

# INVESTMENT UPDATE AND NTA REPORT JULY 2022



## PORTFOLIO SNAPSHOT: NET TANGIBLE ASSET BACKING PER SHARE (NTA)

NTA Current Month	Before Tax <sup>1</sup>	After Tax <sup>1</sup>
31-Jul-22	69.6 cents	68.0 cents
NTA Previous Month	Before Tax <sup>1</sup>	After Tax <sup>1</sup>
30-Jun-22	66.3 cents	65.5 cents

<sup>1</sup> Figures are unaudited and approximate.

## KEY ASX INFORMATION (AS AT 31 JULY 2022)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$104 million
Share Price	53.5 cents
Shares on Issue	194,663,916
Dividends	Half yearly
Management Fee	0.75% half yearly
Performance Fee	20% of net NTA increase over pcp
Manager	Thorney Investment Group

## INVESTMENT PERFORMANCE\*

As at 31 July 2022	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	-5.43%	-4.20%	1.73%	8.28%
S&P Small Ordinaries Accum. Index	-9.94%	-6.63%	-10.93%	9.17%
Performance versus Index	4.51%	2.46%	12.65%	-0.89%

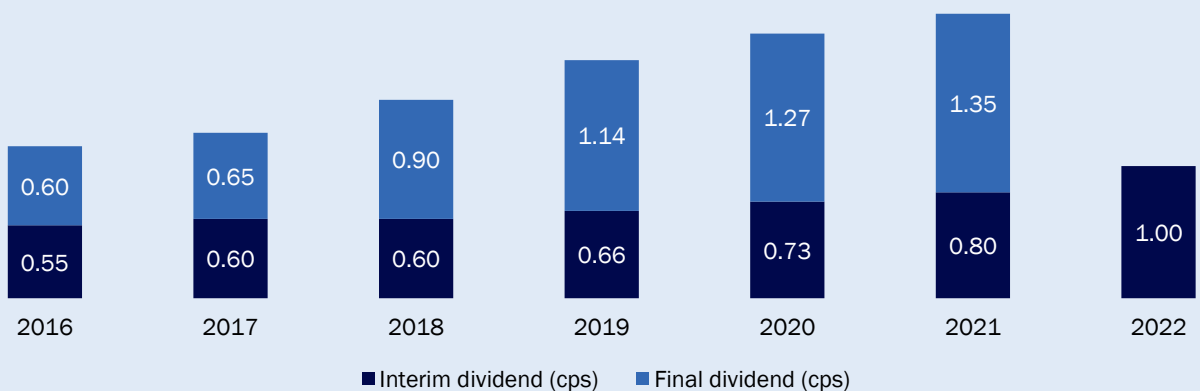
\* Investment performance is calculated on a pre-tax NTA plus dividends basis.

## TOP SECURITIES

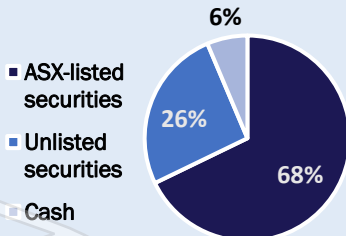
Rank	Company	% of Portfolio
1	20 Cashews Pty Ltd (ACM)*	26.3
2	MMA Offshore	13.5
3	Money3 Corporation	13.3
4	Austin Engineering	8.9
5	Southern Cross Electrical Engineering	7.3
6	Consolidated Operations Group	6.0
7	Service Stream	5.6
8	Retail Food Group	3.4
9	Early Pay	2.8
10	AMA Group	2.6

\* TOP's investment in ACM is via its holding of 20 Cashews Pty Ltd which has an underlying investment in ACM.

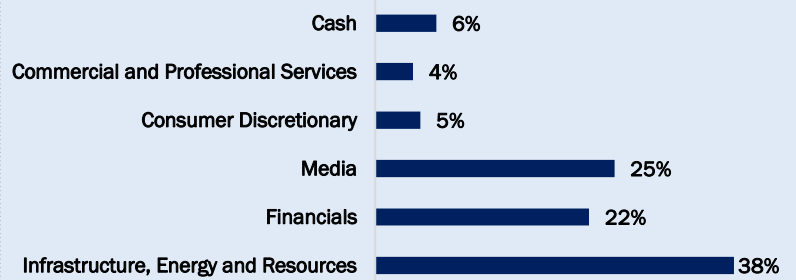
## TOP FULLY FRANKED DIVIDEND HISTORY



## ALLOCATION OF INVESTMENTS



## PORTFOLIO SECTORS



## PORTFOLIO COMMENTARY

TOP's NTA level was higher in July with good share price gains across a number of key holdings as Australian equity markets rebounded during the month as a number of strong US earnings reports outweighed inflation and interest rate concerns.

### AUSTIN ENGINEERING LIMITED

- Austin Engineering Limited (ASX:ANG) announced an upgrade to its expected FY22 EBITDA to a minimum of \$32 million (unaudited) due to improved margins particularly in 2H FY22.
- The result is a 7% increase on ANG's previous EBITDA guidance provided at its 1H22 results of circa \$30 million and equates to a 2.5x increase in EBITDA from FY21's level of \$12.7 million.
- ANG said its order book on 1 July 2022 was approximately \$49 million higher than at 30 June 2021 (FY21).
- The Company added that the strong order book is expected to driver higher first half revenue in FY23 compared to FY22, with ANG recording order book growth in all of its operating regions across Australia, Indonesia, North America and South America.
- ANG said increased demand for truck trays and buckets, and an increase in contract wins had contributed to the result.

### COG FINANCIAL SERVICES LIMITED

- COG Financial Services Limited (ASX:COG) released its unaudited FY22 results in late July with the Company reporting \$25.1 million of NPATA attributable to shareholders as at 30 June 2022, an increase of 29% on the previous corresponding period.
- COG said that after excluding Government subsidies, the NPATA increase on the previous corresponding period was 41%.
- The Company added that whilst the Board is yet to declare a final dividend for FY22, it expects to maintain approximately the same payout ratio which would see an estimated final dividend of 4.80 cents per share (cps).
- This would mean a full year dividend of 8.30 cps for FY22, an increase of 1.08 cps or 15% on the FY21 full year dividend.
- The Company also announced the acquisition of a 70% interest in Club Transport Finance Pty Ltd (trading as Chevron Equipment Finance) (Chevron) via its subsidiary QPF Holdings Pty Limited (QPF).
- COG said QPF's scalability due to industry leading inbound and outbound lead generation programs and proprietary software programs will complement and add-value to both QPF and COG.

### MMA OFFSHORE LIMITED

- MMA Offshore Limited (ASX:MRM) announced it had been awarded a contract to provide vessel services for its existing partner, New Zealand natural gas provider, OMV New Zealand.
- The Platform Supply Vessel, MMA Leeuwin, will be deployed to provide drilling support services for OMV in the Taranaki Basin, New Zealand.
- The contract value is expected to be between A\$10 – \$11 million and includes the vessel mobilisation to and from Western Australia plus the firm operational days on site in New Zealand.
- The contract which is due to commence in late September 2022, is for a firm period of 200 days, with additional option periods totalling 150 days.

### ARDENT LEISURE GROUP LIMITED

- TOP sold its holding in Ardent Leisure Group Limited (ASX:ALG) in early July.
- ALG was a very successful investment for TOP, with TOP Director, Dr Gary Weiss, delivering a strong result in his role as ALG Chairman via the return of \$5.6m cash for reinvestment by TOP.
- The cash return followed the sale of ALG's US business, Main Event Entertainment.

## MONEY3 CORPORATION LIMITED

- Money3 Corporation Limited (ASX:MNY) announced it will release its FY22 results on Tuesday 16th August 2022.
- Money3 also advised that due to the trading blackout from 1 July it is therefore unable to buy back shares until the release of its FY22 full year results.
- The Board continues to assess its capital management plan on an ongoing basis.

## DECMIL GROUP LIMITED

- Decmil Group Limited (ASX:DCG) released updated FY22 guidance forecasting a net loss of \$49 million before intangible asset write-downs.
- DCG said operating conditions have stabilised since the Company's April 2022 guidance revision, however the Board decided to reset the values of several balance sheet items to reflect current values and the likelihood of being able to crystallise or utilise the value of those assets.
- DCG said that the statutory result was disappointing, but a growing order book and robust cash balance positioned it for a substantial improvement in FY23.

## CHAIRMAN'S COMMENTS

Alex Waislitz said: "July saw a solid bounce back across equity markets as investors focused on the prospect that slower growth rates would see the US Federal Reserve and other central banks start to ease off on the pace of interest rate rises and stronger-than-expected earnings results, especially from US tech stocks. If central banks do not go as hard with their tightening programs as the market currently anticipates, this would be a further positive for markets and TOP is very well placed to benefit.

However, shares still remain at risk of further falls over the months ahead as recession fears continue. On a 6-12-month basis, shares look well placed on a valuation perspective, and as inflationary pressures recede. Against this backdrop, we continue to believe that our value-based investment approach will deliver strong performance for shareholders over time.

## COMPANY NEWS

### On-Market Buyback

The Company has continued to be active with its capital management initiatives.

### FY22 Result

TOP will provide more details on portfolio performance and top holdings at its upcoming FY22 result, which is expected to be released on or around **Thursday, 18 August 2022**. Details of an FY22 investor briefing will be released shortly.

## INVESTMENT PHILOSOPHY

TOP undertakes thorough due diligence to identify fundamentally mispriced or undervalued companies and combine that with constructive advocacy with boards and management to implement change when required

## INVESTMENT OBJECTIVES

- Producing absolute returns for shareholders over the medium- to long-term
- Delivering a strong fully franked dividend stream to shareholders

## KEY CONTACTS

### Corporate

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## ABOUT THORNEY OPPORTUNITIES LTD

Thorney Opportunities Ltd (TOP) is an ASX-listed investment company that invests in listed and unlisted equities and financial assets, in a variety of sectors, including media, automotive, energy, engineering and mining services and financial services.

Our primary focus is on the careful selection of investments which enables us to be a constructive catalyst towards unlocking the value in the companies identified. TOP is managed by the privately owned Thorney Investment Group pursuant to a long-term investment management agreement.

You can invest in TOP by purchasing shares on the Australian Securities Exchange (ASX).

For more information visit: <https://thorney.com.au/thorney-opportunities/>

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