NAOS Emerging Opportunities Company (NCC)

MONTHLY INVESTMENT REPORT AND NTA UPDATE

March 2016

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KEY CHARACTERISTICS

1. Genuine Exposure to Undervalued Emerging Companies
Regardless of market capitalisation and/or liquidity, NCC seeks to provide investors with exposure to high quality, undervalued emerging companies in a transparent and concentrated long/short structure that has the competitive advantage of being a nimble closed ended fund with no liquidity constraints.

2. Focus on Quality of Companies Not Quantity or Size of Companies
Our primary focus is on developing a deep understanding and appreciation of the companies in our portfolio. We believe the best way to achieve this is to focus on a select number (target 0-15) of high quality ideas. By developing a deep understanding of these companies we believe we are well positioned to capitalise on our 'long term information advantage' & 'liquidity advantage'.

3. Focus on Meaningful Long Term Performance
We target an Internal Hurdle Rate of 20% p.a. over a rolling three-year period for all our investment holdings.

4. Portfolio Constructed Utilising a Benchmark Unaware Approach
Being benchmark unaware means we are not forced holders of stocks with large benchmark weightings that we are not convinced are attractive investment propositions.

5. Significant Alignment of Interests with Shareholders
NAOS & NCC employees/directors own >10 million NCC shares, providing shareholders with a significant alignment of interests.

Net Tangible Asset Value Breakdown as at 31st March 2016
(Pre the Payment of $0.0325 Fully Franked Dividend on 6th April 2016)

Pre Tax NTA:	$1.14
Post Tax & Pre Unrealised Gains NTA:	$1.16
Post Tax NTA:	$1.12

Investment Portfolio Performance to 31st March 2016

The NCC investment portfolio produced a positive return of +0.99% compared to the benchmark Small Ordinaries Accumulation Index (XSOAI) which returned +5.47% for March. Smaller companies again outperformed their larger counterparts with the All Ordinaries Index increasing by +4.74% in March. This now brings the outperformance of XSOAI relative to XAOAI to +11.77% over the last 12 months.

March allowed the investment team to digest the half year results which were released in February and meet with the management teams of all our investments. In our previous report we discussed our key holdings in Enero Group, Armidale Investments and BSA Group. In this month's report we will round out our top-5 investments with a rundown on Lindsay Group (ASX: LAU) and MNF Group (ASX: MNF).

Lindsay Groups results showed a Net Profit After Tax (NPAT) of $5.46 million which was up +22.6% on the prior period. Digging into the detail our estimated EBITDA for the transport business was very strong which we believe was up +16% on PCP. LAU has spent >$20 million (will spend >$35 million) on capital expenditure initiatives over the past 2 years and we are now starting to see the benefits of these initiatives flow through at the EBITDA level. Although depreciation expense has increased significantly we expect a significant increase in NPAT in FY17 and FY18 when this levels out and revenue growth leads to margin growth as a result of the improved customer offering (such as import/export facilities and ripening/fumigation facilities). This will bear significant fruit for shareholders especially if the excellent operating cash flow conversion is maintained.

The MNF result for the 1st half of FY2016 was always going to convoluted due to this being the 1st full half with a full contribution from the recently acquired TNZI. Pleasingly on an underlying basis EBITDA was +64% PCP though when factoring in the increase in shares on issue earnings per share was up +21% on PCP. Although the outlook statement did not change we noticed that the dividend payout ratio for the 1st half was slightly above the boards desired payout ratio. For this ratio to fall back into the desired levels the 2nd half would need to provide growth above what many investors would be expecting. Converting current Australian clients onto the new TNZI international network will drive the 2nd half result and more meaningfully impact FY17 performance.

	1 Month	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Inception (p.a.)	Inception (nom.)
NCC Investment Portfolio Performance*	+0.99%	+12.44%	+6.92%	+5.71%	+15.83%	+16.75%	+61.38%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+5.47%	+12.47%	+3.72%	+3.01%	+1.50%	+2.03%	+2.03%
Outperformance Relative to Benchmark	-4.48%	-0.03%	+3.20%	+2.70%	+14.33%	+14.72%	+59.35%

*Investment Portfolio Performance is post all operating expenses, before fees, taxes and initial IPO and placement commissions. Performance has not been grossed up for franking credits received by shareholders. Since inception (p.a. and nom.) includes part performance for the month of February 2013.

Positive Stock Attribution Analysis
(Attribution is what has contributed to NCC's performance since inception)
(1st March 2013 to 31st March 2016)

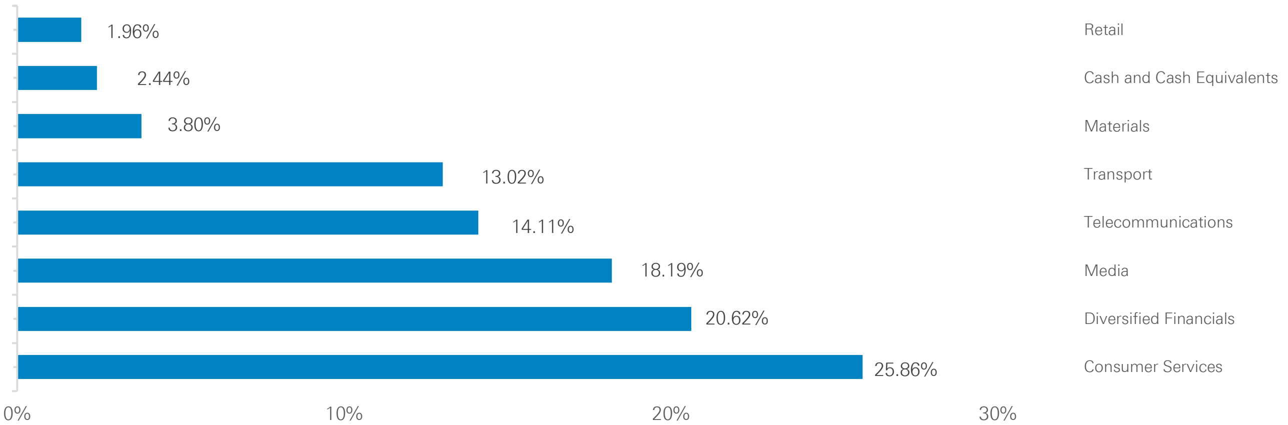
The table below lists the top positive contributors to NCC's total return since 1st March 2013. The purpose of the information is to illustrate that the performance the investment team derive over time is not simply from one or two positions but from a variety of positions, even with a highly concentrated portfolio of investments that is often 0 -15 securities at any one time. We will disclose securities in which the Company has a current substantial holding, or when we have exited the position. All of the below have either been a long or short position in the portfolio at some point in time.

Investment	Contribution to Return (%NAV)	Investment	Contribution to Return (%NAV)
Calliden Group Limited	+11.88%	Tamawood	+6.62%
Capitol Health Limited	+11.55%	Village Roadshow Limited	+6.25%
Lindsay Australia	+8.41%	Sirtex Medical Limited	+6.24%
BSA Limited	+7.74%	RHG Limited	+5.40%
Armidale Investments	+7.15%	Gage Roads Brewing	+4.74%

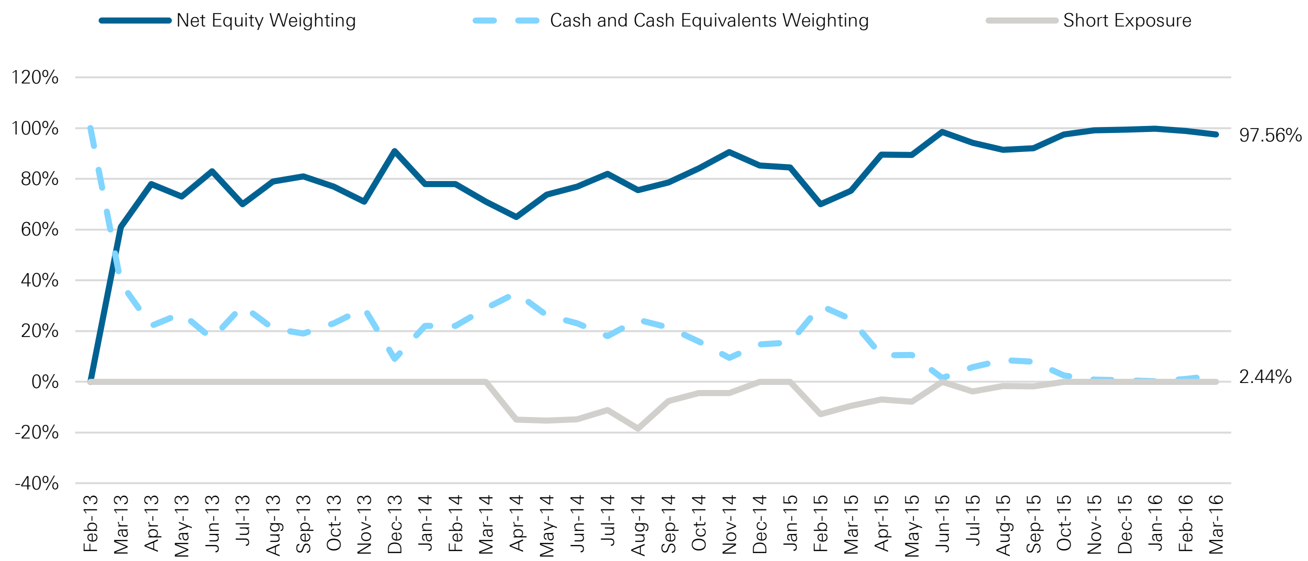
Portfolio Positioning as at 31st March 2016

As at March month end, the portfolio's net equity exposure was ~96% with a subsequent cash weighting of 2.44%. The core holdings in the portfolio did not change over the course of the month. As at month end, the portfolio was comprised of 10 long positions and no shorts. There were also no income instruments in the portfolio.

Industry Exposure



Net Equity Exposure



Company Meetings

The NAOS investment philosophy is based around the belief that for an emerging company to succeed and generate strong returns for shareholders it must be led by a motivated, proven and experienced management team. This is why the NAOS Investment Team has direct contact with many listed and unlisted emerging companies across a wide range of industries. A selection of the companies we met with during the month of March is provided below.

- Australian Vintage (AVG)
- AP Eagers (APE)
- Austin Engineering (ANG)
- McGrath (MEA)
- Redhill Education (RDH)
- APN News & Media (APN)
- Folkstone (FLK)
- Objective Corp (OCL)
- Aus Wide Bank (ABA)
- Bailador (BTI)
- Armidale Investments (AIK)
- Sirtex (SRX)

Portfolio Characteristics – Summary Data

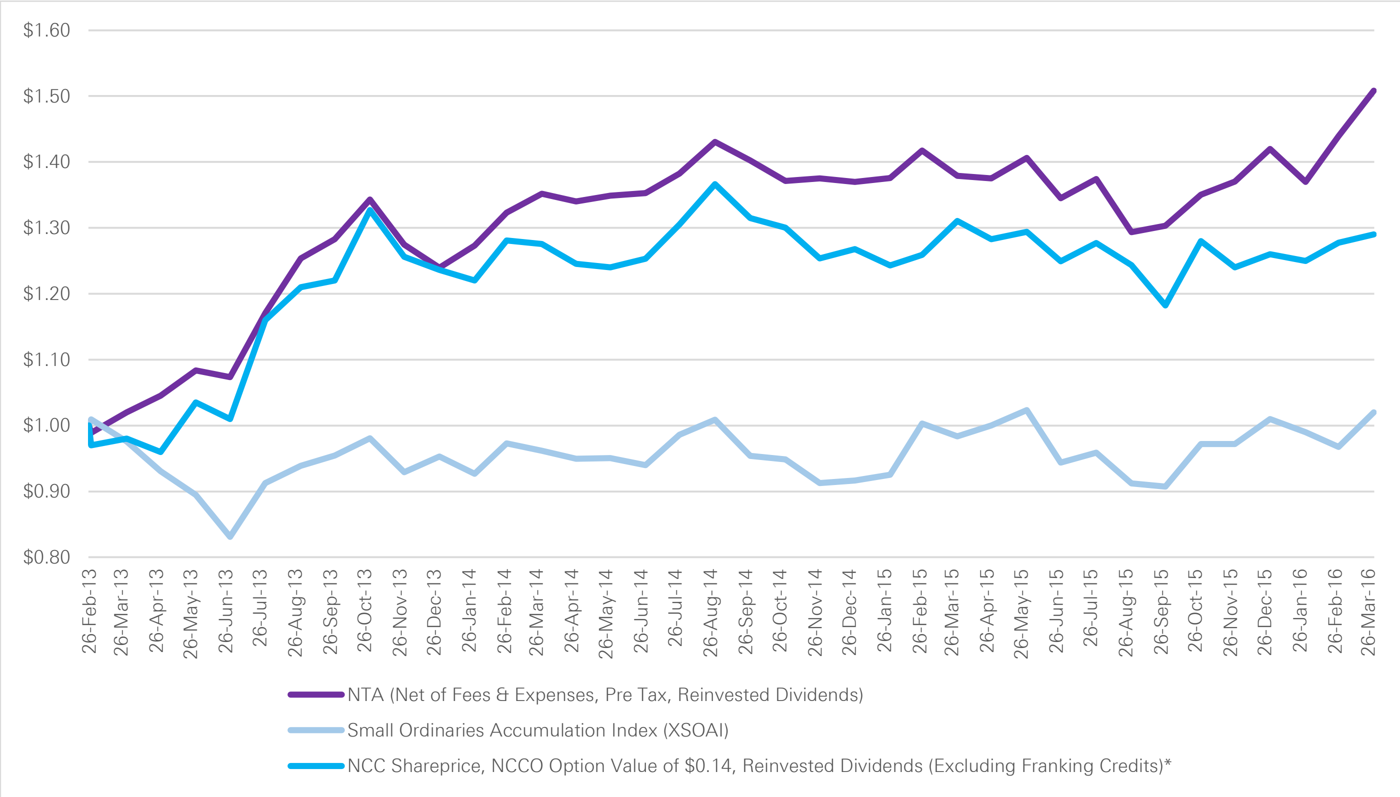
Below are a number of historical portfolio risk measures. Our aim in providing these metrics is to demonstrate to investors how NCC is placed from a risk adjusted basis to meet its objective, being to outperform the benchmark over the long term, and also to preserve investors' capital. A glossary of the terms used below and the method used for calculating them can be found on the last page of this report.

Portfolio Weighted Average Market Capitalisation	$101 Million
Percentage of Positive Months (NCC)	73%
Percentage of Positive Months (XSOAI)	55%
Standard Deviation of Returns (NCC)	11.59%
Standard Deviation of Returns (XSOAI)	14.53%
Correlation of Returns to XSOAI	0.59
Sortino Ratio	2.45
Downside Deviation (NCC)	5.93%
Downside Deviation (XSOAI)	7.57%
Current Estimated Portfolio Beta	0.20

Capital Management – Summary Data as at 31st March 2016

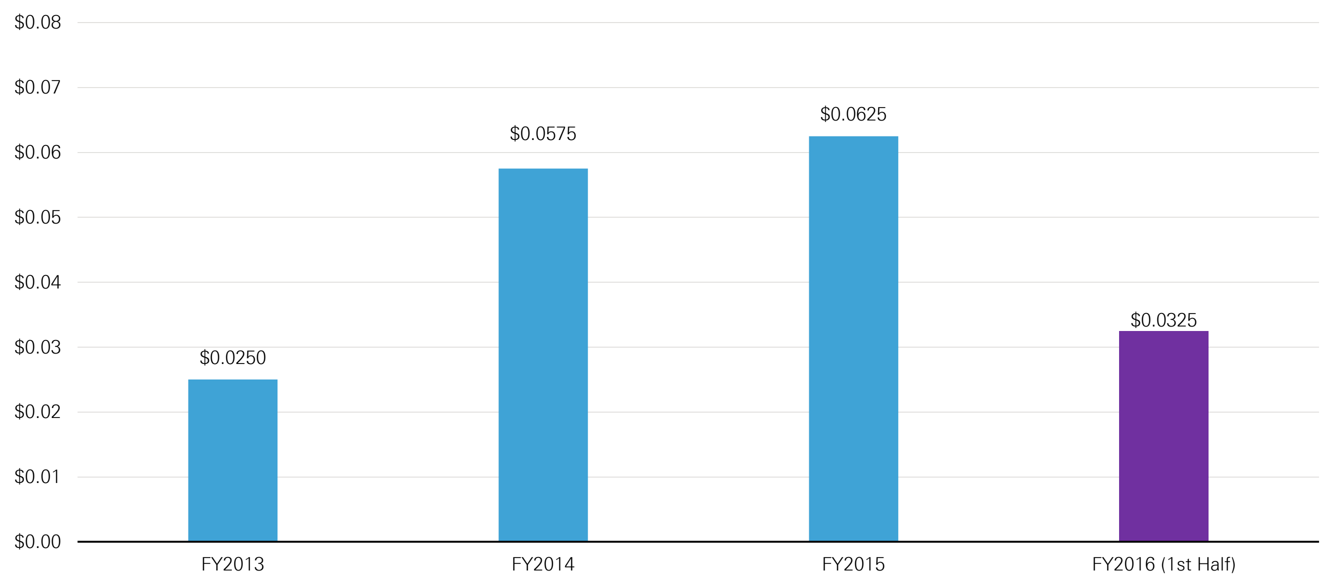
Share Price	$1.00
Discount/Premium to NTA (Pre-Tax)	-14.00%
Historical Fully Franked Dividend Yield	6.25%
Historical Gross Dividend Yield	8.93%
Shares on Issue	46,918,297
NCC Directors Shareholding (Ordinary Shares)	3,307,608

NTA & Share Price Analysis



*Assumes an intrinsic NCCO value of $0.14 cents per option at expiry (1st February 2015).

Dividend Profile - Historical Fully Franked Dividends (Cents per Share)



Description of Statistical Terms/Glossary

Portfolio Average Market Capitalisation – The portfolio weight of each individual position multiplied by each company's respective market capitalisation.

Standard Deviation of Returns – A historical analysis of the volatility in monthly returns also known as historical volatility.

Correlation of Returns – A statistical measure of how two variables move in relation to each other. In this case the two variables are NCC and XSOAI. If the correlation is 1 then the two securities should have the same monthly returns and if the correlation is -1 and XSOAI had a return of -1.00% then NCC would be expected to have a return of +1.00%

Sortino Ratio – A modification of the Sharpe ratio that differentiates harmful volatility from general volatility by taking into account the standard deviation of negative asset returns, called downside deviation. A large Sortino Ratio may potentially indicate that there is a low probability of a large capital loss. Returns less than that of the benchmark (Small Ordinaries Accumulation Index - XSOAI) are classified as negative asset returns.

Downside Deviation - A measure of downside risk that focuses on returns that fall below a minimum threshold or minimum acceptable return (MAR). For our calculations, we use returns negative to zero for the calculation of portfolio downside deviation.

Portfolio Beta – A measure of the volatility, or systematic risk of a portfolio or security. A beta of 1 indicates a portfolio/security's price will move with the market. A beta of less than 1 indicated that a security/portfolio should be less volatile than the market.

XSOAI – Small Ordinaries Accumulation Index

CORPORATE DIRECTORY

Directors
David Rickards (Independent Chairman)
Warwick Evans (Director)
Sebastian Evans (Director)

Company Secretary
Richard Preedy

Investment Team
Sebastian Evans (Chief Investment Officer)
Jeffrey Kim (Portfolio Manager)
Robert Miller (Portfolio Manager)
Ben Rundle (Portfolio Manager)

Chief Financial/Operating Officer
Richard Preedy

Business Development Manager
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