

NAOS Emerging Opportunities Company Limited (Company)
ABN 58 161 106 510

Target Market Determination in relation to the issue of bonus options to Eligible Shareholders to acquire fully-paid ordinary shares in the Company pursuant to a prospectus dated 15 December 2023

Important Information: This TMD has been prepared having regard to the Bonus Options of the Company – it has not been prepared having regard to the characteristics of the Company's shares that would be issued on exercise of the Bonus Options.

Legal disclaimer

This Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth) (**the Act**). It sets out the class of consumers for whom the product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. In addition, the TMD outlines the triggers to review the target market and certain other information. It forms part of NAOS Emerging Opportunities Company Ltd's (**Company, Issuer**) design and distribution arrangements for the issue of bonus options to Eligible Shareholders to acquire fully-paid ordinary shares in the Company (**Shares**) pursuant to a prospectus dated 15 December 2023 (**Prospectus**) (**Bonus Options**).

This document is **not** to be treated as a full summary of the Bonus Options' terms and conditions and is not a disclosure document or a prospectus. This document is **not** a summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Prospectus.

Eligible Shareholders are not required to apply for the Bonus Options and, as such, there is no application form attached to the Prospectus. There is no cooling off period in respect of the issue of the Bonus Options.

Important terms used in this TM are defined in the TMD Definitions which supplement this document. Other capitalised terms have the meaning given to them in the Prospectus, unless otherwise defined. The Prospectus can be obtained on the Australian Securities Exchange Limited (ASX) market announcements platform using the Company's ASX code, NCC.

Issuer identifiers

Instructions to issuers for table below: Include all codes that are available and omit those that are not relevant to the issuer/product.

Issuer	NAOS Emerging Opportunities Company Ltd
Issuer ABN	58 161 106 510
Name of Product	Bonus Option
Market Identifier Code	NCCO
Investment Manager	NAOS Asset Management Limited
Investment Manager AFSL	AFSL No. 273529
Date TMD approved	15 December 2023
TMD Version	1
<i>TMD Status</i>	<i>Current</i>

Description of Target Market

This part is required under section 994B(5)(b) of the Act.

The Bonus Options are intended for, and will be issued to, Eligible Shareholders who:

- wish to gain exposure to Australian public and private emerging companies via the equity securities of a listed investment company;
- may wish to engage in secondary trading of quoted equity securities;
- seek to profit from an appreciation in the market price of the Bonus Options and/or Shares; and
- are accustomed to participating in investments in the equity securities of a listed investment company.

TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market	Potentially in target market	Not considered in target market
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Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a customer meeting the attribute in column 1 is likely to be in the target market for this product.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

Definitions of terms are in the attachment.

Consumer Attributes	TMD Indicator for product	Product description including key attributes
Consumer's investment objective	TMD Indicator for product	Product description including key attributes
Capital Growth	Green	The Company expects that the Bonus Options will be suitable for Eligible Shareholders who wish to exercise their Bonus Options where the Company's share price is trading above the Exercise Price, in order to gain exposure to a listed investment company listed on the ASX that seeks to provide long-term concentrated exposure to Australian public and private emerging companies. The Bonus Options will be issued for nil consideration. Each Bonus Option is exercisable into one Share at the Bonus Option Exercise Price of \$0.67. The Bonus Options are intended to be listed and tradeable on the ASX. Bonus Options do not pay any income and there is no
Capital Preservation	Red	
Capital Guaranteed	Red	
Regular Income	Red	

		entitlement to dividends unless the Bonus Options are exercised into Shares. The Bonus Options offer no guaranteed capital or income.
Consumer's intended product use	TMD Indicator for product	Product description including key attributes
Solution/Standalone (75-100%)	Red	One Bonus Option will be issued to Eligible Shareholders for every five Shares held on the Record Date. If Bonus Options are exercised by the consumer (in its absolute discretion), the consumer will receive Shares. Given the Company's investment strategy of long-term concentrated exposure to Australian public and private emerging companies that may often be illiquid, a satellite/small allocation of less than <15% of total <i>investable assets</i> is considered appropriate.
Core Component (15-75%)	Red	
Satellite/small allocation (<15%)	Green	
Consumer's investment timeframe	TMD Indicator for product	Product description including key attributes
Short (≤ 3 years)	Green	If Bonus Options are exercised prior to the Expiry Date of 31 December 2026, Bonus Option holders will receive Shares. Bonus Options not exercised by the Expiry Date will lapse. The Consumer's investment timeframe has been completed having sole regard to the characteristics of the tradeable Bonus Options. It has not been completed having regard to the characteristics of the Shares that would be issued on the exercise of the Bonus Options.
Medium (≤ 7 years)	Red	
Long (> 7 years)	Red	
Consumer's Risk (ability to bear loss) and Return profile	TMD Indicator for product	Product description including key attributes
Very high	Green	Bonus Options are to be issued for nil consideration and are intended to be quoted and tradeable on the ASX. The Consumer's Risk and Return profile has been completed having sole regard to the characteristics of the tradeable Bonus Options. It has not been completed having regard to the characteristics of the Shares that would be issued on the exercise of the Bonus Options.
High	Red	
Medium	Red	
Low	Red	

		<p>The Company considers that an investment in the Company (for example, through the exercise of Bonus Options) is highly speculative and risky due to its concentrated investment style in small, emerging public and private companies that may often be illiquid; and as such, an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment.</p> <p>Consumers should refer to the Prospectus for further information about the risks associated with an investment in the Company.</p>
Consumer's need to withdraw money	TMD Indicator for product	As the Bonus Options are listed (and therefore will be tradeable on ASX provided there are willing buyers) this section is not relevant to the Bonus Options.
Daily	Not relevant	Not relevant. Bonus Options are to be issued for nil consideration and are intended to be quoted and tradeable on the ASX.
Weekly		
Monthly		
Quarterly		
Annually or longer		

Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described below, as the attributes of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2.

Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act.

Distribution Channel	Permitted	Distribution Conditions
Direct (non-intermediated) retail – i.e. issued direct to consumer	Yes	Distribution for nil consideration to existing shareholders of the Company (with a registered address in Australia and New Zealand) on the Record Date.
Suitable for distribution through all distributors	No	Not relevant.
Suitable for distribution through distributors not named above	No	Not available for distribution via any other channel.
Suitable for distribution to consumers who have not received personal advice	Yes	Personal Financial Product Advice is, whilst recommended, not required for distribution.

Review triggers
This part is required under section 994B(5)(d) of the Act.
Significant adverse changes to the Issuer's circumstances such as suspension from trading or the appointment of administrators.
Determination by the Issuer of an ASIC reportable Significant Dealing
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
The use of Product Intervention Powers, regulator orders or directions that affects the product.
Material changes to the regulatory environment that applies to an investment in the Bonus Options.

Mandatory review periods	
This part is required under section 994B(5)(e) and (f) of the Act.	
Review period	Maximum period for review
Initial review	<p>Unless there is a material change in circumstances of the Company between the time the Prospectus is lodged with ASX and the date Bonus Options are issued, there will be no review of the TMD.</p> <p>The Bonus Option offer is closed-ended. Once the Bonus Options have been listed on the ASX, they may be traded on the ASX directly (provided there are willing buyers) and as such, there is no ongoing requirement for a TMD. Therefore, there will be no Initial Review required under s994B(5)(e).</p>
Subsequent review	<p>Unless there is a material change in circumstances of the Company from the time the Prospectus is lodged with the ASX and until date Bonus Options are issued, there will be no review of the TMD.</p> <p>The Bonus Option offer is closed-ended. Once the Options have been listed on the ASX, they may be traded on the ASX directly (provided there are willing buyers) and as such, there is no ongoing requirement for a TMD. Therefore, there will be no Subsequent Review required under s994B(5)(f).</p>

Distributor reporting requirements		
This part is required under section 994B(5)(g) and (h) of the Act.		
Reporting requirement	Reporting period	Which distributors this requirement applies to
Report on each acquisition that is outside of target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice. Report to issuer using FSC data standard for acquisitions outside target market.	Within 10 business days following close of the Offer.	All distributors
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy. Report to issuer using FSC data standard for DDO complaints.	Within 10 business days following close of the Offer.	All distributors
Significant dealing outside of target market, under s994F(6) of the Act.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All distributors

Distributors must report to NAOS Emerging Opportunities Company Ltd via email to enquiries@naos.com.au, or via +61 2 9002 1577.

Definitions

Term	Definition
Consumer's investment objective	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return. The consumer prefers exposure to growth assets or otherwise seeks an investment return above the current inflation rate.
Capital Preservation	The consumer seeks to invest in a product to reduce volatility and minimise loss in a market downturn. The consumer prefers exposure to defensive assets.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth.
Regular Income	The consumer seeks to invest in a product designed to generate regular investor income. The consumer prefers income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
Consumer's intended product use	
Solution/Standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total <i>investable assets</i> (see definition below).
Core Component (15-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below).
Satellite (<15%)	The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 15% of the total <i>investable assets</i> (see definition below).
Investable Assets	Those assets that the investor has available for investment, excluding the family home.
Portfolio diversification (for completing the key product attribute section of consumer's intended product use)	
Very low	Single asset class, single country, low holdings of securities - e.g. high conviction Aussie Equities.
Low	Single Asset Class, Single Country, Moderate number of holdings e.g. Aussie Equities Fund.
Medium	1-2 Asset Classes, Single Country, Broad exposure within asset class e.g. Aussie Equities All Ords.

Medium High	Greater diversification across either asset classes or countries e.g. global equities or Australian multi-asset.
High	Highly diversified across either asset classes, countries or investment managers e.g. Australian multi-manager balanced fund or Global Equities extending beyond benchmark.
Very high	Diversified across asset classes AND across countries e.g. global multi-asset product.
Consumer's Risk (ability to bear loss) and Return profile	
Very high	<p>The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
High	<p>The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile.</p> <p>Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p>
Medium	<p>The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.</p> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
Low	<p>The consumer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Consumer's need to withdraw money	
Daily/Weekly/Monthly/Quarterly/Annually or longer	The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.