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QUARTERLY INVESTOR BRIEFING
2ND QUARTER FY-2016

NAQS Absolute Opportunities Company
(ASX:NAC)

CALL DETAILS

NAOS

| | |
|----------------------|--|
| 1. Date | Thursday 28 th January 2016 |
| 2. Time | 10.00am AEDST |
| 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

1. NAC REVIEW

- Key Objectives
- Capital Structure
- Capital Analysis
- Performance & Risk Analysis
- Positive Stock Attribution Analysis
- Net Equity Exposure
- Industry & Currency Exposure
- Sample Company Meetings

2. Market Commentary

- Equity Market Review

3. Keeping Up to Date

- Shareholder Communications

1. NAC Review

KEY OBJECTIVES/FEATURES: NAOS ABSOLUTE OPPORTUNITIES COMPANY (NAC)

UNIQUE, FLEXIBLE, MULTI STRATEGY OFFERING
COMPLETELY BENCHMARK UNAWARE

SINGLE VEHICLE TO ACCESS BOTH DOMESTIC AND
GLOBAL 'BEST IDEAS'

ABSOLUTE RETURN FOCUS WITH DOWNSIDE CAPITAL
PROTECTION

NIMBLE FUND SIZE AND STRUCTURE TO MAXIMISE
SHAREHOLDER RETURNS

SIGNIFICANT MANAGEMENT AND SHAREHOLDER
ALIGNMENT

KEY INVESTMENT THEMES

Short
US Biotech

iShares Nasdaq Biotechnology ETF

Long Rising
US Interest Rates

iShares 7-10 Year Treasury Bond ETF



Short equities with US
denominated Debt and low
USD Earnings

玖龍紙業(控股)有限公司
NINE DRAGONS PAPER (HOLDINGS) LIMITED

Long EU Quality Defensive
Equities



Long Stock Specific
Undervalued Growth



Short Stock Specific Low
Quality Opportunities



CAPITAL STRUCTURE

AS AT 31ST DECEMBER 2015

NAOS

NTA ANALYSIS

Pre Tax - \$1.17

Pre Tax Pre Unrealised Gains Tax – \$1.18

Post Tax - \$1.14

OPTIONS ON ISSUE

NACO

Expiry: 30th November 2016

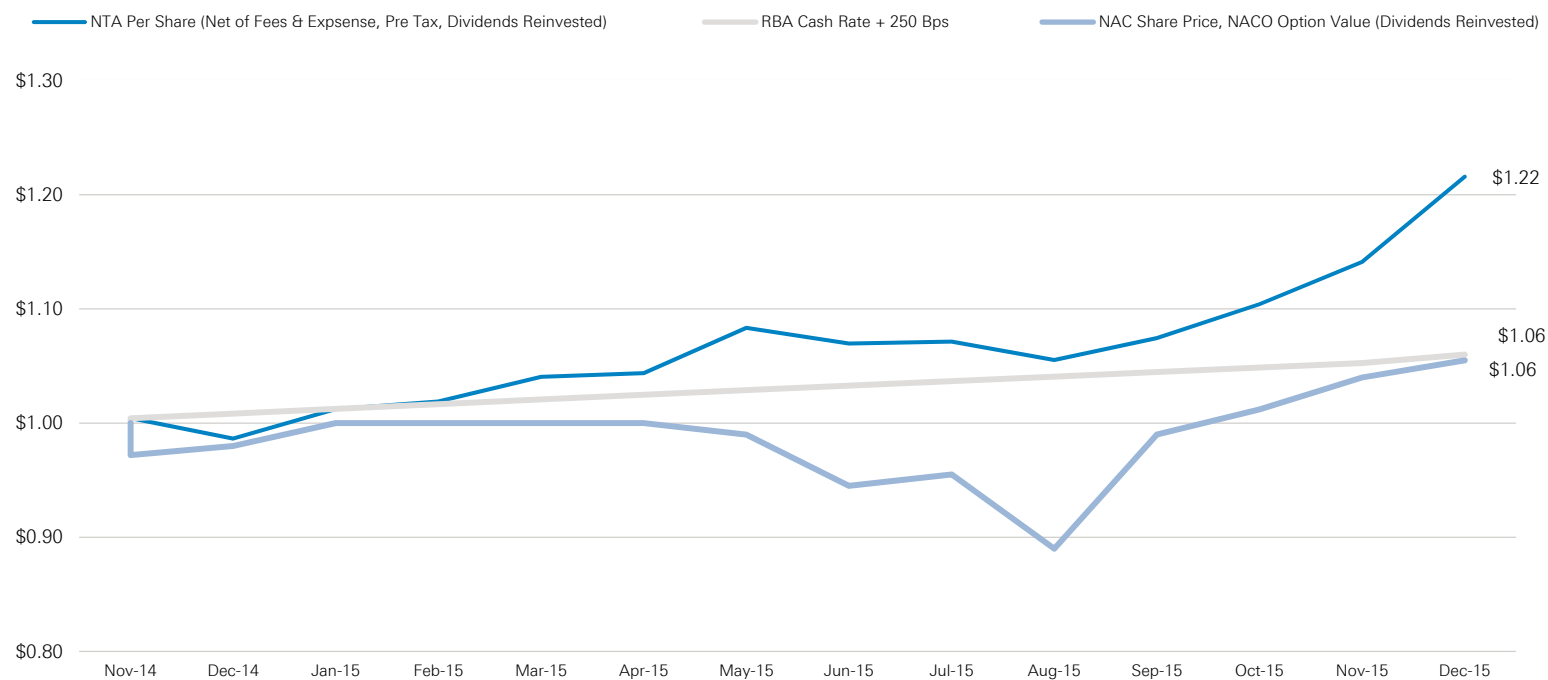
Price Exercisable: \$1.00

| | |
|--|------------|
| Share Price | \$1.00 |
| Share Price Discount to NTA (undiluted, pre tax) | ~14% |
| Fully Franked Dividend Yield | 4.00% |
| Gross Dividend Yield | 5.71% |
| Shares on Issues | 21,507,500 |
| Options on Issue | 21,492,500 |
| Directors Shareholding | 1,480,203 |

CAPITAL ANALYSIS

AS AT 31ST DECEMBER 2015

NAOS



NAC: PERFORMANCE & POSITIVE STOCK ATTRIBUTION SUMMARY **PRE FEES & FRANKING CREDITS, NET OF OPERATING EXPENSES** **AS AT 31ST DECEMBER 2015**

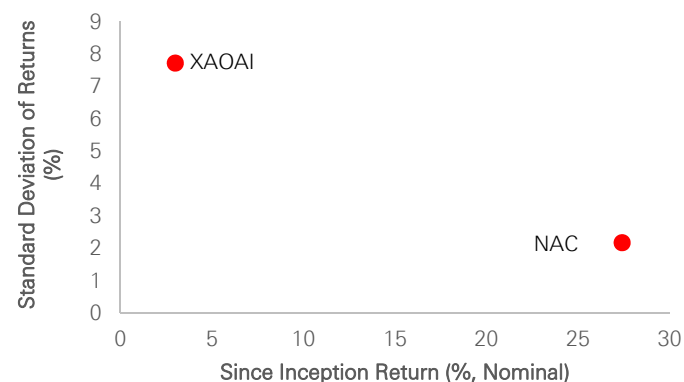
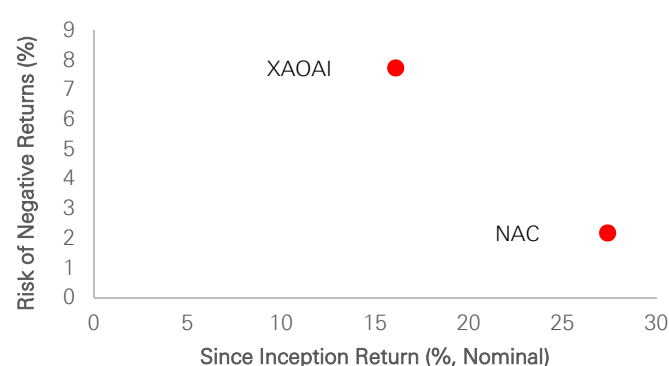
| | 1 Month | 3 Months | 6 Months | 1 Year | Since Inception (Nominal) |
|--------------------------------------|---------|----------|----------|---------|------------------------------|
| NAC Investment Portfolio Performance | +7.93% | +15.62% | +16.67% | +28.87% | +27.41% |
| Benchmark (RBA Cash Rate +250bps) | +0.40% | +1.18% | +2.37% | +4.91% | +5.65% |
| Outperformance Relative to Benchmark | +7.53% | +14.44% | +14.30% | +23.96% | +21.76% |

| | 1 Month | 3 Months | 6 Months | 1 Year | Since Inception (Nominal) |
|---|---------|----------|----------|--------|------------------------------|
| S&P/ASX All Ordinaries Accumulation Index (XAOAI) | +2.65% | +6.62% | +0.45% | +3.78% | +3.00% |
| MSCI ACWI AC (Net, Div Reinvested, AUD terms) | -2.64% | +1.04% | +0.30% | +9.78% | +16.11% |

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



NAC: POSITIVE STOCK ATTRIBUTION SUMMARY (SINCE INCEPTION)
AS AT 31ST DECEMBER 2015

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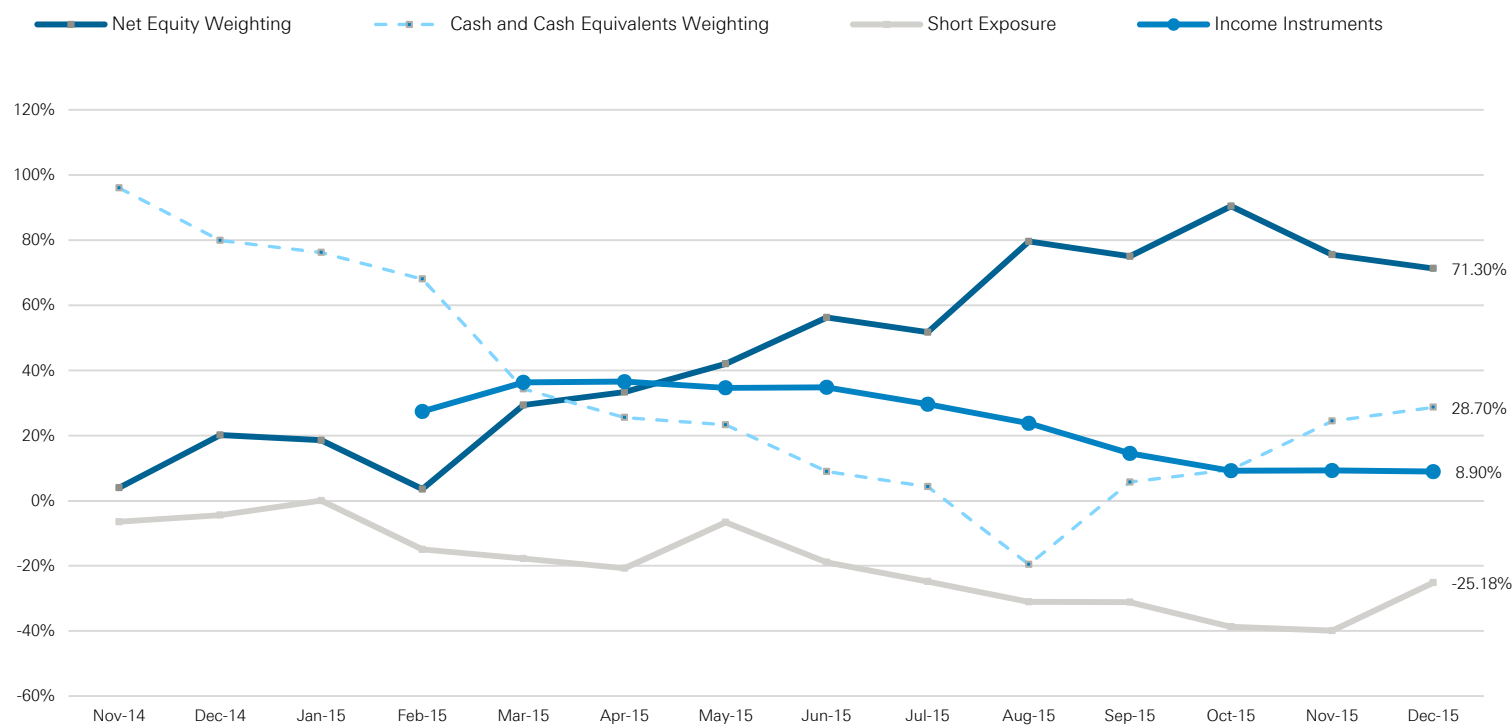
| Investment | Contribution to Return (% NAV) | Investment | Contribution to Return (% NAV) |
|------------------------------|-----------------------------------|-------------------------|-----------------------------------|
| US Dollar | +6.60% | Smart group Corporation | +2.20% |
| Amalgamated Holdings Limited | +5.06% | Macquarie Atlas Roads | +2.19% |
| Sirtex Medical Limited | +3.34% | Iselect Limited | +1.66% |
| Bellamy's Australia | +2.55% | RXP Services | +1.15% |

PORTFOLIO CHARACTERISTICS & RISK METRICS SUMMARY AS AT 31ST DECEMBER 2015

Portfolio Characteristics

| | |
|--|----------|
| Total Number of Equity Holdings (Long & Short) | 31 |
| Total Number of "Income" Instruments* | 5 |
| Total Number of Holdings | 36 |
| Portfolio Weighted Market Capitalisation | \$16.5bn |
| Percentage of Positive Months (NAC) | 79% |
| Percentage of Positive Months (XAOAI) | 50% |
| Standard Deviation of Returns (NAC) | 9.51% |
| Standard Deviation of Returns (XAOAI) | 13.26% |
| Correlation of Returns to XAOAI | 37.76% |
| Sortino Ratio | 11.40 |
| Downside Deviation | 2.17% |
| Downside Deviation (XAOAI) | 7.72% |
| Current Estimated Portfolio Beta | 0.214 |

NAC: HISTORICAL NET EQUITY AND CASH WEIGHTINGS AS AT 31ST DECEMBER 2015

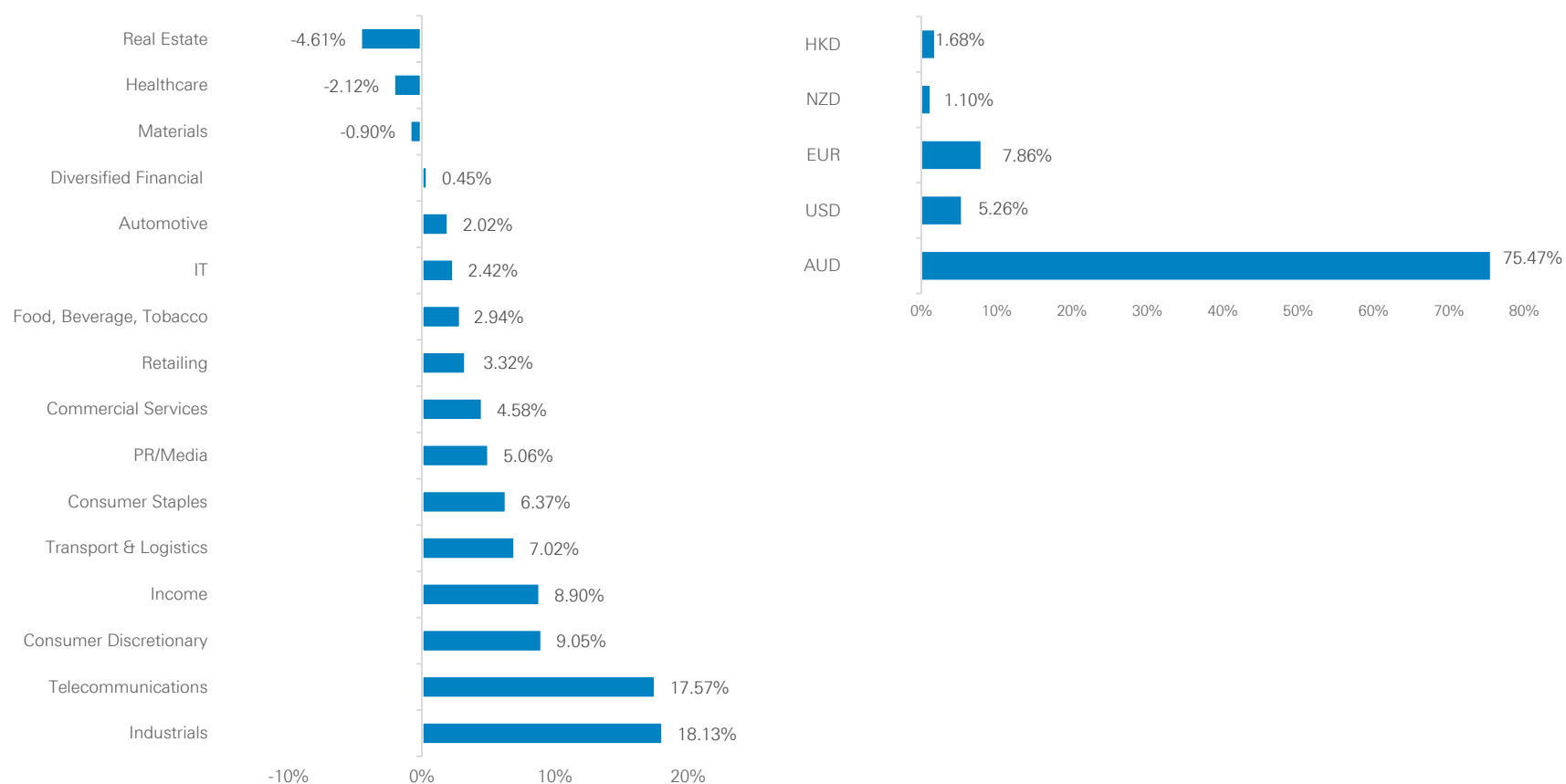


NAC: PORTFOLIO STRUCTURE

ALLOCATION BY INDUSTRY/SECTOR & CURRENCY (NET)

AS AT 31ST DECEMBER 2015

NAOS



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.

- | | |
|---------------------------------------|--|
| • NBN Co (Unlisted) | • MNF Group Limited (MNF) |
| • Macquarie Atlas Roads Limited (MOA) | • Collins Foods Limited (CKF) |
| • Xero Limited (XRO) | • Transport Investments Limited (TIL NZ) |
| • BWX Limited (BWX) | • APN Outdoor (APO) |
| • Arthur J Gallagher (AJG US) | • Smartgroup Limited (SIQ) |
| • Spotless Group Holdings (SPO) | • OOH! Media Limited (OML) |

2. Market Outlook/Commentary

Equity Market Review

Key issues we believe investors should be aware of as we move further into 2016 include:

1. Continued focus on cutting cost and falling Capex;

Much of the earnings growth that has driven the markets over the last couple of years has been as a result of companies reducing costs from their business and winding back the amount of capital expenditure they undertake. Capex is a requirement for business prosperity as it allows a business to maintain or expand its product and service offering. When analysing the impact of capex on businesses, those with a large amount of debt on their balance sheet and which have postponed carrying out capital related activities, we believe, will be the ones who fare the worst over the period to come. Instead, we focus on companies that have high levels of free cash flow and a strong balance sheet. These companies will no doubt fare much better in times when capex is required.

2. Continued volatility in the Commodities sector;

Investors in this sector have lost significant amounts of capital trying to pick the bottom of commodity price cycle in 2015. We are keeping our eyes open for signs of life however will approach any potential investment opportunity conservatively.

3. Movements in interest rates and the housing sector

The RBA has continued in its conservative approach to setting monetary policy, particularly as house prices have been strong and the second tier of our economy has been able to show resilience. Housing however is starting to show signs of weakness. Currently the market is pricing only a 25% chance of a rate cut in the next quarter. If housing does slow down, it is one more growth engine that Australia may lose. We remain open minded about which way the next interest rate move will go and we will be following the indicators very carefully.

Equity Market Review

4. Continuation of the 'Low earnings growth environment';

The 'low growth environment' that concerned the market at the beginning of 2015 has not really changed much as we enter 2016. We want to position our portfolio to be long companies who have a strong balance sheet and can grow by acquisition or have excess cash to return to shareholders. We also want to be owning companies in sectors that have a strong economic tailwind (e.g. tourism in Australia & Europe).

3. Keeping Up To Date

KEEPING UP TO DATE – SHAREHOLDER COMMUNICATION

WEBSITE

- The News and Media section of our website is updated regularly. The most recent information to be added to the site includes:

| News/Media | Publication | Month |
|---|--------------------|----------|
| Float stocks the fund managers like | AFR | November |
| Claire Payne Speaks at Naos | Financial Standard | November |
| The LIC's Favourite Stock Picks | Eureka Report | December |
| Capitalising on China's Healthcare Trends | Cuffelinks | December |
| Switzer Interview , Sky Business News | TV, Sky Business | December |
| Buy/Hold/Sell | Livewire | December |
| Switzer Interview, Sky Business News | TV, Sky Business | January |
| Eureka Interactive Interview | Eureka Report | January |

TWITTER

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

LINKEDIN

- Keep up to date with the latest from NAOS via our Linked In page 'NAOS Asset Management'

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