

# INVESTMENT UPDATE AND NTA REPORT OCTOBER 2022



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

| NTA Current Month | Before Tax <sup>1</sup> | After Tax <sup>1</sup> |
|-------------------|-------------------------|------------------------|
| 31-Oct-22         | 72.0 cents              | 69.9 cents             |

| NTA Previous Month | Before Tax <sup>1</sup> | After Tax <sup>1</sup> |
|--------------------|-------------------------|------------------------|
| 30-Sep-22          | 70.4 cents              | 68.4 cents             |

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

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

|                       |                                  |
|-----------------------|----------------------------------|
| ASX Code              | TOP                              |
| Structure             | Listed Investment Company        |
| Inception date        | January 2014                     |
| Market Capitalisation | \$100.9 million                  |
| Share Price           | 52.5 cents                       |
| Shares on Issue       | 192,257,514                      |
| 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 October 2022             | 3 Months | 6 Months | 1 Year  | Since Inception |
|-----------------------------------|----------|----------|---------|-----------------|
| TOP investment portfolio          | 3.4%     | -0.97%   | -0.94%  | 8.96%           |
| S&P Small Ordinaries Accum. Index | -4.91%   | -14.36%  | -18.31% | 7.91%           |
| Performance versus Index          | 8.31%    | 13.39%   | 17.37%  | 1.05%           |

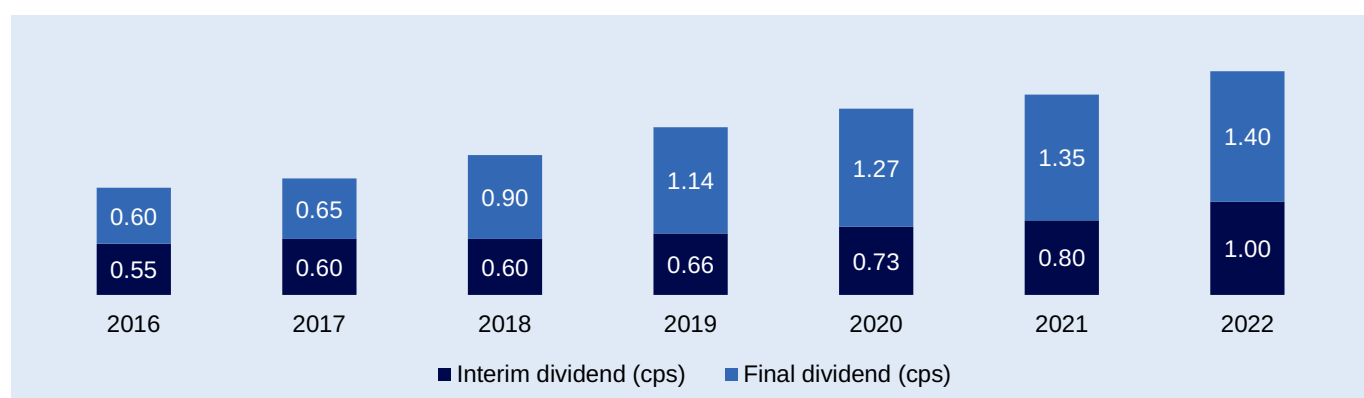
\* Investment performance is calculated on a pre-tax NTA plus dividends basis.

## TOP SECURITIES

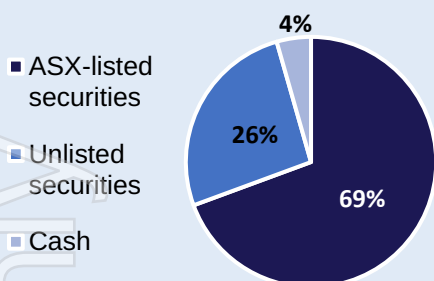
| Rank | Company                               | % of Portfolio |
|------|---------------------------------------|----------------|
| 1    | 20 Cashews Pty Ltd (ACM)*             | 26.9           |
| 2    | MMA Offshore                          | 14.1           |
| 3    | Austin Engineering                    | 12.7           |
| 4    | Money3 Corporation                    | 11.1           |
| 5    | Southern Cross Electrical Engineering | 7.0            |
| 6    | Consolidated Operations Group         | 4.7            |
| 7    | Service Stream                        | 4.5            |
| 8    | AMA Group                             | 3.9            |
| 9    | Retail Food Group                     | 3.7            |
| 10   | Cooper Energy                         | 2.6            |

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

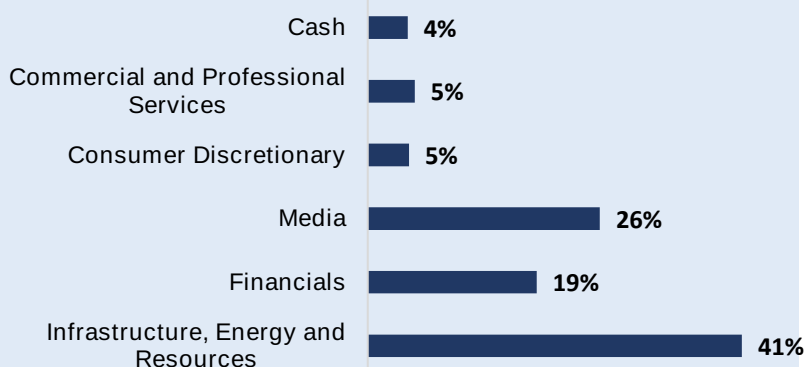
## TOP FULLY FRANKED DIVIDEND HISTORY



## ALLOCATION OF INVESTMENTS



## PORTFOLIO SECTORS



## PORTFOLIO COMMENTARY

TOP's NTA finished higher in October with solid performances from most companies in the portfolio and despite the turbulence in global equity markets."

### MONEY3 CORPORATION LIMITED

- Money3 Corporation Limited (MNY.ASX) secured a NZ\$250 million warehouse securitisation facility from a leading global bank for its New Zealand operations, Go Car Finance.
- The facility, which is in addition to the Company's existing facilities, provides its New Zealand business with capacity to grow its loan book to in excess of NZ\$500 million from NZ\$217 million as of 30 September 2022.
- MNY said Go Car Finance has grown its gross loan book by over 400% since its acquisition in March 2019, and strong growth is anticipated to continue.
- When fully deployed, Go Car Finance's costs of funds will reduce by ~100 basis points from current levels and the facility will make a significant contribution towards increasing return on equity beyond 15%.
- MNY also announced plans to change its name to Solvar Limited, with the new name reflecting all brands in the Group's portfolio as it continues to grow and diversify.
- The change is subject to shareholder approval at MNY's Annual General Meeting to be held on 16 November 2022. If approved, MNY's ticker will become SVR.

### COG FINANCIAL SERVICES LIMITED

- COG Financial Services Limited (ASX.COG) reported unaudited Q1 FY23 results, with a record \$6.1 million of NPATA<sup>1</sup> attributable to shareholders, an increase of 30% on the prior comparative period (pcp).
- COG said both its Finance Broking & Aggregation and Funds Management & Lending segments have continued to perform strongly in what is normally the Company's softest trading quarter and amid a higher interest rate environment.
- COG's Funds Management & Lending segment's NPATA increased 58% on the pcp to \$3.0 million, while its Finance Broking & Aggregation NPATA increased 9.7% on pcp to \$3.4 million.
- COG said the latter result is particularly impressive given continued supply-chain constraints on acquiring new vehicles and equipment.
- It added that it has started Q2 FY23 with a very strong forward order book reflecting strong activity in its core markets of infrastructure, mining, heavy haulage, and agriculture.

<sup>1</sup>Underlying Net profit after tax and before amortisation of acquired intangibles and write-off of intangibles.

### COOPER ENERGY LIMITED

- Cooper Energy Limited (ASX.COE) reported record quarterly production for Q1 FY23 of 0.99 million barrels of oil (Mmbo), up 15% from the previous quarter and 22% on the pcp.
- Revenue was down 11% quarter on quarter to \$55.4 million, due to 32% lower average gas prices and a one-off adjustment to the timing and method for recognising oil revenue.
- COE said that an improving performance at its Orbost Gas Processing Plant (OGPP) in Victoria led to a record average processing rate of 51.4 terajoules/day for the quarter and zero third-party gas purchases. COE acquired OGPP from APA Group (ASX.APA) in June 2022.
- It added that opportunities for further improvements in OGPP performance are being identified and it is also advancing the next gas production growth phase at a time when gas supply is tight and the outlook for gas prices is strong.
- The Company also announced that Mr David Maxwell has flagged his intention to retire as Managing Director and CEO during 2023, after the appointment of a successor.
- The COE Board has retained executive search firm Russell Reynolds to facilitate the transition to a new MD and CEO.

## MAGGIE BEER HOLDINGS LIMITED

- Maggie Beer Holdings Limited (MBH.ASX) announced that its CEO and Managing Director, Chantale Millard, has advised that she intends to resign at the end of CY2022.
- MBH said Ms Millard's resignation comes at a time when the successful transformation of the Company is all but complete with the divestment of its non-core dairy assets well progressed, with one asset sold and another underway.
- The Board has commenced an external search process for a timely and orderly transition to a new CEO. MBH said Ms Millard will continue as CEO until the appointment of her successor, providing leadership continuity and enabling a smooth transition.
- The Board proposed a one cent per share return of capital which was approved by shareholders at the Company's AGM held on 8 November 2022.

## EARLYPAY LIMITED

- Earlypay Limited (ASX.EPY) provided an update further to its ASX announcement on 14 September 2022 which advised that Mr Daniel Riley will retire from the role of CEO and Managing Director.
- The Company advised that Mr Riley has since concluded in his position of CEO with Mr James Beeson assuming the position effective 11 October 2022.
- In addition, Mr Riley will retire from his Managing Director position following closure of the AGM on 17 November 2022 and revert to becoming a Non-Executive Director of EPY.
- EPY said in recognition of Mr Riley's significant contribution and for excellent Company performance during his tenure, the Board will make a final payment in the amount of \$184,000. The payment is in addition to his accrued entitlements which included a 6-month notice period (of which a portion of this period will be paid in lieu of notice).

## 20 CASHEWS PTY LTD (ACM GROUP)

- On 3 November, View Media Group (VMG) completed the acquisition of AD Group, a further step to consolidate the proptech sector and execute its strategic plan.
- AD Group is a purpose-built property portal for off-the-plan apartment developments and house & land sales. Its proprietary technologies include Development ID, an inventory management platform for property developers and sales agents to manage and monitor sales from across the globe in real time, and Showcase, a display suite technology which provides developers and project marketers with connected interactive sales presentation software.
- 20 Cashews entered into an unconditional contract to sell a further surplus real estate asset in Fyshwick, ACT, at a price significantly above previous valuations.

## CHAIRMAN'S COMMENTS

Alex Waislitz said: *"Whilst equity markets globally have rebounded over recent weeks on optimism that central bank interest rate hikes may slow down, shares still remain at risk of further falls over the months ahead given recent hawkish comments from the US Federal Reserve on the interest rate outlook and as global growth expectations remain very low and as recession fears continue. Against this backdrop, we continue to believe that our value-based investment approach will deliver strong performance for shareholders over the medium to long term. We are also continuing with the on-market buyback of TOP shares, taking advantage of the discount to NTA"*



## 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

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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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