

INVESTMENT UPDATE AND NTA REPORT

JANUARY 2024



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

NTA Current Month	Before Tax ¹	After Tax ¹
31-Jan-24	82.3 cents	78.6 cents

NTA Previous Month	Before Tax ¹	After Tax ¹
31-Dec-23	79.5 cents	76.5 cents

¹ Figures are unaudited and approximate.

KEY ASX INFORMATION (AS AT 31 JANUARY 2024)

ASX Code	TOP
Structure	Listed Investment Company
Inception date	January 2014
Market Capitalisation	\$102.9 million
Share Price	55 cents
Shares on Issue	187,041,586
Dividends	Half yearly
Management Fee	0.75% half yearly
Performance Fee	20% of net NTA increase over pcg, high watermark
Manager	Thorney Investment Group

INVESTMENT PERFORMANCE*

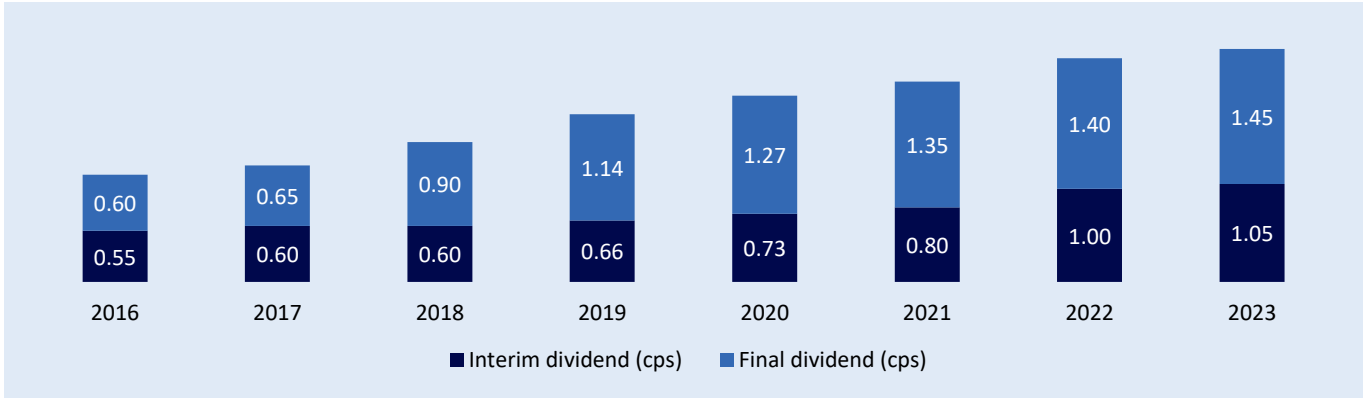
As at 31 January 2024	3 Months	6 Months	1 Year	Since Inception
TOP investment portfolio	15.00%	10.69%	10.43%	10.52%
S&P Small Ordinaries Accum. Index	15.80%	3.70%	2.10%	8.59%
Performance versus Index	-0.80%	6.99%	8.33%	1.93%

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

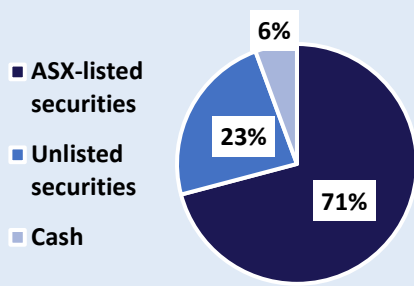
TOP SECURITIES

Rank	Company	% of Portfolio
1	20 Cashews (interests in Australian Community Media & View Media Group)	23.0
2	MMA Offshore	21.6
3	Austin Engineering	11.4
4	Southern Cross Electrical Engineering	8.1
5	Solvar	6.0
6	Service Stream	4.9
7	Decmil Group	4.9
8	COG Financial Services	3.7
9	Retail Food Group	3.5
10	Earlypay	1.8

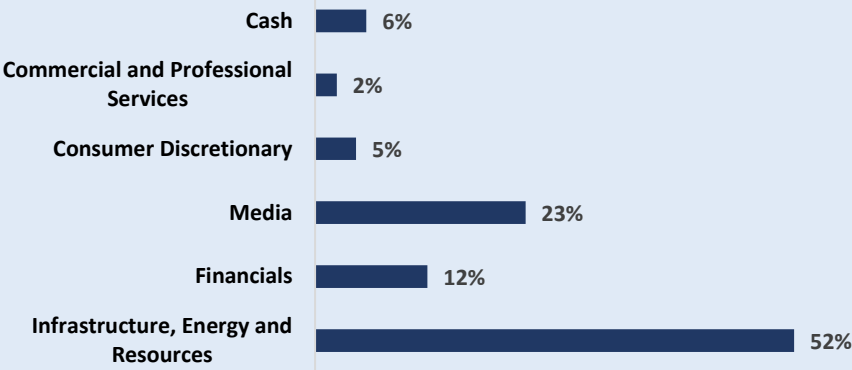
TOP FULLY FRANKED DIVIDEND HISTORY



ALLOCATION OF INVESTMENTS



PORTFOLIO SECTORS



CASH BALANCE AND AVAILABLE FACILITIES

- Cash held short-term with the major banks \$9.0 million
- Prime broker and margin lending facilities available: undrawn as at 31 January 2024

OVERVIEW

- The TOP NTA before tax as at 31 January 2024 was 3.5% higher compared to 31 December 2023 driven by contributions from MRM, ANG and SXE.

INVESTEE COMPANY UPDATES

MMA OFFSHORE LIMITED

- MMA Offshore Limited (ASX.MRM) is an example of TOP’s approach to supporting the reconstitution of a company’s Board and management, combined with acting as a key participant in various capital raisings
- Often, superior financial returns take time to manifest and following a prolonged cyclical downturn, TOP’s investment in MRM is being rewarded.
- Whilst, TOP’s patience has paid off handsomely as the cycle has turned, it has taken advantage of the share price appreciation by reducing its position over the past 12 months and now it (and associates) retain a shareholding interest in excess of 9%.
- **Thorney view: We remain of the view that there is further earnings and share price upside over the medium term.**

AUSTIN ENGINEERING LIMITED

- Austin Engineering Limited (ASX.ANG) upgraded its guidance for 1H FY2024, and now expects 1H FY2024 revenue of \$138-\$144 million (versus original guidance of \$120-140 million) and 1H FY2024 Underlying NPAT of \$12-\$14 million (versus original guidance of \$10-\$12 million). ANG said the NPAT guidance reflects an 18% upgrade to the range mid-points.
- 1H FY2024 NPAT will be up ~140% compared to the prior corresponding period (H1 FY23 NPAT of \$5.4 million).
- ANG said the upgrade has been driven by increasing revenue and a sustainable improvement in operational effectiveness across the Group, both of which are a major focus of ANG’s Austin 2.0 strategy implemented in 2021. This strategy is expected to continue to drive further increases in average operating margins in future periods.
- ANG enters the second half of the financial year with improving group margins and with a new record level of order book following strong order intake in Australia and the commitment to a major 3-year contract extension in the USA, it said.
- **Thorney view: The 1H FY2024 upgrade to guidance implies a solid FY2024 result. ANG is another example of TOP’s approach to both supporting change as well as demonstrating patience. We believe the strong performance will continue into the medium term due to its leverage to the resources market, expanded capacity and product offering along with operational efficiencies.**

SOLVAR LIMITED

- The Commerce Commission of New Zealand has indicated it intends to file civil proceedings against Solvar Limited’s (ASX.SVR) Go Car Finance (“GCF”) subsidiary relating to alleged breaches of the Credit Contracts and Consumer Finance Act 2003 and follow the Commission’s review of historical matters in regard to GCF.
- SVR said both it and GCF understand the importance of protecting consumers and take regulatory obligations seriously. The Group believes it complied with and continues to comply with lender responsibility obligations. As GCF has not received the statement of claim from the Commerce Commission, SVR was not able to comment further at the time of writing.
- **Thorney view: We remain positive on the long-term prospects for SVR. Whilst there have been some headwinds to contend with, the Company has stated that it expects earnings to revert to historical levels and for dividends to increase over time.**

TOP 1H FY2024 RESULTS

- TOP will release its results for the half year ended 31 December 2023 (1H FY2024) on or around Tuesday 20 February 2024.
- TOP’s half year results presentation will be available on the Group’s website on 20 February 2024 at: <https://www.thorney.com.au/thorney-opportunities/news-announcements/>

CHAIRMAN’S COMMENTS

Alex Waislitz said: *“We are positive on the outlook for markets in 2024 given receding expectations for a global recession, with recent data suggesting inflation is easing faster than expected which has led to more moderate policy commentary and an expectation that central bankers may start cutting interest rates sometime in the future. Against this backdrop, local small and microcap stocks look especially well-placed to benefit given the heavy sell-off across the sector over the past 18 months, with many names looking undervalued at current levels.*

We continue to be bullish on our infrastructure, mining and resources services names as they are performing well, with strong order books and buoyant earnings outlooks.

At the Company’s 2023 AGM, I announced the proposed introduction of a high watermark for TOP, commencing 1 July 2023. The high watermark is an additional initiative designed to address the share price discount to NTA.

We also continue with our on-market buyback program for TOP shares, which commenced 9 March 2023 and will remain in place for a period of 12 months to 8 March 2024.



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

Craig Smith – Company Secretary
E: craig.smith@thorney.com.au
T: + 61 3 9921 7116

INVESTORS

Gabriella Hold – Automic Markets
E: gabriella.hold@automicgroup.com.au
T: + 61 411 364 382

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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