

NAOS Emerging Opportunities Company

Monday, 8th September 2014

Priority Offer for New LIC Initial Public Offering (IPO)

NAOS ABSOLUTE OPPORTUNITIES COMPANY

Dear Fellow Shareholder,

I am writing to offer you a priority allocation in a new Listed Investment Company (LIC) which intends to IPO in the coming months. Following a successful 18 months since the IPO of the NAOS Emerging Opportunities Company (NCC), NAOS has received indications of interest from a number of existing and prospective shareholders for a new listed product. All directors of NCC intend to subscribe for shares under the offer.

About the NAOS Absolute Opportunities Company

The new LIC intends to replicate all of the positive characteristics of NCC, with a targeted 4% yield franked at the discretion of Directors, focus on capital protection through long & short investing, active management and a concentrated portfolio of “best of breed” companies.

Where it will vary from NCC is its focus on companies with a market capitalisation of greater than \$300m, with an emphasis on absolute returns using shorting, as well as the ability to invest in overseas markets as well as domestically. Therefore, we believe that this new offer is highly complementary as a product for NCC’s existing shareholders.

The new LIC will be based on the unlisted NAOS Long Short Equity Fund, which has been managed by NAOS Asset Management for almost 10 years and could be seen as a comparable product. The unlisted fund has achieved a return of 112.79% after fees and expenses or 20.78%p.a. in the past 4 years as at the 31st of July 2014 (past performance is not necessarily a reliable indicator of future performance and potential investors should seek independent advice and refer to the prospectus before any investment is considered).

On day one of the IPO, it is intended that the NTA will be \$1.00 per share as all costs associated with the initial offer are to be covered by NAOS Asset Management as the Manager. This is a key differentiator for investors which means the Company will not lose any upfront capital prior to IPO. In addition, each investor subscribing for the offer will receive a free attaching listed option with a \$1.00 strike on a 3 for 4 basis exercisable at \$1.00 prior to the 30th of November 2016.

Becoming a Shareholder – Priority offer for NCC shareholders

NAOS Absolute Opportunities Company intends to raise money by a Prospectus during September and October with NCC shareholders to be offered a priority allocation to apply for shares. The priority allocation will be capped at \$15 million and applicants will therefore be allocated stock on a “first come, first served” basis. If you would like a Prospectus emailed or posted to you when it becomes available, please fill in your details overleaf and return via the reply paid envelope or alternatively email enquiries@naos.com.au with your details.

I would encourage you to seek further information on this priority offer from the NAOS team and we look forward to discussing this opportunity with you.

Kind Regards,



Sebastian Evans

NAOS Emerging Opportunities Company Ltd
Level 4, Domain House, 139 Macquarie Street
Sydney, NSW, 2000
Telephone: (02) 8064 0568
Facsimile: (02) 8215 0037
Email: enquires@naos.com.au



Prospectus Request Form

Name:

Postal Address:

Email:

Telephone:

No. of Copies Required:

Email Copy of Prospectus?
