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QUARTERLY INVESTOR BRIEFING
3RD QUARTER FY-2015

NAQS Absolute Opportunities Company
(ASX:NAC)

CALL DETAILS

NAOS

1. Date	Thursday 16 th April
2. Time	10.00am AEST
3. Telephone	1800 857 029
4. Guest Access Code	10842873#
5. Questions	Please email all questions to enquiries@naos.com.au prior to the allotted call time

AGENDA

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1. NCC REVIEW

- Capital Structure
- Total Shareholder Return Analysis
- Quarterly Performance & Attribution Analysis
- Net Equity Exposure
- Industry Exposure
- Sample Company Meetings

2. Market Commentary

- Australian Equity Market Review
- Global Themes

3. Keeping Up to Date

- Shareholder Communications

1. NAC Review

CAPITAL STRUCTURE

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SHARES ON ISSUE

21,500,000

NTA Analysis

Pre Tax - \$1.04

Pre Tax Pre Unrealised Gains Tax – \$1.03

Post Tax - \$1.03

* Diluted for remaining NACO Options (21,500,000) which are exercisable at \$1.00 and expire on 30th November 2016.

Directors Holdings in NAC (Number of Shares & Listed Options)

David Rickards – 200,000 (150,000)

Warwick Evans – 500,000 (375,000)

Sebastian Evans – 137,958 (5,487,890)

OPTIONS ON ISSUE

NACO

Expiry: 30th November 2016

Price Exercisable: \$1.00

Options Remaining on Issue: 21,500,000

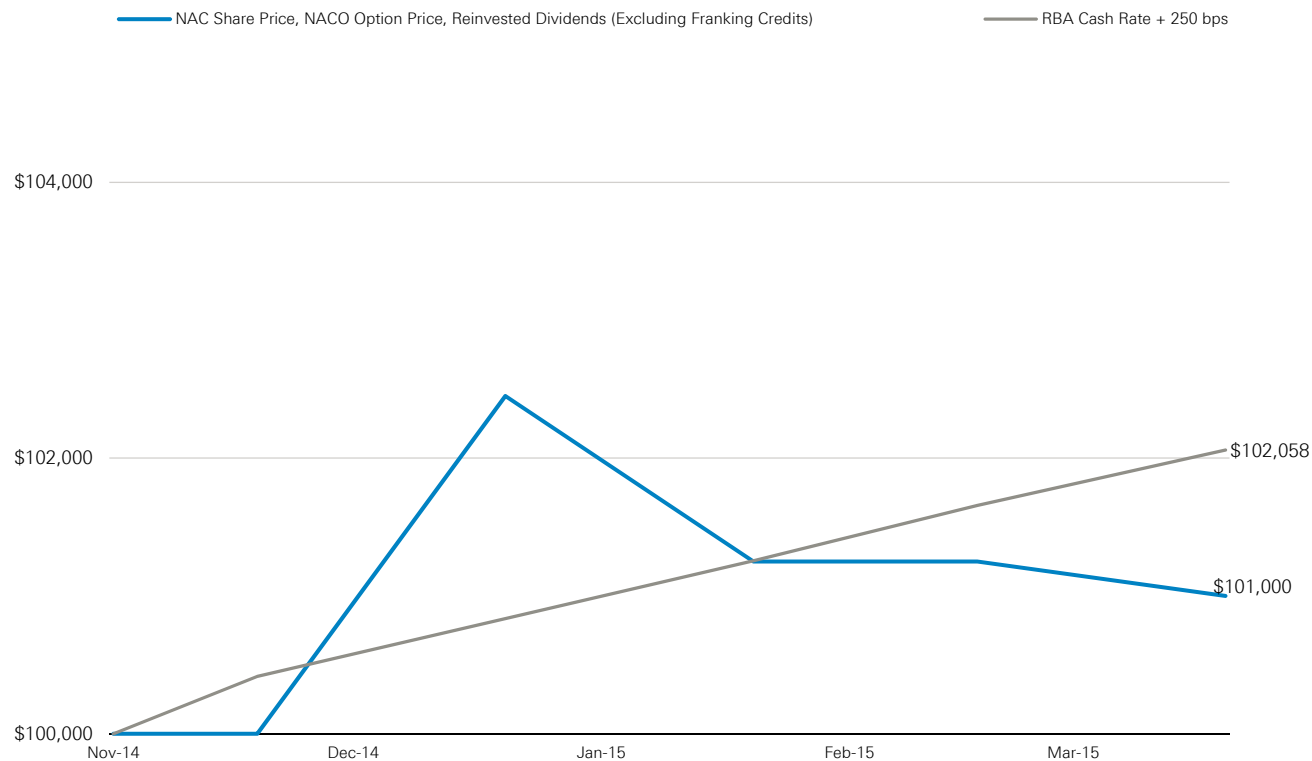
CURRENT DIVIDEND YIELD

Targeted, fully franked yield of 4.00% p.a.

TOTAL SHAREHOLDER RETURN ANALYSIS SINCE IPO

AS AT 31ST MARCH 2015

NAOS



PERFORMANCE & RISK SUMMARY

PRE FEES & FRANKING CREDITS, NET OF OPERATING EXPENSES
AS AT 31ST MARCH 2015

	1 Month (%)	3 Months (%)	Since Inception (Nominal)
NAC Investment Portfolio Performance	+2.74%	+6.52%	+5.32%
Benchmark (RBA Cash Rate +250bps)	+0.42%	+1.29%	+2.00%
Outperformance Relative to Benchmark	+2.32%	+5.23%	+3.32%

Investment Portfolio Performance is **pre fees and franking credits and post all operating expenses**.
Performance has **not been grossed up for franking credits received by shareholders**.
Inception is 12th November 2014

	Standard Deviation	Tracking Error	Positive Return Months
NAC Investment Portfolio	+6.35%	+13.94%	+80.00%
All Ordinaries Accumulation Index (XAOAI)	+12.42%	N/A	+60.00%

**PERFORMANCE ATTRIBUTION: TOP CONTRIBUTORS TO
PORTFOLIO RETURNS BY STOCK**

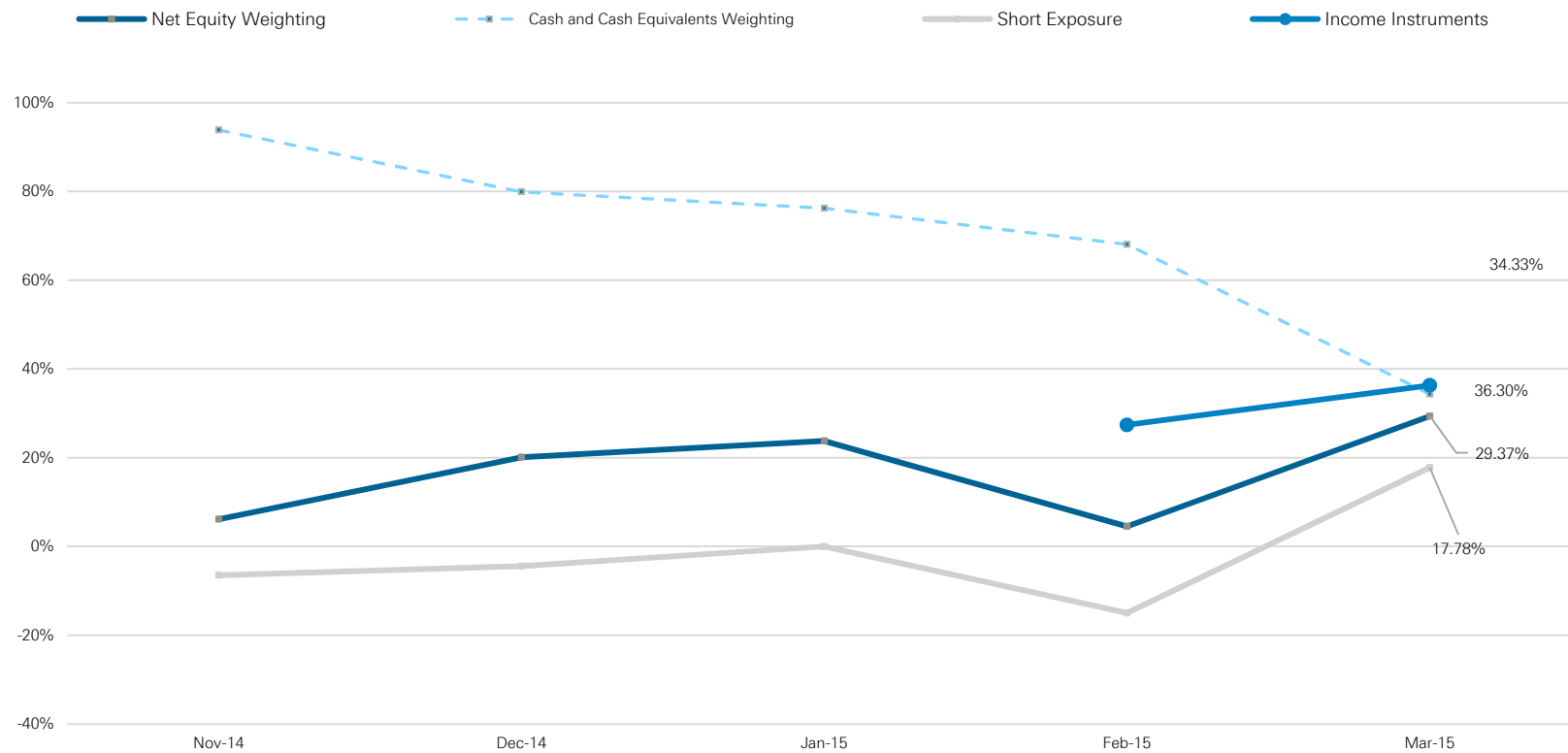
1ST MARCH 2013 TO 31ST MARCH 2015

NAOS

Investment	Contribution to Return (% NAV)	Investment	Contribution to Return (% NAV)
USD ETF	+4.01%	Amalgamated Holdings Limited	+0.51%
Iselect Limited	+1.01%	Reece Australia Limited	+0.49%
National Australia Bank	+0.78%	Macquarie Atlas Roads	+0.44%
Village Roadshow Limited	+0.60%	Monadelphous Group Limited	+0.35%

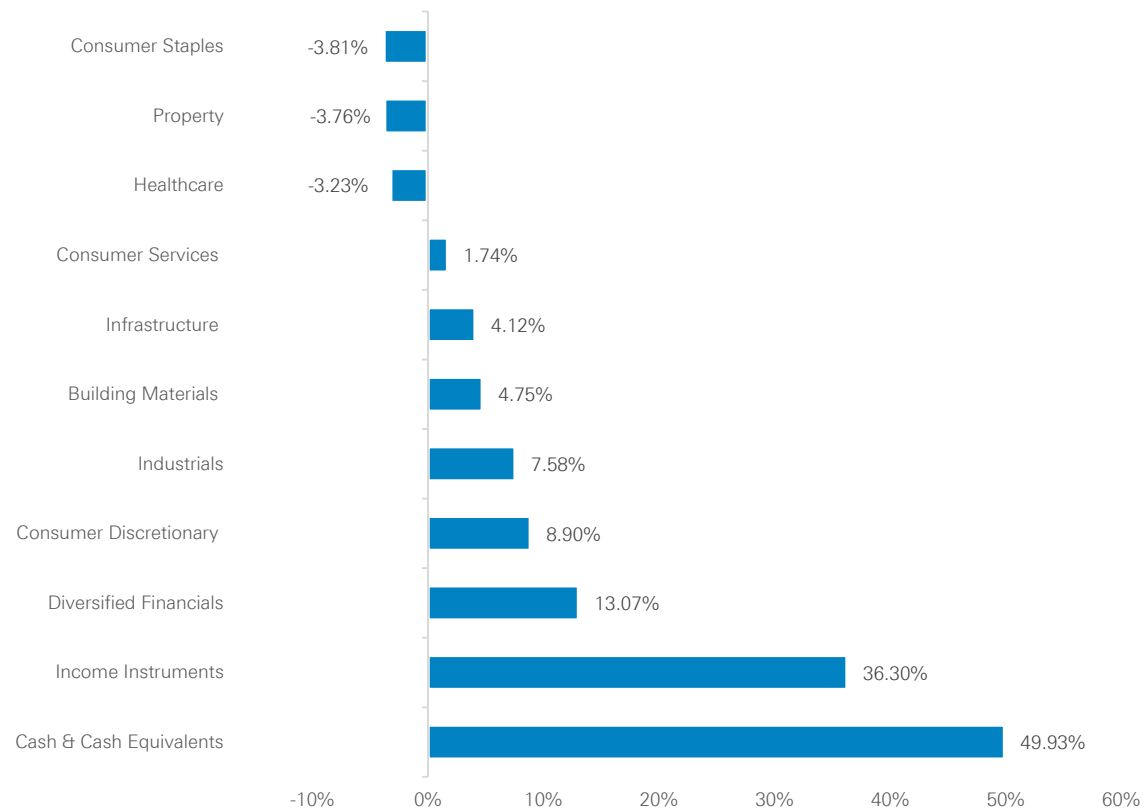
PORTFOLIO STRUCTURE **HISTORICAL NET EQUITY AND CASH WEIGHTINGS** AS AT 31ST MARCH 2015

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PORTFOLIO STRUCTURE
ALLOCATION BY INDUSTRY/SECTOR
AS AT 31ST MARCH 2015

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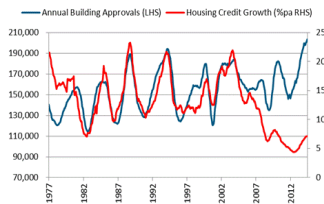
COMPANY MEETINGS

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. 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 that NAOS has engaged with.

• James Hardie (JHX)	• Iinet (IIN)	• Zillow (Z US)
• Hella KGAA Hueck (HLE GR)	• Monadelphous Group (MND)	• Shine Corporate (SHJ)
• Adelaide Brighton Cement (ABC)	• Recall (REC)	• SAI Limited (SAI)
• Veda Group (VED)	• Heineken (HEIA NA)	• Kathmandu (KMD)

2. Market Outlook/Commentary

Australian Equity Market Review



Australian Equity Market Fundamentals

- The domestic equity market continues to be pushed higher by investors seeking higher yields on their investments. We saw significant inflows into the equity market during Q1 2015, as the official cash rate was cut to 2.25% and investors moved their cash assets from term deposits with banks into high yielding stocks. The depreciation of the Australian dollar, to ~\$0.78 US cents also led to an increase in inflows from offshore investors.
- Reporting season was as expected, with growth in profitability coming from cost management programs as opposed to organic revenue growth. We also saw the market reward those companies who utilised capital management strategies to support their share prices.
- Whilst historically highly correlated, the current low interest rate environment has had only a marginal impact on Housing Credit Growth. We believe people's attitude to debt has changed and the multiplier effect previously experienced through rate cuts will not be as prevalent going forward.
- Forward P/E of the 50 leaders is now 17 times which is the highest in the past decade. Growth in Forward P/E multiples is not supported by earnings, these have been falling over the past year.
- P/E multiples of Industrials Ex Financials is now approaching 18.5x, which is well above the average but lower than levels of previous bull markets (2008 and 2000) when they reached 19.5x and 23.5x respectively.

Global Themes

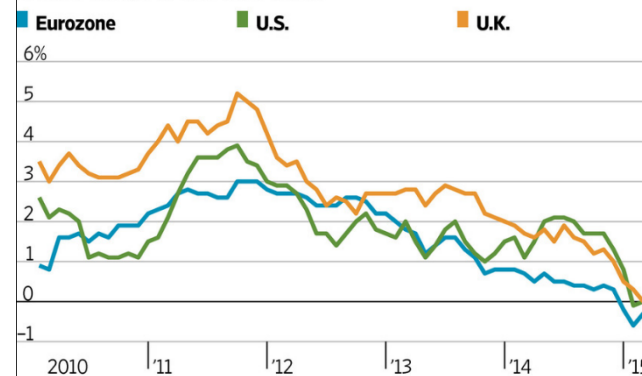
- The economic data in Europe continues to surprise on the upside. The chart below shows the European Economic Surprise index as measured by Citi over the past 12 months.
- Inflation has fallen despite unprecedented monetary policy. Rates are close to zero and trillions of dollars' worth of quantitative easing has been unleashed. Ultralow inflation also stands at odds with falling unemployment. In Germany, for example, joblessness is at a record low since reunification, yet inflation stands at just 0.1%. Wage inflation has shifted into a lower gear from pre-crisis levels.



Source: Bloomberg

Vanishing Point

Annual change in consumer prices



Sources: Eurostat, U.S. Bureau of Labor Statistics, U.K. Office for National Statistics; Associated Press (photo) THE WALL STREET JOURNAL.

3. Keeping Up To Date

KEEPING UP TO DATE – SHAREHOLDER COMMUNICATION

WEBSITE

- Shareholders can stay up to date with NAOS news and views, subscription lists and latest share prices via the company website: www.naos.com.au

TWITTER

- Follow NAOS on Twitter under the name (handle) of NaosAssetManagement

RESEARCH

- Research by several broking houses is now available. Please refer to the Research & Platforms section of our website for further information.

PLATFORM (WRAP) AVAILABILITY

- NAC is now available to purchase/trade via the following platforms:
 - Macquarie Wrap
 - BT Wrap & Super Wrap
 - MLC Navigator Wrap
 - Netwealth Wrap & Super Wrap
 - HUB-24
 - Australian Executor Trustees (AET) SMSF Platform (IOOF)

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