



Date: **18 November 2020**

ASX Code: **TOP**

TOP 2020 AGM CHAIRMAN'S ADDRESS

Hello everybody. On behalf of my fellow directors, welcome to TOP's 2020 Annual General Meeting.

As if we needed reminding, the fact that we're meeting virtually via Zoom today underscores just what an unusual period the last 12 months has been.

"Unprecedented" became one of the most over-used words of the year as we all attempted to put the pandemic into some sort of context.

As I speak to you today, Australia, New Zealand and perhaps China and parts of Asia appear to be well on top of Covid-19 but the USA, Europe and South America are still well in its grip. The human cost - especially in those countries - has been devastating. The economic costs equally so.

There are real hopes of effective vaccines but on any real view they will not be widely available for some time yet.

And as if Covid was not enough, Australia experienced even more than its usual share of disastrous droughts and bushfires during the period.

All this made for extreme volatility on share markets, especially in the second half of the financial year. This volatility has continued right up until today even though the recent trend has been up.

In general, the markets currently appear to be looking through the pandemic to a post-vaccine period of recovery assisted by unprecedented government support and stimulus measures across the globe.

We will only know for sure whether this view proves to be right with the benefit of hindsight.

But notwithstanding this, at TOP we remain almost fully invested. Since its inception in January 2014, TOP has always taken the longer term view. Rather than trying to time the market, we know that time IN the market will ultimately deliver for shareholders - provided of course you hold the right companies.

TOP seeks to identify companies which are fundamentally mis-priced or undervalued and, if required, to work with company leadership and act as a constructive change agent to help unlock greater value over time.

Seen over the longer term, this strategy has yielded above average results. Since its launch some six years ago, TOP has grown its NTA after all fees and including dividends by 65%. Since paying its inaugural dividend in 2015, TOP has declared fully franked dividends of more than \$15.6 million.

So while - as I said several months ago - I was disappointed with the performance of TOP during the 19/20 financial year, I retain a high level of conviction in TOP's current portfolio. I remain very optimistic that the market will come to acknowledge TOP's full intrinsic value over time.

There are already some signs of this in 20/21 with markets beginning to rotate back to value stocks and away from some of the so called "stay at home" tech stocks that have boomed this year. Specifically, within the TOP portfolio we are seeing positive re-ratings in companies like Money3, AMA and others.

These and other gains have helped boost TOP's NTA. As at Monday this week TOP's unaudited NTA after tax was 70.1 cents after accruing for fees. This is an increase of some 15% since 30 June.

We have also seen an increase in merger and acquisition activity in the value sector and we think this will continue. This was highlighted by the recent takeover of one of TOP's holdings, OneVue. Although we were able to elicit a higher offer from OneVue's suitor, Iress, the final price at which OneVue changed hands was still not high enough from our point of view.

While I am optimistic about the outlook for the TOP portfolio in 20/21, I remain disappointed that we have so far not been able to close the gap between TOP's NTA and its share price. We are continuing to work on this in a number of ways: We remain committed to paying and increasing franked dividends whenever possible; we are stepping up our communication with shareholders and the investment community and we have kept our share buy-back program in place.

At the TOP board level, we are also considering a strategy of introducing more unlisted and pre-IPO stocks into the TOP portfolio and perhaps even acquiring outright a listed or unlisted company. This would allow TOP to have full access to the acquired company's cash flows and so enable us to pay out even higher dividends to our shareholders. This will also differentiate TOP further by allowing TOP shareholders access to otherwise unavailable unlisted and proprietary deals.

As you know TOP's main unlisted investment is currently a 25% stake in Australian Community Media which was bought from Nine Entertainment last year. ACM operates more than 170 media titles in regional Australia. At the height of the Covid crisis and in the wake of the bushfires which impacted much of regional Australia, the TOP board decided to take a prudent view and write down the value of our ACM holding by 15% for the 2020 financial year.

But even as we did this we never stopped working to transform ACM into a dynamic, sustainably profitable and relevant digitally based media platform. These efforts are now bearing fruit and I am extremely optimistic that ACM will prove to be a very successful and profitable investment for TOP and its shareholders. As a result, we will be reviewing the holding value of our ACM stake in due course.

Our experience with ACM has highlighted the depth of management talent within TOP and our ability to run and add value to private businesses. This gives us a great deal of confidence in seeking to add other private company investments to the TOP portfolio.

Nevertheless, with the TOP share price currently still continuing to lag its NTA, some shareholders have questioned TOP's fee structure. TOP's management fees have always been transparently communicated and its performance fee is linked to its investment performance. If we do not perform, we do not earn the performance fee. As you all know I am the largest shareholder in TOP and so our interests are aligned. TOP's strong performance so far this financial year gives me great confidence in our outlook and you can be sure the TOP team will keep working diligently to maintain this positive momentum.

We intend to hold another of our special investor webinars in the near future where I will go into more details.

But now let's now turn to the business of today's meeting.

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