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NAOS Investment Mandate

01
NAOS seeks to protect investor capital whilst providing a sustainable growing stream of fully franked dividends and long-term capital growth above the relative benchmark index.

02
NAOS provides investors with genuine, concentrated exposure to Australian undervalued listed micro, small and mid-cap companies with an industrial focus.
NAOS Investment Beliefs

01 Value with Long Term Growth
02 Quality over Quantity
03 Invest for the Long Term (5+ years)
04 Performance v Liquidity Focus
05 Ignore the Index
06 Pure Exposure to Industrials
07 Environmental, Social and Governance (ESG)
08 Management Alignment

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We do not invest in tobacco, gambling, nuclear, uranium, controversial weapons, coal mining operations or oil and gas production companies.
Q3 FY2019 Review

US market rally not being supported by volume

Since 1st January 2019 to 8th April 2019, the S&P 500 is up 15%, while the Nasdaq is up 20%. Friday 5th April saw the second-fewest shares change hands of any trading day in 2019.

Hyper-growth stocks continue to be firmly in favour

Since 1st January 2019 to the end of March 2019 when looking at the performance of five hyper growth-stocks; Afterpay (ASX: APT), Wisetech (ASX: WTC), Xero (ASX: XRO), Appen (ASX: APX) and Altium (ASX: ALU), all were or are currently in the ASX/S&P Small Ordinaries Index (ASX: XSO), in an equally weighted basket these stocks are up 49.89%, as opposed to the XSO which is up 14.65% over this period.

Hyper-growth stock valuations v the market

Based on FY20 consensus numbers hyper-growth stock valuations are inflated versus the broader industrial market.*

S&P/ASX 300 Industrials Index (ASX: XKI) 13 EV/EBITDA
Afterpay (ASX: APT) 69 EV/EBITDA
Wisetech (ASX: WTC) 45 EV/EBITDA
Xero (ASX: XRO) 45 EV/EBITDA
Appen (ASX: APX) 27 EV/EBITDA
Altium (ASX: ALU) 34 EV/EBITDA

* Source Bloomberg, figures as at 11th April 2019
Q3 FY2019 Review

Hyper Growth Stocks v S&P/ASX Small Ordinaries Index (ASX: XSO)*

* Source Bloomberg Data, WAAAX Index includes equally weighted Afterpay (ASX: APT), Wisetech (ASX: WTC), Xero (ASX: XRO), Appen (ASX: APX) and Altium (ASX: ALU)
Q3 FY2019 Review

Valuation and Performance of Recent Tech IPOs (USD $bn)*

Twitter  Square  Snap  Dropbox  Lyft

Last Private Valuation  Market value at IPO  Market Capitalisation*

* Source CB Insights, Google Finance via Financial Times as at 8 April 2019

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## NTA & Performance as at 31 March 2019

<table>
<thead>
<tr>
<th></th>
<th>PRE TAX NTA</th>
<th>3 MONTH</th>
<th>1 YEAR</th>
<th>INCEPTION (P.A.)</th>
<th>INCEPTION (NOMINAL)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NCC</strong></td>
<td>$1.07</td>
<td>+2.83%</td>
<td>-10.86%</td>
<td>+12.39%</td>
<td>+103.70% (6 years 1 month)</td>
</tr>
<tr>
<td><strong>NSC^</strong></td>
<td>$0.75</td>
<td>+1.26%</td>
<td>-13.33%</td>
<td>-10.30%</td>
<td>-13.46% (16 months)</td>
</tr>
<tr>
<td><strong>NAC</strong></td>
<td>$1.00</td>
<td>+5.19%</td>
<td>-5.22%</td>
<td>+11.46%</td>
<td>+60.83% (4 years 5 months)</td>
</tr>
</tbody>
</table>

*Investment 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 and returns are compounded for periods greater than 12 months. Inception p.a. includes part performance for the month of February 2013 (NCC) and November 2014 (NAC), returns are compounded for periods greater than 12 months.

^Investment performance is post all operating expenses, before fees, taxes and interest. Performance has not been grossed up for franking credits received by shareholders. Inception performance (p.a. and nominal) is 1 December 2017.
Long Term Capital Protection*

* NCC and NAC 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.) includes part performance for the month of February 2013 (NCC) and November 2014 (NAC). Returns compounded for periods greater than 12 months. NCC averages taken from the 73 months since inception (41 'up market' months and 32 'down market' months) and NAC 55 months since inception (33 'up market' months and 22 'down market' months). All figures are as at 31 March 2019.
NCC Overview as at 31 March 2019

Dividend profile

6.71% Fully Franked Dividend Yield

100% Franking

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Per Share Net</th>
<th>Cumulative Dividend Per Share Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>2H FY13</td>
<td>$0.0250</td>
<td>$0.0250</td>
</tr>
<tr>
<td>FY14</td>
<td>$0.0575</td>
<td>$0.0825</td>
</tr>
<tr>
<td>FY15</td>
<td>$0.0625</td>
<td>$0.1450</td>
</tr>
<tr>
<td>FY16</td>
<td>$0.0675</td>
<td>$0.2125</td>
</tr>
<tr>
<td>FY17</td>
<td>$0.0700</td>
<td>$0.2825</td>
</tr>
<tr>
<td>FY18</td>
<td>$0.0725</td>
<td>$0.3550</td>
</tr>
<tr>
<td>1H FY19</td>
<td>$0.0375</td>
<td>$0.3925</td>
</tr>
</tbody>
</table>

Fully Franked Dividend Yield: 6.71%
Franking: 100%
# NCC Overview as at 31 March 2019

## Positive stock contributors to the investment portfolio since inception, 26th February 2013

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Current Holding</th>
<th>Contribution to Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSA Limited (ASX: BSA)</td>
<td>Yes</td>
<td>21.83%</td>
</tr>
<tr>
<td>Calliden Group Limited (ASX: CIX)</td>
<td>No</td>
<td>14.30%</td>
</tr>
<tr>
<td>Capitol Health Limited (ASX: CAJ)</td>
<td>No</td>
<td>13.90%</td>
</tr>
<tr>
<td>Consolidated Operations Group Limited (ASX: COG)</td>
<td>Yes</td>
<td>11.24%</td>
</tr>
<tr>
<td>Careers Multilist Limited (ASX: CGR)</td>
<td>Yes</td>
<td>10.19%</td>
</tr>
<tr>
<td>Lindsay Australia Limited (ASX: LAU)</td>
<td>No</td>
<td>9.23%</td>
</tr>
<tr>
<td>MNF Group Limited (ASX: MNF)</td>
<td>No</td>
<td>9.08%</td>
</tr>
<tr>
<td>Enero Group Limited (ASX: EGG)</td>
<td>Yes</td>
<td>8.53%</td>
</tr>
</tbody>
</table>
NSC Overview as at 31 March 2019

Dividend profile

8.80% Fully Franked Dividend Yield
100% Franking

$0.025 $0.030 $0.025 $0.030 $0.055 $0.080

1H FY18 2H FY18 Q1 & Q2 FY19

Dividend Per Share Net Cumulative Dividend Per Share Net
### NSC Overview as at 31 March 2019

<table>
<thead>
<tr>
<th>The top 5 positive stock contributors to the investment portfolio since inception, 1st December 2017</th>
<th>Current Holding</th>
<th>Contribution to Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over The Wire Limited (ASX: OTW)</td>
<td>Yes</td>
<td>3.00%</td>
</tr>
<tr>
<td>Enero Group Limited (ASX: EGG)</td>
<td>Yes</td>
<td>2.73%</td>
</tr>
<tr>
<td>Service Stream Limited (ASX: SSM)</td>
<td>No</td>
<td>1.30%</td>
</tr>
<tr>
<td>360 Capital Total Return Fund (ASX: TOT)</td>
<td>Yes</td>
<td>0.86%</td>
</tr>
<tr>
<td>360 Capital Group (ASX: TGP)</td>
<td>No</td>
<td>0.37%</td>
</tr>
</tbody>
</table>
NAC Overview as at 31 March 2019

Dividend profile

<table>
<thead>
<tr>
<th>Period</th>
<th>Dividend Per Share Net</th>
<th>Cumulative Dividend Per Share Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>2H FY15</td>
<td>$0.0200</td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>$0.0475</td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td>$0.0500</td>
<td>$0.1175</td>
</tr>
<tr>
<td>FY18</td>
<td>$0.0525</td>
<td>$0.1700</td>
</tr>
<tr>
<td>Q1 &amp; Q1 FY19</td>
<td>$0.0270</td>
<td>$0.1970</td>
</tr>
</tbody>
</table>

6.19% Fully Franked Dividend Yield
100% Franking

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## NAC Overview as at 31 March 2019

### Positive stock contributors to the investment portfolio since inception, 12th November 2014

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Current Holding</th>
<th>Contribution to Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Stream Limited (ASX: SSM)</td>
<td>No</td>
<td>6.65%</td>
</tr>
<tr>
<td>BSA Limited (ASX: BSA)</td>
<td>No</td>
<td>6.41%</td>
</tr>
<tr>
<td>MNF Group Limited (ASX: MNF)</td>
<td>Yes</td>
<td>6.02%</td>
</tr>
<tr>
<td>People Infrastructure Limited (ASX: PPE)</td>
<td>Yes</td>
<td>5.94%</td>
</tr>
<tr>
<td>Event Hospitality &amp; Entertainment Limited (ASX: EVT)</td>
<td>No</td>
<td>5.10%</td>
</tr>
<tr>
<td>Elders Limited (ASX: ELD)</td>
<td>Yes</td>
<td>4.83%</td>
</tr>
<tr>
<td>1-Page Limited (ASX: 1PG)*</td>
<td>No</td>
<td>3.96%</td>
</tr>
</tbody>
</table>

* Short Position
Updates on Key Investments

MNF Group Ltd (ASX: MNF)

- Lowered FY19 EBITDA guidance by ~5% and maintained FY20 EBITDA guidance, which implies ~25% EBITDA growth.
- Sale of residential ADSL business simplifies the business units and increases the recurring gross margin profile of the business.
- VOIP network is operational in New Zealand with a further network in Singapore due to be operational within 3-6 months.
- Bandwidth, a Nasdaq-listed peer has a similar service offering, customer base and gross profit profile and has a market capitalisation in excess of $2 billion compared to MNF at just over $300 million.

Enero Group Ltd (ASX: EGG)

- Achieved a record EBITDA result with 15% organic revenue growth.
- Significant client wins with organic growth driven by increasing client penetration i.e. Adobe Inc (US: ADBE)
- Share price has increased significantly and as a result of market demand NAOS was able to reduce its holding in EGG from ~24% to ~17%.
- Accenture (market capitalisation ~ $155 billion AUD) acquired creative agency Droga5 which is of a similar size to EGG (500+ staff) for what was believed to be a figure close to 2 times revenue.

Figures are as at 31 March 2019
Updates on Key Investments

CML Group

CML Group Ltd (ASX: CGR)
- Released a very strong 1HFY19 result with EBITDA up +30% and the share price subsequently reaching a high of $0.58 from a low of $0.42 in December.
- Increased the transparency around the new invoice discounting product together with a bolstered and proven management team.
- CEO sold a portion of his shareholding in March which has seen the share price fall back to $0.49. We have the view that as the CEO and his related parties still represent over ~10% of the diluted shares on issue that the shares will re-rate significantly with a number of catalysts to come.

Smartgroup Ltd (ASX: SIQ)
- Added back into the NAC portfolio in March after the share price fell from almost $13.00 to $8.00 over a 6-month time period.
- This was compounded by the CEO selling 25% of his holding at a significant discount to the last price, subsequently there has been significant buying from the Chairman and a number of other Directors.
- SIQ remains minimally geared and generates free cash flow that is often equal to net profit with all technology investment expensed.
- We believe that much of the SIQ customer base operates in industries that are experiencing structural growth such as healthcare, education and aged care which will benefit the SIQ business over the long term, albeit not at the growth rates that the market was expecting.
Example channel checking activities (listed, unlisted and global businesses)

<table>
<thead>
<tr>
<th>NAOS holding</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costa Group Limited (ASX: CGC)</td>
<td>Tour of Chinese Operations</td>
</tr>
<tr>
<td>Wingara AG Limited (ASX: WNR)</td>
<td>End Market Store Tour in China</td>
</tr>
<tr>
<td></td>
<td>Fresh Produce Contact Alibaba</td>
</tr>
<tr>
<td></td>
<td>Australian Government Consultant and AFIA Representative</td>
</tr>
<tr>
<td>CML Group Limited (ASX: CGR)</td>
<td>Industry veteran, executive Scottish Pacific and Classic Funding Group</td>
</tr>
<tr>
<td>MNF Group Limited (ASX: MNF)</td>
<td>Former Senior Executive Global One</td>
</tr>
<tr>
<td></td>
<td>Consultant to NBN &amp; Senior Executive at three major Telcos</td>
</tr>
<tr>
<td></td>
<td>Former Investor &amp; Executive Twilio</td>
</tr>
</tbody>
</table>
Capital management and acting in the best interests of shareholders

**Dividends**

- All dividends to date from NAOS LICs have been fully franked.
- The Dividend Reinvestment Plan (DRP) buys shares on market if the share price is at a discount to NTA to avoid diluting shareholders. 2.49m NSC DRP shares bought since 1 December 2017.

**Indirect Costs**

- NAC listing fees paid by NAOS, this was a LIC industry first.
- Board fees lowered in NSC from $309,800 (FY 2017) to $111,572 (FY 2018).

**Alignment**

- NAOS Directors and Staff are some the largest shareholders across the NAOS LICs ensuring alignment of interests with all shareholders.
- CIO holds no shares outside of the NAOS LICs and NAOS Asset Management Limited.

**Brand Awareness**

- 9,000+ subscribers to NAOS marketing communications.
- Media presence across publications such as Cuffelinks and Livewire.
- National Investor Roadshow twice yearly in 6 capital cities (1,000+ RSVP’s per annum).

**NSC Buy-Back**

- At the end of March, NSC announced its intention to commence an on-market buy-back of up to 10% of its ordinary shares on issue.
- The Board considers this to be an effective use of the Company’s capital to close the discount to NTA as well as increasing the NTA per share over the long term.
NAOS Listed Investment Companies

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>ASX: NCC</th>
<th>ASX: NSC</th>
<th>ASX: NAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-Cap (0-15 Positions)</td>
<td>$10m</td>
<td>$100m</td>
<td>$1bn</td>
</tr>
<tr>
<td>Small-Cap (0-30 Positions)</td>
<td>$250m</td>
<td>$400m</td>
<td>$6.5bn</td>
</tr>
<tr>
<td>Mid-Cap (0-20 Positions)</td>
<td>$128bn</td>
<td>$1bn</td>
<td>$128bn</td>
</tr>
<tr>
<td>Stocks</td>
<td>1121 Stocks</td>
<td>219 Stocks</td>
<td>178 Stocks</td>
</tr>
</tbody>
</table>

Example Companies falling within this Universe:

- ASX: MIL
- ASX: BSA
- ASX: NCK
- ASX: ORI
- ASX: CBA

Source: Bloomberg Data January 2019
NAOS investment process

01 INVESTMENT UNIVERSE SCREEN CRITERIA

02 INVESTMENT UNIVERSE FUNNEL

-643 COMPANY SIZE
-345 REVENUE
-907 INDUSTRY
-498 BALANCE SHEET

03 INVESTMENT CRITERIA

COMPANY

411 COMPANIES IN THE NAOS UNIVERSE

04 THE NAOS LICs

50-80 NAOS ACTIVE INVESTMENT UNIVERSE WATCHLIST

2804 TOTAL ASX LISTED COMPANIES*

0-15 ASX:NCC NAOS EMERGING OPPORTUNITIES COMPANY LIMITED
0-30 ASX:NSC NAOS SMALL CAP OPPORTUNITIES COMPANY LIMITED
0-20 ASX:NAC NAOS Ex-50 OPPORTUNITIES COMPANY LIMITED

* Source: Bloomberg Data June 2018

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NAOS ESG framework

01 OUR COMMITMENT TO RESPONSIBLE INVESTMENT

02 NEGATIVE SCREENS
- TOBACCO
- GAMBLING
- NUCLEAR & URANIUM
- CONTROVERSIAL WEAPONS
- COAL MINING OPERATIONS, OIL & GAS PRODUCTION

03 ESG FRAMEWORK
- ENVIRONMENTAL
- SOCIAL
- GOVERNANCE

04 THE INCORPORATION OF ESG

NAOS ESG framework
Historical Shareholder Numbers

- NCC Shareholders
- NAC Shareholders
- NSC Shareholders

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Investor awareness and communication

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The news and media section of our website is updated regularly naos.com.au

Twice yearly National Roadshow

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For all enquires contact enquiries@naos.com.au or call (02) 9002 1576
NAOS Directors and Team

OUR DIRECTORS

Sebastian Evans
Managing Director, NAOS Asset Management Limited &
Director NCC, NSC and NAC

Warwick Evans
Chairman, NAOS Asset Management Limited &
Director NCC, NSC and NAC

Mark Bennett
Director, NAOS Asset Management Limited

Trevor Carroll
Independent Chairman NSC

Matthew Hyde
Director, NAOS Asset Management Limited

David Richards
Independent Chairman & Director, NCC and NAOS B Independent Director NSC

Sarah Williams
Independent Director, NCC and NAC

OUR TEAM

Sebastian Evans
Chief Investment Officer

Ben Rundie
Portfolio Manager

Robert Miller
Portfolio Manager

Rachel Folder
Investment Analyst

Richard Prewby
Chief Financial and Operating Officer

Rajiv Sharma
Senior Legal Counsel and Company Secretary NCC, NSC & NAC

Julia Stanistreet
Business Development Manager
NAOS Asset Management giving back

NAOS, the management company, is proud to be supporting the following charities:

- ‘Golden Shouldered Parrot’ threatened species project, in partnership with Bush Heritage
- ‘Reef Aid’ campaign, in partnership with Greening Australia
- RFDS, dedicated to providing healthcare to Australians in remote communities
Thank you for your continued support