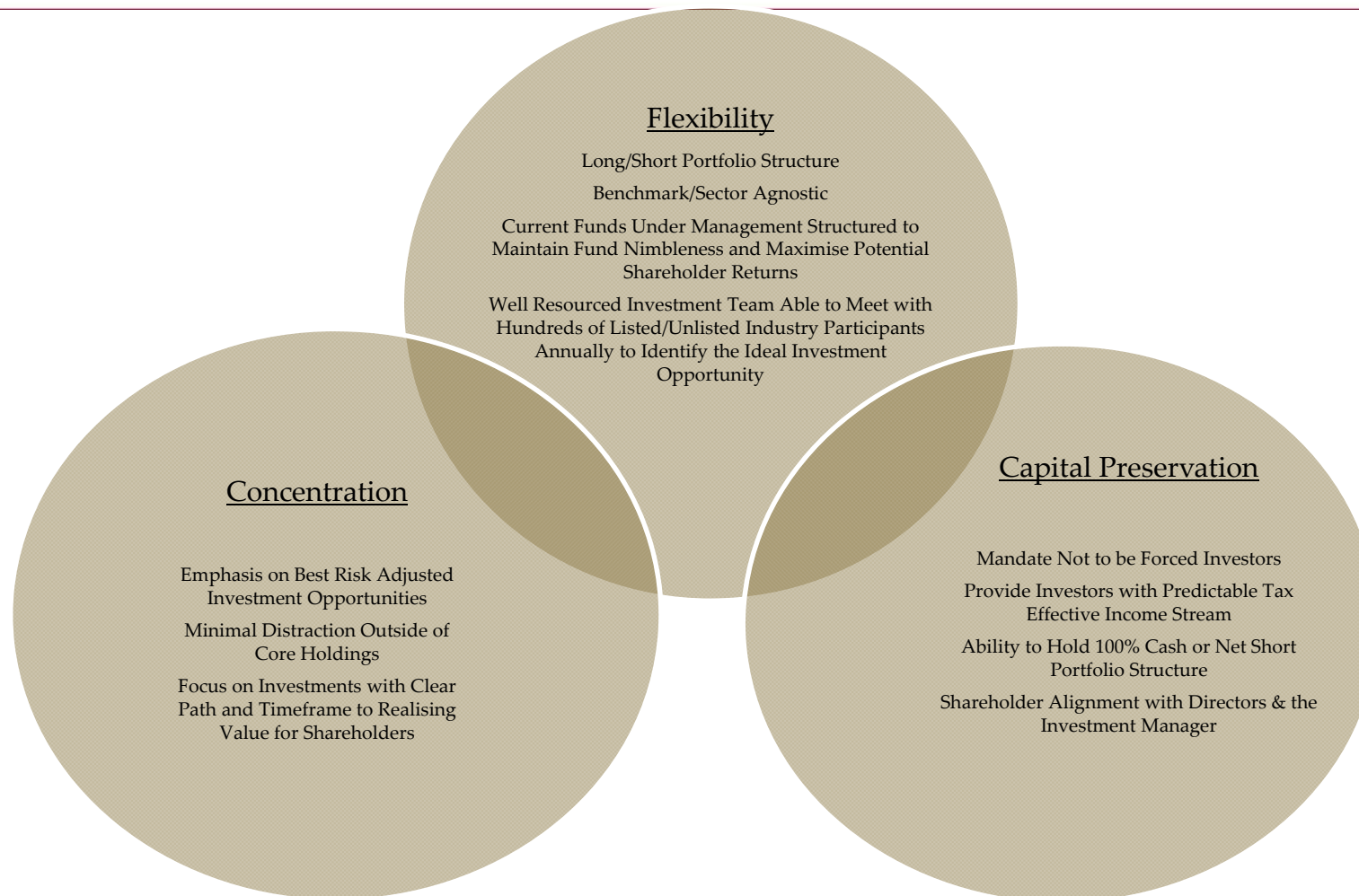
- NCC is a listed investment company (LIC) which provides investors with exposure to emerging companies through a concentrated long/short portfolio of ASX listed equities as well as unlisted companies.
- NCC aims to provide investors with long term capital appreciation and a consistent franked dividend stream (paid out of company income rather than capital) whilst maintaining a strong focus on protecting investor capital by having the ability to hold 100% cash weighting and the ability to short sell individual stocks.
- **Current Dividend Yield – 5.24% Fully Franked (7.48% Gross)**
- The manager of NCC is NAOS Asset Management, a boutique Sydney based investment company which has over a 9 year track record of successfully investing in Australian emerging companies with an Inception Return of +13.85% per annum post all fees and expenses compared to the Small Ordinaries Accumulation Index which has returned +2.09% per annum since 24<sup>th</sup> January 2005.
- The Directors of NCC as well as Directors of The Manager hold over 8,000,000 NCC shares aligning their interests with that of fellow shareholders
- The reasons for NAOS Asset Management to float NCC were as follows:
  - NAOS believe a listed investment company with a concentrated portfolio of emerging companies was an attractive unmet market niche which could be addressed by NCC.
  - Best of breed investment vehicle for concentrated emerging company investing, given the 'closed' nature of funding, listed investment companies are not forced sellers of positions at the bottom of a market cycle due to fund redemptions.
  - Gives financial advisers more immediate control and pricing transparency over their clients' portfolio construction as well as predicable tax effect dividends



## NCC – NTA Analysis & Capital Structure Details

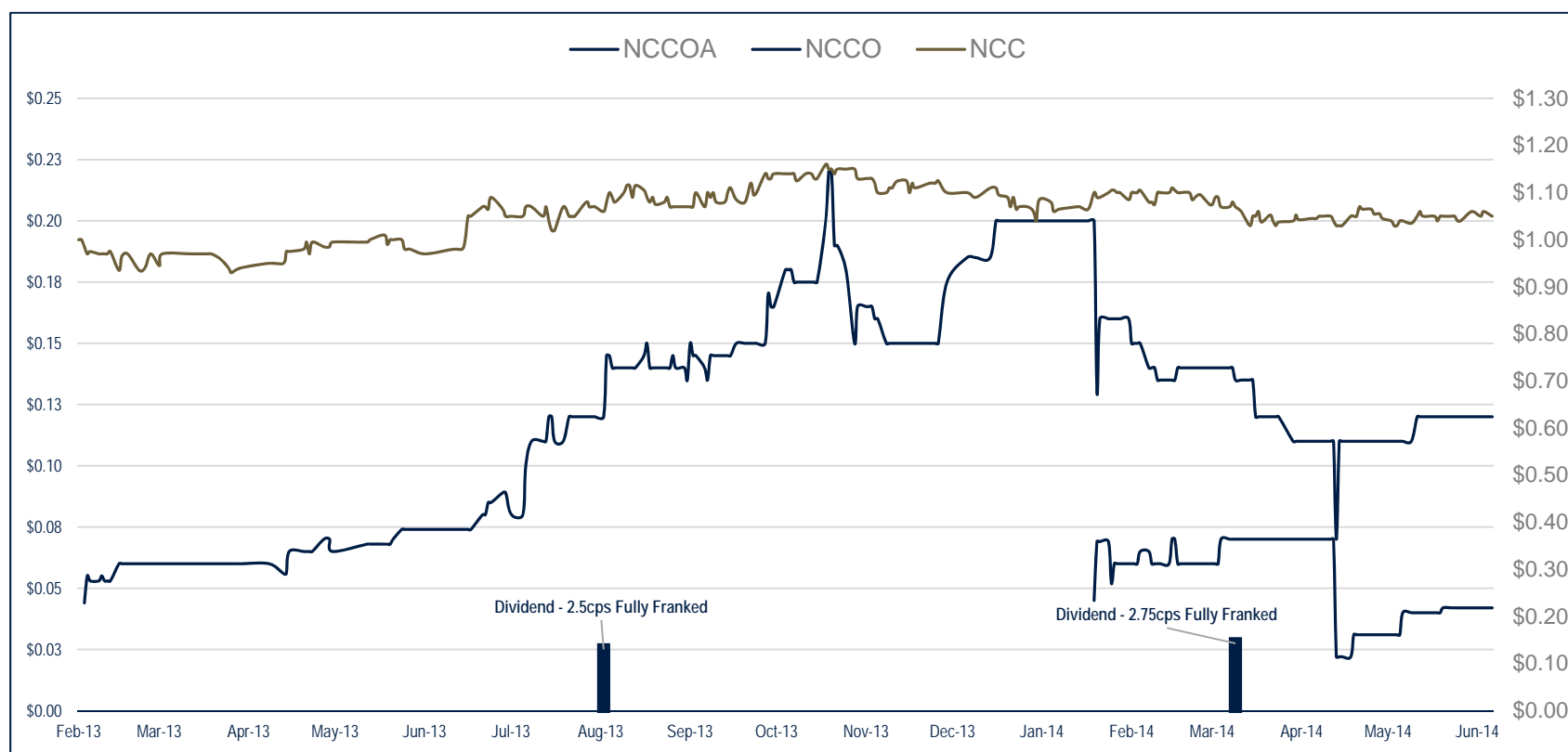
NAOS Emerging Opportunities Company (ASX:NCC)	
NCC Share Price as at 15 <sup>th</sup> July 2014	\$1.05
NCC Shares on Issue	35,226,053
Current Dividend Yield at Current Share Price	5.24% Fully Franked (7.48% Gross Yield)
Directors and Manager Personal Shareholdings	~ 8,000,000 NCC Shares (22.71%)
Pre Tax NTA	\$1.203
Post Tax & Pre Unrealised Gains Tax NTA	\$1.205
After Tax NTA	\$1.167
Pre Tax NTA Diluted for NCCO Option Conversion	\$1.150
Post Tax & Pre Unrealised Gains Diluted for NCCO Option Conversion	\$1.151
After Tax NTA Diluted for NCCO Option Conversion	\$1.129
Option Details	
NCCO – Expiry Date	1 <sup>st</sup> February 2015
NCCO – Exercise Price	\$1.00
NCCO – Options Remaining On Issue	12,546,338
NCCOA – Expiry Date	1 <sup>st</sup> August 2015
NCCOA – Exercise Price	\$1.13
NCCOA – Options Remaining on Issue	11,820,000

# NCC – The NCC Competitive Advantage





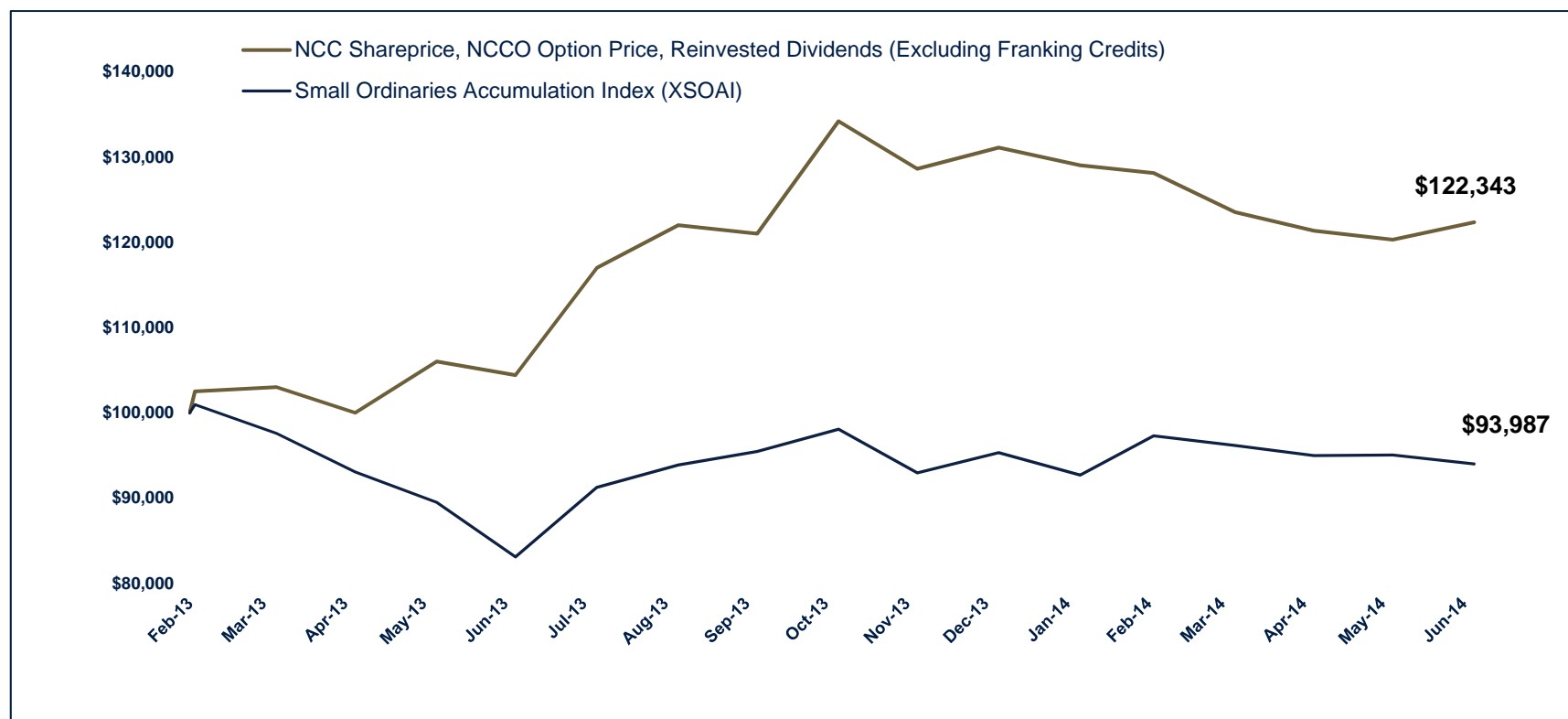
## NCC – Fully Franked Dividend, NCC and NCCOA Price History



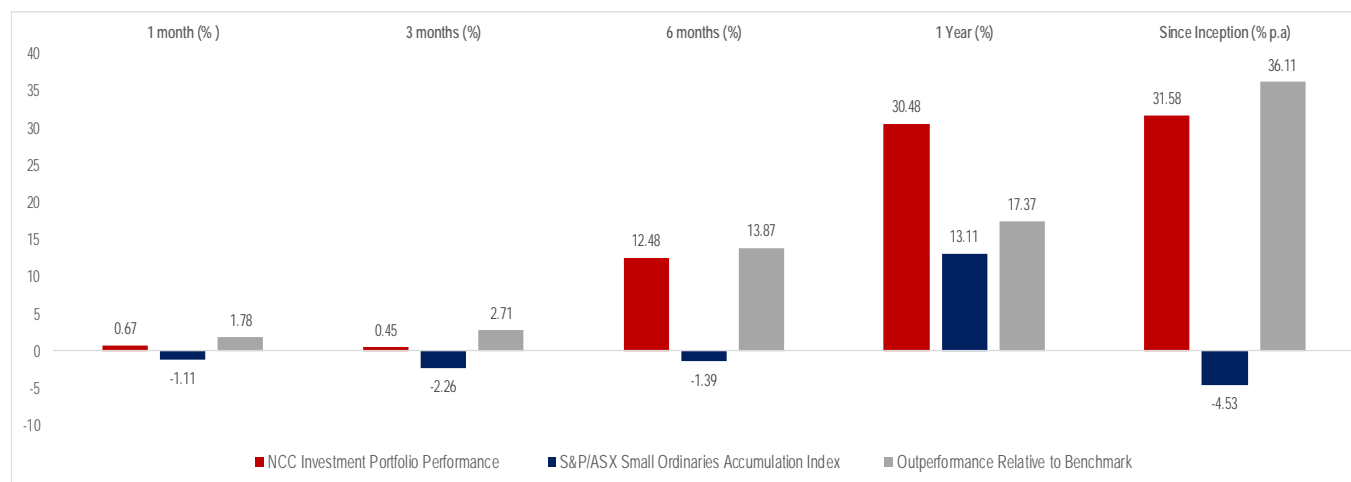




## NCC – Total Shareholder Return Analysis Since IPO (As at 30<sup>th</sup> June 2014)



## Performance: Investment Portfolio Performance



	1 Month	3 Months	6 Months	1 Year	Inception (p.a.)	Inception (Nom.)
NCC Investment Portfolio Performance*	+0.67%	+0.45%	+12.48%	+30.48%	+31.58%	+44.40%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	-1.11%	-2.26%	-1.39%	+13.11%	-4.53%	-6.01%
Outperformance over Benchmark	+1.78%	+2.71%	+13.87%	+17.37%	+36.11%	+50.41%

\*Performance is for the period ending 30<sup>th</sup> June 2014 and is net of all operating expenses. Performance is presented gross of management and performance fees and pre franking credits. Product inception date is 26<sup>th</sup> February 2013.



## NCC – Stock Specific Attribution Analysis

1<sup>st</sup> March 2013 – 30<sup>th</sup> June 2014

- The following tables below/over shows attribution on a stock specific level and industry level in the NCC investment portfolio since inception.
- NCC doesn't disclose specific investments at this stage however the table below illustrates that positive attribution has not come from only a few stocks, but rather from a broad range of investments, which helps to demonstrate the consistency of the NCC investment process.
- Definition of Contribution to Total Return – The individual stock return post NCC expenses and fees relative to the portfolio size.

Investment	Contribution to Return (%NAV)	Investment	Contribution to Return (%NAV)
Investment A	+10.04%	Investment E	+4.83%
Investment B	+9.38%	Investment F	+4.49%
Investment C	+5.43%	Investment G	+4.31%
Investment D	+4.90%	Investment H	+2.69%



## NCC – Net Positive Attribution by Industry

1<sup>st</sup> March 2013 – 30<sup>th</sup> June 2014

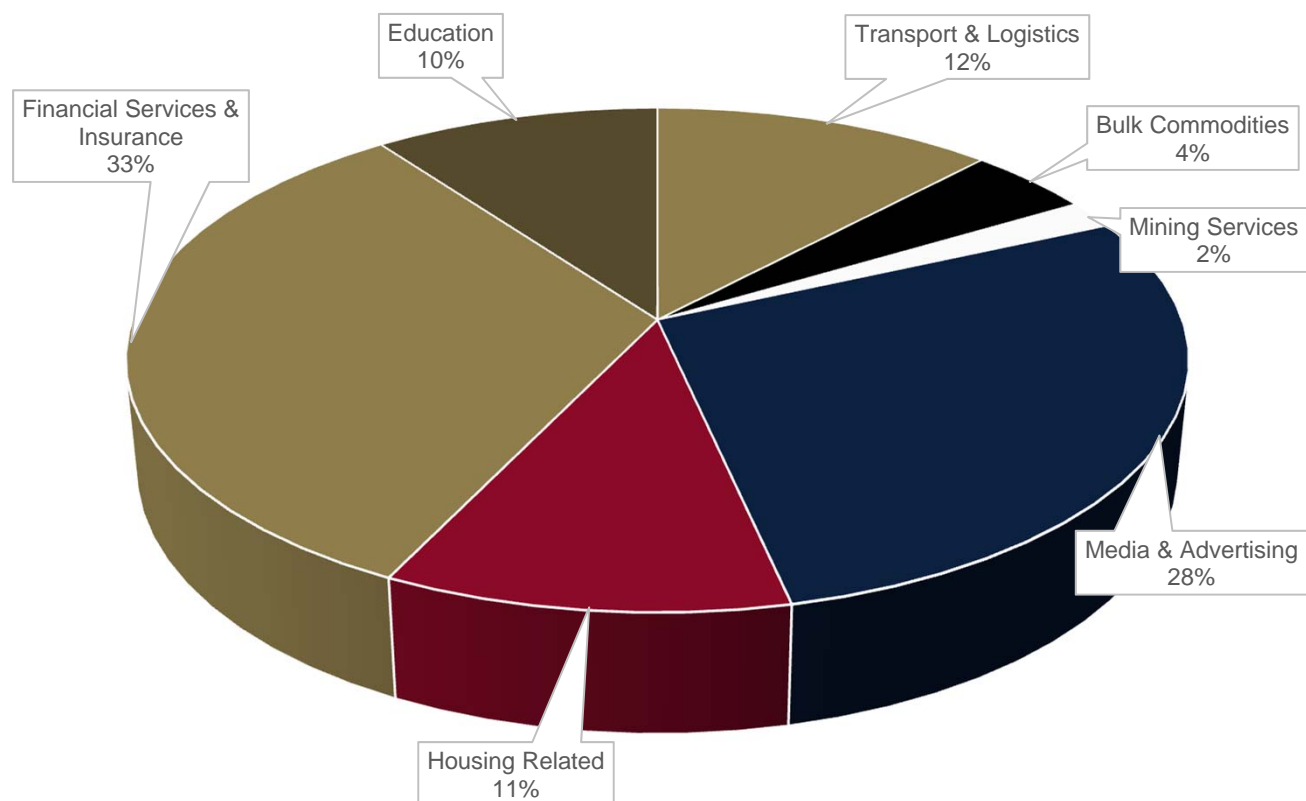
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Industry	Percentage of NAV (%)	Industry	Percentage of NAV (%)
Insurance	+11.48%	Retailing	+4.15%
Media & Advertising	+5.61%	Consumer Durables & Apparel	+3.55%
Healthcare Equipment & Services	+5.34%	Banks	+2.69%
Diversified Financials	+4.27%	Food & Beverage	+2.08%



## NCC – Current Portfolio Structure by Industry

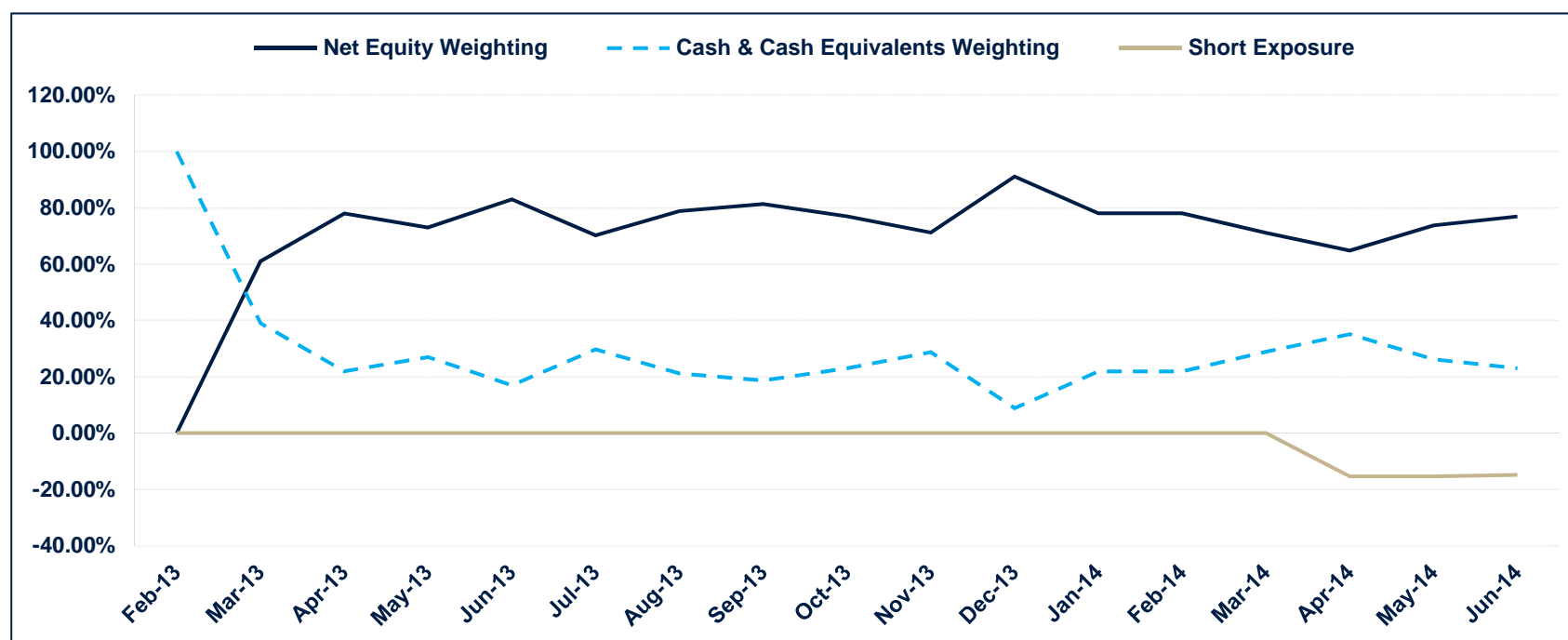
30<sup>th</sup> June 2014





## NCC – Current Portfolio Structure by Equity/Cash Exposure

### 30<sup>th</sup> June 2014





## NCC – Selection of Unlisted and Listed Company Contact

### April 2014 – June 2014

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The Pas Group Limited (PAS)	Oroton (ORL)	Rhype (RHP)	Lunalite (WEG)
Billabong (BBG)	Altium (ALU)	Stream Group (SGO)	HFA Group (HFA)
Phosphagencis (POH)	3P Learning (TPN)	Site Group (SIT)	Capilano Honey (CZZ)
Mermaid Marine (MRM)	IBuy (IBY)	Sirtex Medical (SRX)	Clarius (CND)
OzForex Group (OFX)	Breville Group (BRG)	Objective Corporation (OCL)	Diversa (DVA)
STW Communications (SGN)	Open Universities (Unlisted)	Silver Heritage (Unlisted)	Beyond International (BYI)

## NCC – Market Outlook (Relative Performance of Macro Sectors vs. ASX-200)



- The chart below highlights the significant divergence in performance between resource and industrial companies.
- Over the past few months we have seen a number of leading indicators show signs of developing positive trends. This includes a survey completed by the Australian Bureau of Statistics (ABS) surveying large mining companies and their short term intentions for capital expenditure.



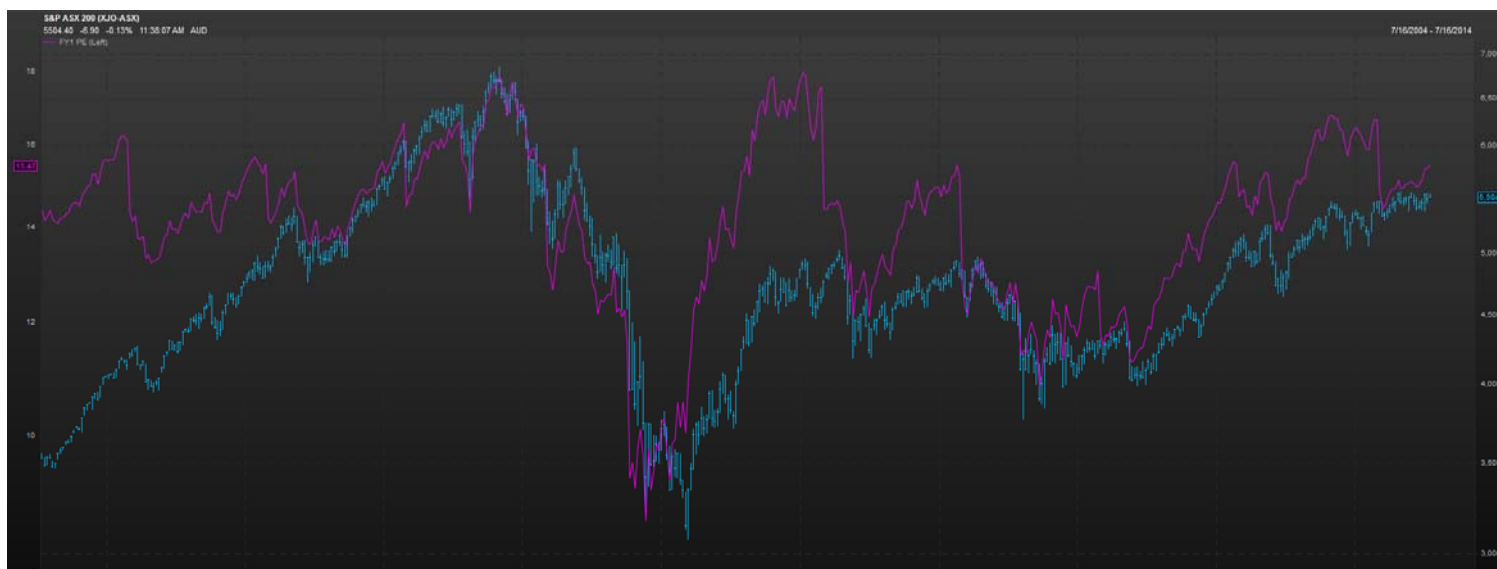
ASX-200 Index (White), ASX-200 Industrials Index (Purple) & ASX-200 Resources Index (Green) – 5 Year Chart (Source: Bloomberg)





## NCC – Market Outlook Cont. (Equity Market 12 –Month Forward P/E)

- The current ASX-200 P/E of 14.7 times and above the long term average by approximately 12%.
- Consensus EPS growth forecasts (FY15) for the ASX-200 are approximately 5.50% with an average yield of 4.40%.
- The AAA rating for Australian government bonds and the yield differential has allowed the AUD/USD to maintain a relatively high value which places significant earnings pressure on a number of large resource & industrial companies.

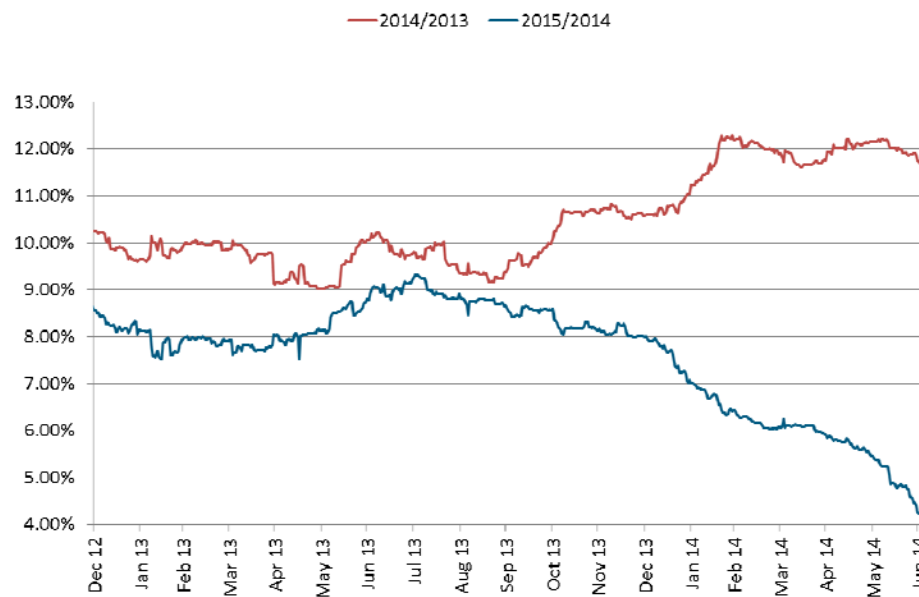


12 Month Forward P/E (Purple) & ASX-200 Index (Blue) – 10 Year Chart (Source: Factset)

## NCC – Market Outlook Cont. (Earnings Revisions for FY15)



- Consensus revisions for earning growth for FY15 have been consistently revised downwards from just over 9.00% growth to now just 4.00% for the ASX-50.
- Current market dynamics continue to suit stock specific performance as opposed to large index weighting portfolios to achieve outperformance over the medium term.



FY14 Consensus EPS Growth Forecasts & FY15 Consensus EPS Growth Forecasts – 2 Year Chart (Source: Shaws)



## NCC – Shareholder Communications & Distribution Update

- The NAOS website ([www.naos.com.au](http://www.naos.com.au)) contains extensive information relevant to NCC including how to join the company distribution list and the latest share prices for NCC & NCCO, as well as forms for exercising options. The website also hosts archived investment reports, shareholder forms and media content.
- Research is now available on NCC by the following stockbroking houses
  - Evans & Partners
  - BBY Securities
  - Bell Potter
  - Paterson's Securities
  - JB Were
  - Morgan's
- NCC is now available on the following WRAP platforms:
  - Macquarie Wrap
  - BT Wrap & BT Super Wrap
  - Australian Executor Trustees (AET) SMSF Platform (IOOF)
  - Net Wealth Super Wrap
  - Net Wealth Investment Wrap
  - HUB-24
- Detailed monthly investment reports & NTA updates are issued within 14 days of the end of the prior month.
- Quarterly investor conference calls with the portfolio manager and Q&A session for all participants.



## Question & Answer Session with the Portfolio Manager

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- Please follow the prompts to ask a question to the Portfolio Manager.
- If you would prefer to ask the question at a later date please email NAOS on [asenden@naos.com.au](mailto:asenden@naos.com.au) or call (02) 9947 2567.

## NCC – Directory

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