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CTN SHAREHOLDERS  
NATIONAL INVESTOR ROADSHOW

INTRODUCTION TO  
NAOS ASSET MANAGEMENT  
LIMITED

NOVEMBER 2017

# IMPORTANT INFORMATION

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# INTRODUCTION TO NAOS | CTN ROADSHOW

## EVENT DETAILS

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### BRISBANE

11.00am–12.00pm  
**Monday 6th November**

Customs House  
399 Queen Street  
Brisbane QLD 4000

### SYDNEY

11.00am–12.00pm  
**Wednesday 8th November**

Museum of Sydney  
Cnr Phillip and Bridge Streets  
Sydney NSW 2000

### ADELAIDE

2.30pm–4.00pm  
**Thursday 9th November**

Pullman Adelaide  
16 Hindmarsh Square  
Adelaide SA 5000

### PERTH

11.00am–12.00pm  
**Monday 13th November**

Hyatt Regency Perth  
99 Adelaide Terrace  
Perth WA 6000

### MELBOURNE

11.00am–12.00pm  
**Wednesday 15th November**

Grand Hyatt Melbourne  
123 Collins Street  
Melbourne VIC 3000

# OUR LISTED INVESTMENT COMPANIES

## NAOS EMERGING OPPORTUNITIES COMPANY LIMITED (ASX: NCC)



Industrial Companies with Market Cap \$10M - \$250M



Target 8 -12 Long Positions



Strategy Capacity \$150m

EMERGING /MICROCAP COMPANIES

Performance +18.96% P.A.  
& Gross Yield 7.00%\*

## CONTANGO MICROCAP LIMITED (ASX: CTN)

### OUR PLANNED APPROACH



Industrial Companies with Market Cap \$100M - \$1B



Target 10 -15 Long Positions



Strategy Capacity \$300m

SMALL CAP COMPANIES

## NAOS ABSOLUTE OPPORTUNITIES COMPANY LIMITED (ASX: NAC)



Industrial Companies with Market Cap \$400M - \$1B+



Target 10-15 Long & 0-3 Short Positions



Strategy Capacity \$500m

SMALL/MID CAP COMPANIES

Performance +16.11% P.A.  
& Gross Yield 7.11%\*

\* Figures at 30 Sep 2017. Performance is since inception p.a. and 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 includes part performance for NCC for the month of March 2013 and NAC the month of November 2014. Returns compounded for periods greater than 12 months.

# NAOS TEAM

## THE BOARD



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



**Mark Bennett**  
Director, NAOS Asset Management Limited



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

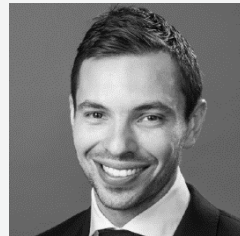


**David O'Halloran**  
Director, NAOS Asset Management Limited



**David Rickards**  
Chairman & Director, NCC and NAC

## OUR TEAM



**Sebastian Evans**  
Chief Investment Officer



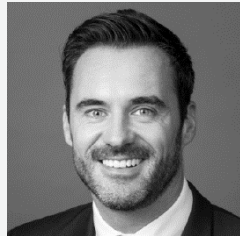
**Ben Rundle**  
Portfolio Manager



**Jeffrey Kim**  
Portfolio Manager



**Robert Miller**  
Portfolio Manager



**Richard Preedy**  
Chief Financial and Operating Officer



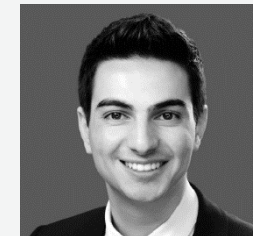
**Julia Stanistreet**  
Business Development Manager



**Megan Walker**  
Marketing and Communications Manager



**Rajiv Sharma**  
Senior Legal Counsel and Company Secretary NCC, CTN and NAC



**Chadd Knights**  
Associate Analyst



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“It is impossible to produce a superior return unless you do something different to the majority”

Sir John Templeton

# NAOS STRATEGY FOR CTN

1.  PERFORMANCE FOCUSED
2.  SUSTAINABLE GROWING DIVIDEND POLICY
3.  CLOSE THE DISCOUNT TO NTA
4.  MANAGEMENT AND SHAREHOLDER ALIGNMENT
5.  MARKET AWARENESS AND EFFECTIVE COMMUNICATION

# NAOS INVESTMENT BELIEFS

We believe success is achieving returns for our investors, over a three to five year period, better than and without correlation to the broader market with less risk of permanent capital loss.

We see value in the sharing of investment ideas with our investment community via open and transparent communication to ensure investors are able to make informed decisions.



VALUE  
FOCUSED



QUALITY OVER  
QUANTITY



INVEST FOR  
THE LONG TERM



IGNORE  
THE INDEX



PURE EXPOSURE  
TO INDUSTRIALS



ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE (ESG)



MANAGEMENT  
ALIGNMENT



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“Our policy is to concentrate holdings. We try to avoid buying a little of this or that when we are only lukewarm about the business or its price. When we are convinced as to attractiveness, we believe in buying worthwhile amounts.”

Warren Buffett

# 1. PERFORMANCE FOCUSED

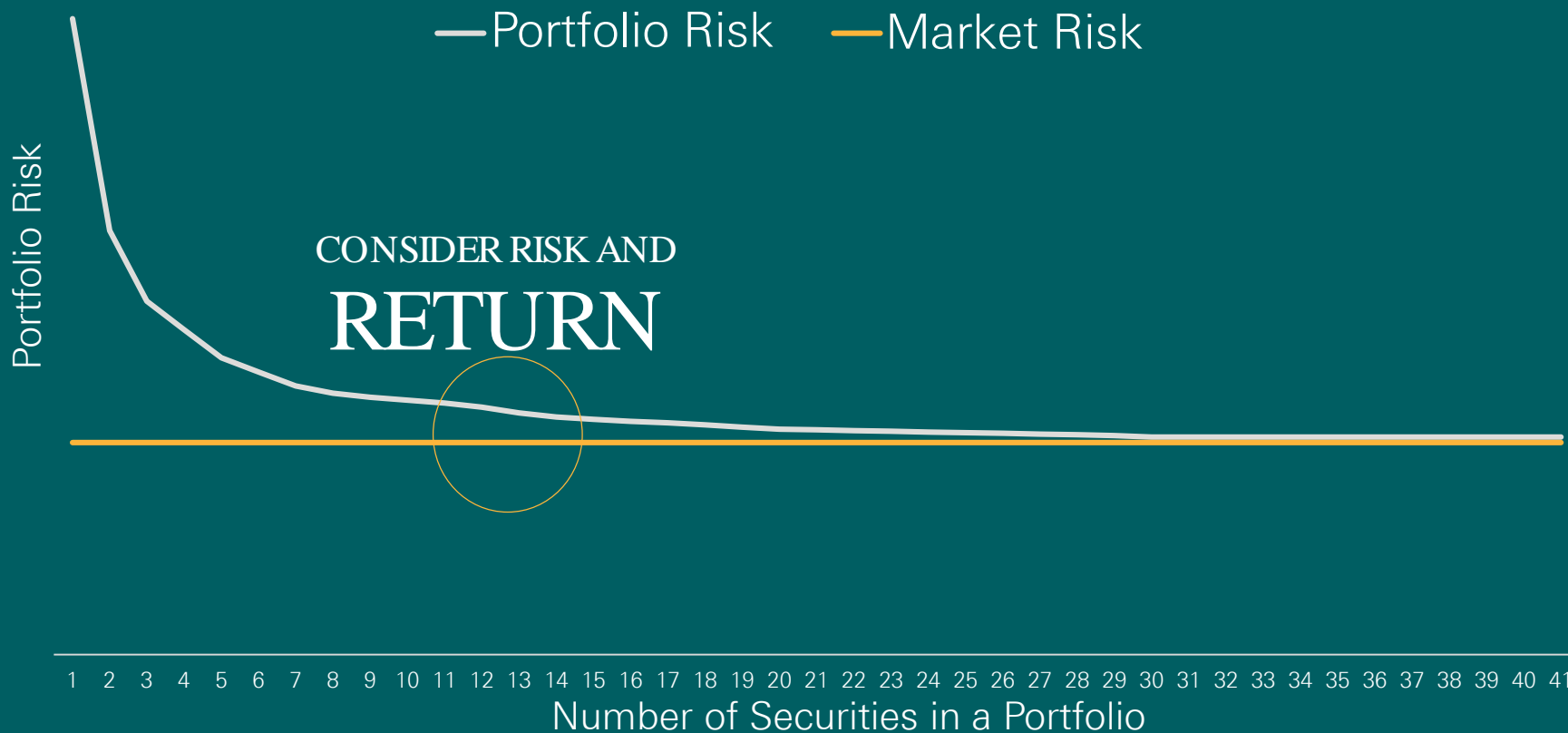
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LIC Shareholder Returns are driven by:

- NTA Performance;
- Sustainable Tax Effective Dividends; and
- Effective Shareholder Communications



# 1. PERFORMANCE FOCUSED QUALITY OVER QUANTITY



Source Dresdner Kleinwort Macro Research

# 1. PERFORMANCE FOCUSED

## WHAT IS A SMALL CAP?

- How can large illiquid businesses be Small Caps?
- Is it time to sell a Small Cap when it becomes too big?

Company	Total Shareholder Return 3 yr p.a.% *	Market Cap	Management Ownership (% Shares on Issue)
ASX: REH	13.95%	\$4.4B	~60% (Wilson Family)
ASX: MNF	19.36%	\$416M	35% (CEO & Co-Founder: Rene Sugo Non-Executive Director & Co-Founder: Andy Fung)
ASX: MOE	88.00%^	\$850M	17% (CEO: Andrew Pridham)

\*All figures as at 1 November 2017

^MOE part year TSR, IPO date 10 April 2017

# 1. PERFORMANCE FOCUSED PURE EXPOSURE TO INDUSTRIALS

1380

ASX LISTED COMPANIES WITH MARKET CAP >\$10M

AFTER WE REMOVE  
ALL MINING OIL & GAS COMPANIES, COMPANIES WITH NO REVENUE  
& COMPANIES >\$1B MARKET CAP

= 662  
COMPANIES REMAIN

TARGET COMPANIES  
\$100M AVERAGE MKT CAP

MICRO CAP  
ASX: NCC

TARGET COMPANIES  
\$250M AVERAGE MKT CAP

SMALL CAP  
ASX: CTN

TARGET COMPANIES  
\$500M+ AVERAGE MKT CAP

MID CAP  
ASX: NAC

# 1. PERFORMANCE FOCUSED WHAT WE LOOK FOR IN A COMPANY



# 1. PERFORMANCE FOCUSED NCC TOP 5 COMPANY CONTRIBUTION

Company	Industry	Time Held in NCC	% Contribution to Performance Since NCC Inception
ASX: BSA	Contracting	3 years	27.87%
ASX: COG	Diversified Financials	4 years	16.68%
ASX: CIX	Insurance	1.5 years	16.45%
ASX: CAJ	Health Care Services	2.5 years	15.99%
ASX: LAU	Transportation	4 years	10.61%

# 1. PERFORMANCE FOCUSED ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

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Factors we look for as part of our investment process, include:

- Environmental impact;
- Labour policies;
- Governance;
- Philanthropic activities;
- Social impact;
- Human rights; and
- Sustainable waste management.



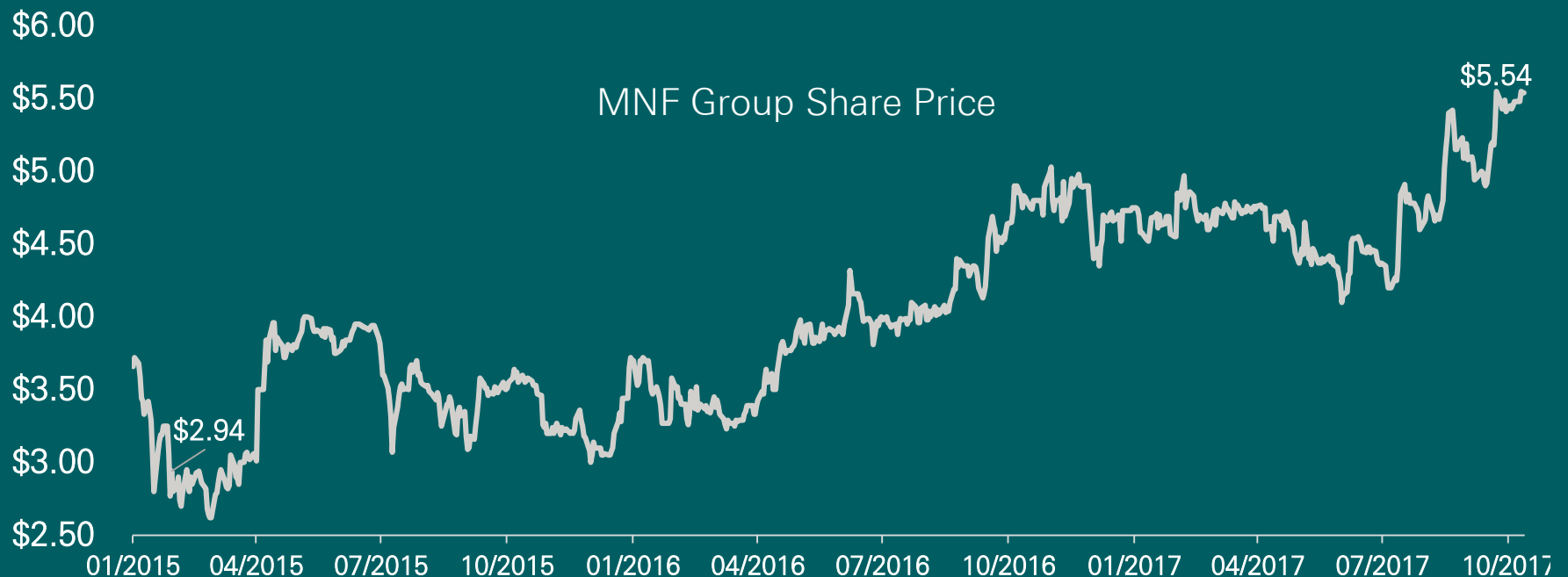


# 1. PERFORMANCE FOCUSED INVEST FOR THE LONG TERM

## MNF Group (ASX: MNF)

Industry: Software & Services | Market Capitalisation: \$400m

NAOS Invested Since February 2015 | TSR since this date 106.49%



An aerial photograph of a dense forest. The trees are mostly green, but many have turned yellow and orange, indicating autumn. The perspective is from directly above, looking down on the canopy.

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“Investors should treat their equity holdings like real estate purchases, focusing on the potential for profits over time rather than short-term price fluctuations”

Warren Buffett

# 2. SUSTAINABLE GROWING DIVIDEND POLICY

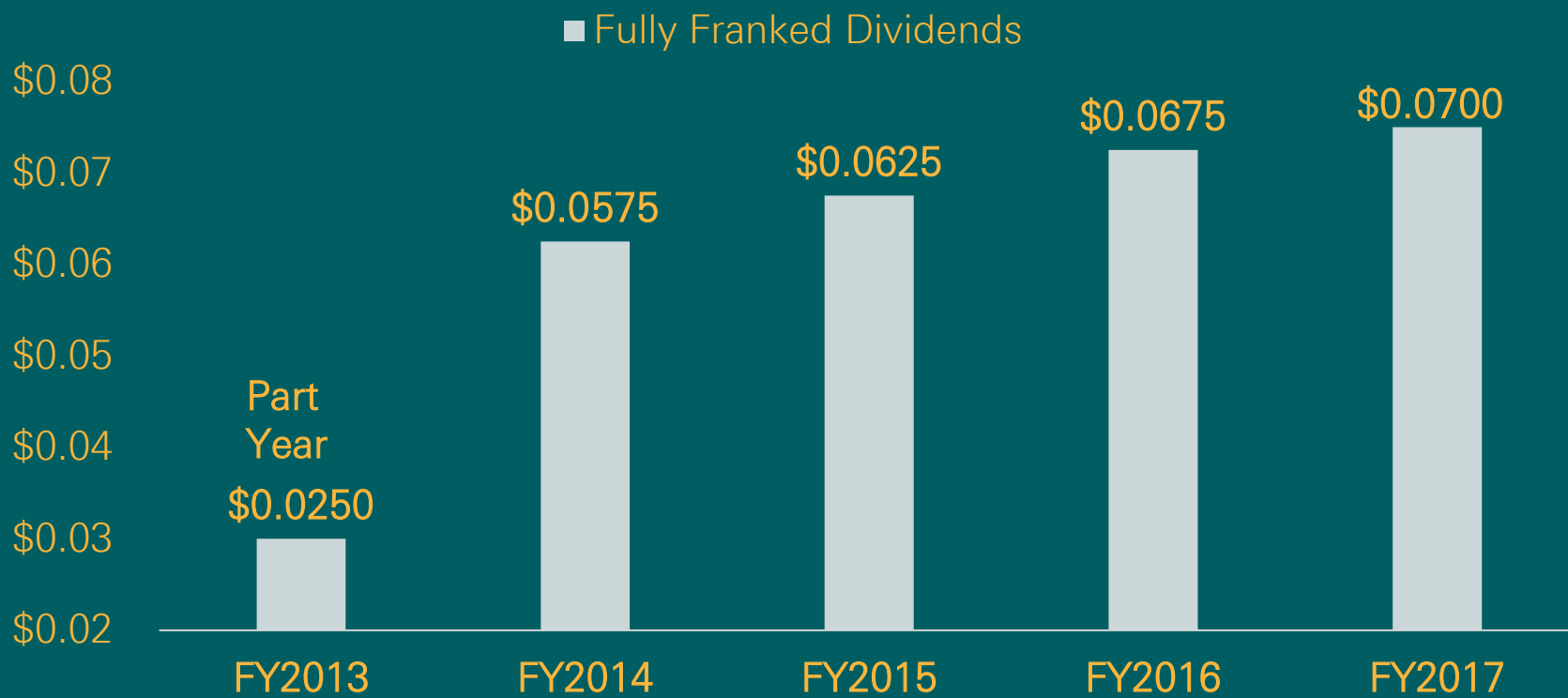
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- Industrial Exposure v Mining or Technology
- Maximising Franking for Shareholders
- Build Dividend Reserve Accounts for Sustainable Dividends



# 2. SUSTAINABLE GROWING DIVIDEND POLICY NCC DIVIDEND HISTORY

Net Yield 4.90% | Franking 100% | Gross Yield 7.00%



All figures as at 30 September 2017



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“If investing is entertaining, if you’re having fun, you’re probably not making any money. Good investing is boring.”

George Soros

# 3. CLOSING THE NTA DISCOUNT

- No Dilutive Dividend Reinvestment Plan
- No Dilutive Capital Raisings
- Increased Market Awareness and Transparency

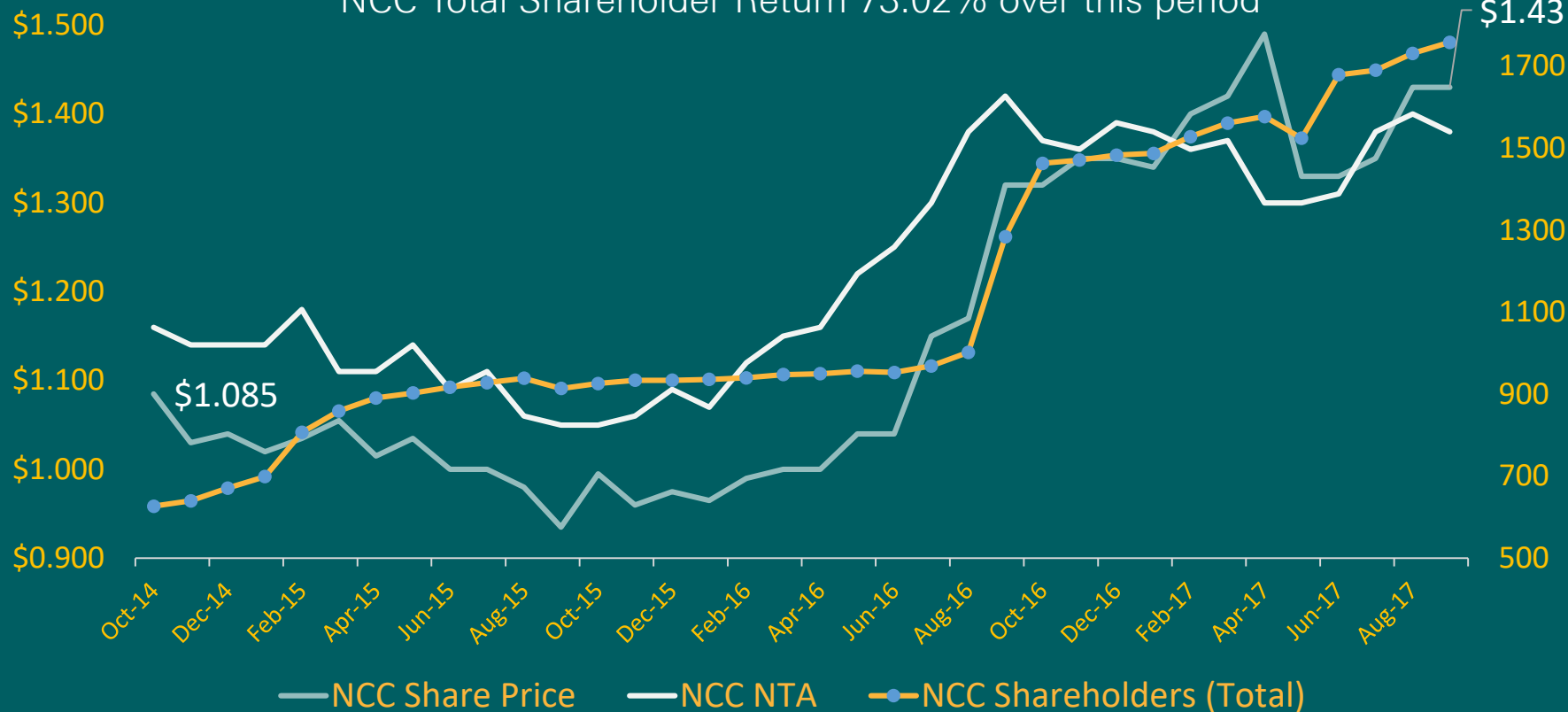


# 3. CLOSING THE NTA DISCOUNT

## NCC SHAREHOLDER RETURN

### Shareholder Growth and Discount to NTA

NCC Total Shareholder Return 73.02% over this period



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“Show me the incentives  
and I’ll show you the  
outcome.”

Charlie Munger



# 4. MANAGEMENT & SHAREHOLDER ALIGNMENT

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Funds Under Management Builders =  
Rich and Lazy

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Management Alignment =  
Incentives for Long Term Outperformance

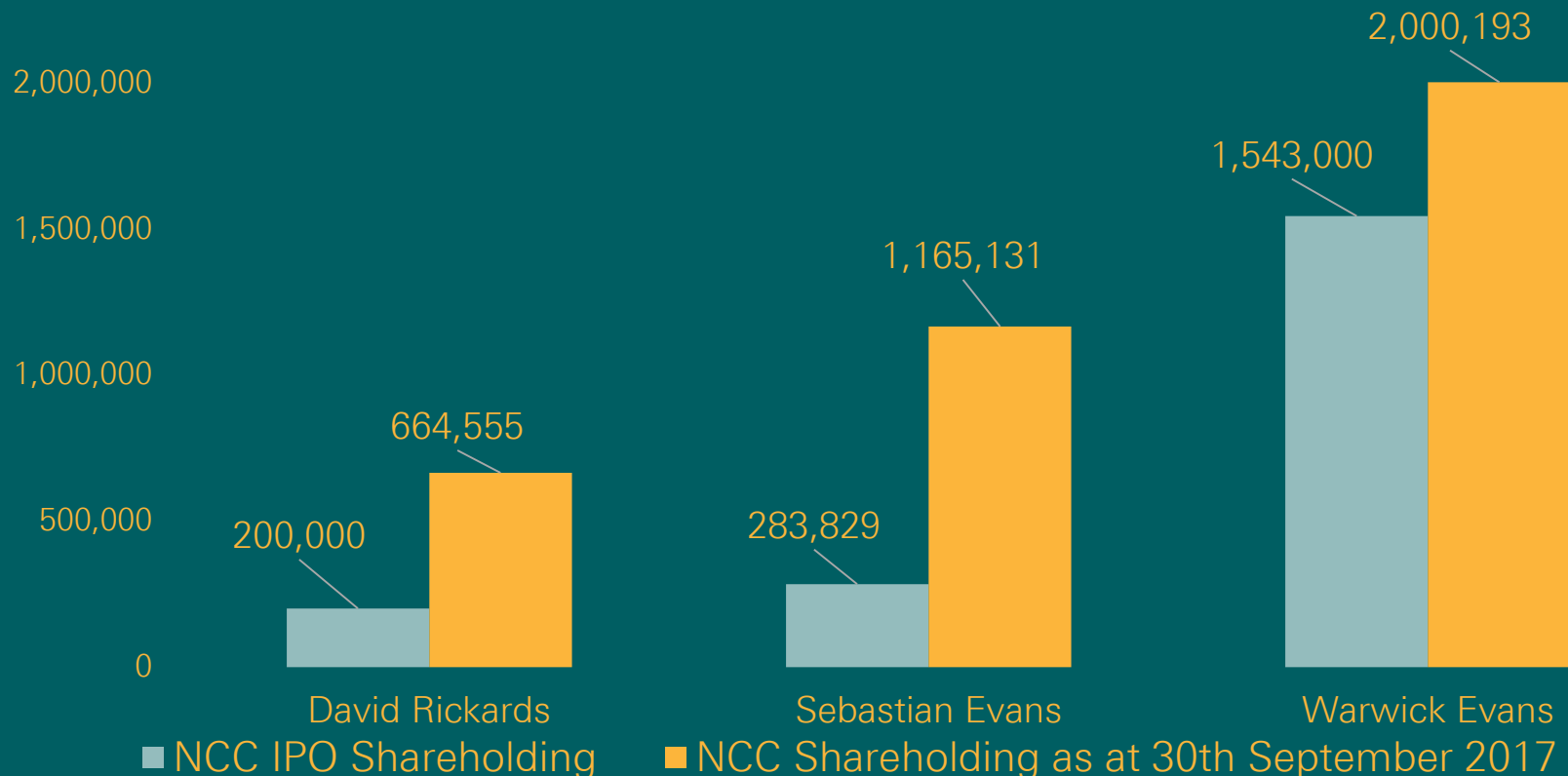
- Significant Directors & Employee Shareholdings
- Performance Fee Alignment



# 4. MANAGEMENT & SHAREHOLDER ALIGNMENT

## NAOS MANAGEMENT ALIGNMENT

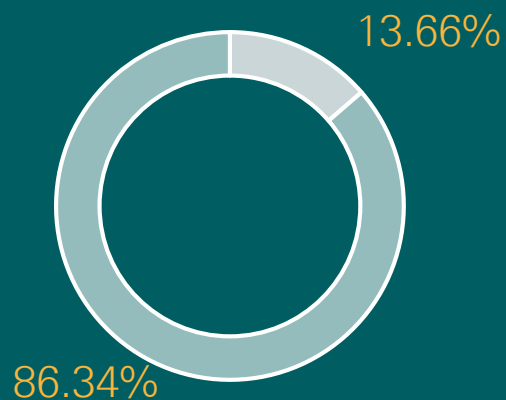
- Warwick Evans Initial CTN Shareholding Established 100,000
- Sebastian Evans Initial CTN Shareholding Established 55,400



# 4. MANAGEMENT & SHAREHOLDER ALIGNMENT

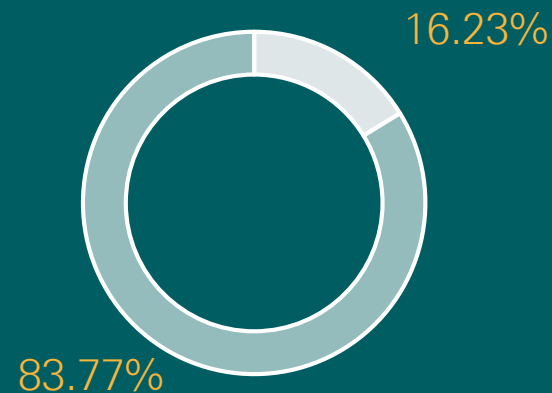
## NAOS MANAGEMENT ALIGNMENT

### NCC Management and Staff Alignment



- Directors & Staff Holdings\*
- Remaining Shareholders

### NAC Management and Staff Alignment



- Directors & Staff Holdings\*
- Remaining Shareholders

\*Includes NAML Directors and Staff and LIC Directors Holdings as at 30 September 2017

An aerial photograph of a dense forest. The trees are mostly green, but many have turned yellow, indicating autumn. The perspective is from directly above, looking down on the canopy.

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“We know from experience that eventually the market catches up with value. It realises it in one way or another”

Benjamin Graham

# 5. MARKET AWARENESS & COMMUNICATIONS



CEO Insights, Weekly NAOS Newsletter, subscribe via our website [naos.com.au/#subscribeform](https://naos.com.au/#subscribeform)



Quarterly Shareholder Conference Calls, subscribe via our website [naos.com.au/#subscribeform](https://naos.com.au/#subscribeform)



Monthly Investment Report & NTA email updates, subscribe via our website [naos.com.au/#subscribeform](https://naos.com.au/#subscribeform)



The news and media section of our website is updated regularly [naos.com.au](https://naos.com.au)



Twice yearly National Roadshow



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For all enquires contact [enquiries@naos.com.au](mailto:enquiries@naos.com.au) or call (02) 9002 1576

# 5. MARKET AWARENESS & COMMUNICATIONS

## AGM PROPOSED RESOLUTIONS

### KEY DATES

Latest time and date for lodgement of your completed proxy form	10.00am AEDT on Sunday, 26 November
Time and Date of Meeting (AGM)	10.00am AEDT on Tuesday, 28 November

### KEY RESOLUTIONS TO APPROVE

The Change of Name of the Company

The Termination of the Company's Existing Investment Management Agreement

The Terms of the New Investment Management Agreement

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Q&A

THANK YOU FOR  
YOUR SUPPORT