

19th November 2015

RE: Chairman's Address – Annual General Meeting 2015

The Board would like to welcome all shareholders to the inaugural Annual General Meeting for the NAOS Absolute Opportunities Company (NAC). NAC raised \$21.5m dollars through an IPO process in October 2014 and, through the subscription process, the Company offered shareholders a 1 for 1 free attaching option (NACO). Shares in the new company began trading on the ASX on 12 November 2014.

For the period since trading of NAC shares commenced to 30 June 2015, the Company has reported an after tax profit of \$1,111,350. Profit was generated as a result of positive performance in the Company's investment portfolio, specifically from the portfolio's exposure to US dollars and holdings in Sirtex Medical, Iselect, Moleskine, Aercap and Amalgamated Holdings. The Company generated a yield to IPO investors of 4.00%, fully franked for the Financial Year. The 2 cents per share paid out to investors was the maiden for the Company.

Whilst the number of shareholders on the register remained fairly constant over the period, shareholder equity in the Company has grown by 5.70% over the period. This growth is solely attributed to strong investment portfolio performance. An increase in the size of the asset pool is accretive to equity holders as it provides increased liquidity and increased scope for the manager to capitalise on investment opportunities. It also leads to greater efficiency in relation to administration costs as a percentage of assets.

The Company seeks to pay a minimum dividend of 4% per annum, to be paid on a semi-annual basis. The Board has adopted a policy to pay the dividends out of income generated, rather than capital and to frank the earnings to the extent that it is prudent to do so. The Company has a dividend reinvestment plan (DRP) in place. The process adopted by the Company with regard to its DRP is to buy shares in the market to allocate to investors rather than to issue stock. We seek to support shareholder value in this way.

For the period since inception, to 30th June 2015 (7 months), the portfolio returned +9.24%, outperforming the stated benchmark (RBA Cash Rate + 250 Basis Points) by +6.03%. This strong performance was derived as a result of the investment team's implementation of the Company's investment strategy and pleasingly the downside volatility in achieving this return has been such that the return has provided attractive risk adjusted returns to investors. The strategy for the portfolio seeks, first and foremost, to generate positive absolute returns, with a focus on mitigating the risk of capital loss. It aims to achieve this by adopting a long term, value, based approach and investing in a range of asset classes in the Australian and International markets.

The Board and Investment Manager maintain a clear alignment of interests with shareholders, through ownership of shares and options in the Company. All directors of the Company were net acquirers of shares through the financial year 2015. The Board wishes to thank all those who supported the Company during the IPO process and those who have become new shareholders during the 2015 Financial Year.

Kind regards



David Rickards
Chairman