

Ophir High Conviction Fund

ABN 19 539 586 567

Special Purpose Financial Statements

For the year ended 30 June 2017

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**Ophir High Conviction Fund
Trust Particulars**

MANAGER OF THE TRUST AND TRUSTEE FOR THE UNITHOLDERS	Ophir Asset Management Pty Ltd ABN 88 156 146 717 AFS licence number: 420 082
REGISTERED OFFICE	Level 16 1 Market Street Sydney NSW 2000
DIRECTORS OF THE MANAGER AND TRUSTEE	Andrew Mitchell Steven Ng
CUSTODIAN OF THE TRUST	Link Fund Solutions Pty Limited (formerly White Outsourcing Pty Limited) Level 12 680 George Street Sydney NSW 2000
ADMINISTRATOR OF THE TRUST	Link Fund Solutions Pty Limited (formerly White Outsourcing Pty Limited) Level 12 680 George Street Sydney NSW 2000
AUDITORS OF THE TRUST	Ernst & Young 200 George Street Sydney NSW 2000

Directors' Report

The Directors of Ophir Asset Management Pty Ltd, the Trustee of Ophir High Conviction Fund, present their report together with the financial statements of Ophir High Conviction Fund ("the Trust") for the year ended 30 June 2017.

Principal activities

The principal activity of the Trust is conducting securities investment activities in Australia, investing in a concentrated portfolio primarily focused on listed securities outside of the ASX 50. The Trust may invest in international equities such as listed securities in New Zealand.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust's activities during the year.

Directors

The following persons held office as Directors of the Trustee during the financial year:

Andrew Mitchell
Steven Ng

Review and results of operations

The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended 30 June 2017 \$	For the period 30 July 2015 to 30 June 2016 \$
Operating profit/(loss) before finance costs attributable to unitholders	6,112,078	4,662,008
<i>Distributions</i>		
Distributions payable	1,910,892	19,822

Significant changes in state of affairs

A new Information Memorandum has been issued with effect from 1 April 2017.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

On 17 August 2017, the Trust registered as a managed investment scheme with the Australian Securities and Investments Commission, and The Trust Company (RE Services) Limited was appointed as the Responsible Entity.

A new Product Disclosure Statement has been issued with effect from 31 August 2017.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Likely developments

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Deed.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Ophir Asset Management Pty Ltd. So long as the officers act in accordance with the Trust Deed and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 5 to the financial statements.

The value of the Trust's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

This report is made in accordance with a resolution of the Directors of Ophir Asset Management Pty Ltd.



Andrew Mitchell
Director



Steven Ng
Director

Sydney
27 October 2017

Ophir High Conviction Fund
Statement of Comprehensive Income
For the year ended 30 June 2017

Statement of Comprehensive Income

	Notes	Year ended 30 June 2017 \$	For the period 30 July 2015 to 30 June 2016 \$
Investment income			
Interest income		327,983	86,109
Dividend income		4,131,887	425,366
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	5,695,094	5,067,814
Other operating income		-	317
Total investment income/(loss)		10,154,964	5,579,606
Expenses			
Management fees		2,192,076	273,755
Performance fees		-	117,232
Interest expense		-	26
Transaction costs		1,484,621	413,701
Withholding taxes		-	219
Expense reimbursement fees		365,774	112,387
Other operating expenses		415	278
Total operating expenses		4,042,886	917,598
Operating profit/(loss)		6,112,078	4,662,008
Finance costs attributable to unitholders			
Distributions to unitholders	6	(1,910,892)	(19,822)
(Increase)/decrease in net assets attributable to unitholders	5	(4,201,186)	(4,642,186)
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Ophir High Conviction Fund
Statement of Financial Position
As at 30 June 2017**

Statement of Financial Position

		As at	
		30 June 2017	30 June 2016
	Notes	\$	\$
Assets			
Cash and cash equivalents	7	30,677,401	37,084,020
Receivables	9	447,125	3,114,843
Due from brokers - receivable for securities sold		588,587	2,668,419
Financial assets held at fair value through profit or loss	4	222,562,478	81,581,849
Total assets		<u>254,275,591</u>	<u>124,449,131</u>
Liabilities			
Distributions payable	6	1,910,892	19,822
Payables	10	2,474,462	23,217,344
Due to brokers - payable for securities purchased		3,891,483	7,275,521
Total liabilities (excluding net assets attributable to unitholders)		<u>8,276,837</u>	<u>30,512,687</u>
Net assets attributable to unitholders - liability	5	<u>245,998,754</u>	<u>93,936,444</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Ophir High Conviction Fund
Statement of Changes in Equity
For the year ended 30 June 2017**

Statement of Changes in Equity

	Year ended 30 June 2017 \$	For the period 30 July 2015 to 30 June 2016 \$
Total equity at the beginning of the year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the year	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or the end of the year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Ophir High Conviction Fund
Statement of Cash Flows
For the year ended 30 June 2017

Statement of Cash Flows

	Year ended 30 June 2017 \$	For the period 30 July 2015 to 30 June 2016 \$
	Notes	
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	375,872,902	82,740,520
Purchase of financial instruments held at fair value through profit or loss	(512,462,643)	(154,647,453)
Interest received	324,180	69,166
Dividends received	4,150,490	372,305
Other income received	-	317
Expense reimbursement fees paid	(298,010)	(165,717)
Management fees paid	(2,179,244)	(213,544)
Transaction costs paid	(1,626,043)	(458,381)
Performance fees paid	(136,065)	-
Payment of other operating expenses	(415)	(524)
Net cash inflow/(outflow) from operating activities	8(a) <u>(136,354,848)</u>	(72,303,311)
Cash flows from financing activities		
Proceeds from applications by unitholders	146,301,680	109,713,861
Payments for redemptions by unitholders	5 <u>(16,353,451)</u>	(326,530)
Net cash inflow/(outflow) from financing activities	<u>129,948,229</u>	<u>109,387,331</u>
Net increase/(decrease) in cash and cash equivalents	(6,406,619)	37,084,020
Cash and cash equivalents at the beginning of the year	<u>37,084,020</u>	-
Cash and cash equivalents at the end of the year	7 <u>30,677,401</u>	37,084,020
Non-cash financing activities	8(b) 19,822	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General information

These financial statements cover Ophir High Conviction Fund ("the Trust") as an individual entity. The Trust was constituted on 23 July 2015 and commenced operations on 30 July 2015.

The principal activity of the Trust is conducting securities investment activities in Australia, investing in a concentrated portfolio primarily focused on listed securities outside of the ASX 50. The Trust may invest in international equities such as listed securities in New Zealand.

The Trust terminates on the first of:

- (i) the date the Trustee tells investors it terminates; or
- (ii) any date the law requires.

The Trust may otherwise be terminated (but is not obliged to terminate) in the Trustee's discretion if:

- (i) there are changes in the market such that the Trustee believes the Trust will be unable to achieve its investment objectives as set out in the Offer Document; or
- (ii) law allows this to occur.

On 17 August 2017, Ophir High Conviction Fund was registered with the Australian Securities and Investments Commission. The Trust was previously an Australian unregistered, wholesale unit trust.

The Trustee of the Trust is Ophir Asset Management Pty Ltd (ABN 88 156 146 717) (AFSL 420 082) ("the Trustee"). The Trustee's registered office is Level 16, 1 Market Street, Sydney, NSW 2000. The Trustee is incorporated and domiciled in Australia.

The financial statements of the Trust are for the year ended 30 June 2017. The financial statements are presented in Australian Dollars, which is the currency of the primary economic environment in which it operates. The Trust's performance is evaluated and its liquidity is managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The financial statements were authorised for issue by the Directors on the date the Directors' Declaration was signed. The Directors of the Trustee have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

In the opinion of the Trustee, the Trust is not a reporting entity because there are no users dependent on general purpose financial report. The financial statements of the Trust have been prepared as special purpose financial statements for the distribution to the unitholders and to satisfy the requirements of the Trust Deed to prepare financial statements and must not be used for any other purpose.

The special purpose financial statements have been prepared in accordance with the requirements of the recognition and measurement aspects of all applicable Australian Accounting Standards (including the Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the disclosure requirements of the following pronouncements:

- AASB 101: Presentation of Financial Statements
- AASB 107: Statement of Cash Flows
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048: Interpretation of Standards
- AASB 1054: Australian Additional Disclosures

No other Australian Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the AASB have been applied.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Ophir High Conviction Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled more than twelve months after the end of each reporting period cannot be reliably determined.

The financial statements have been prepared on a historical cost basis, except for financial assets which have been measured at fair value.

(i) New and amended standards adopted by the Trust

The amendments to AASB 107 *Statement of Cash Flows* have been early adopted. The Trust has elected to adopt the amendments made by AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* early. This amendment requires disclosure of changes in liabilities arising from financing activities. The relevant information is provided in Note 5.

There are no other new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2016 that have a material impact on the Trust.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not been early adopted by the Trust. The Directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition, classification and measurement of the Trust's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Trust does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Trust's investments are all held at fair value through profit or loss, the change in impairment rules will not materially impact the Trust.

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Trust's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Trust's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

2 Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Classification

- Financial instruments held for trading

These are investments in derivative financial instruments such as futures. The Trust does not designate any derivatives as hedges in a hedging relationship.

Derivatives in a net receivable position (positive fair value) are reported as financial assets held at fair value through profit or loss - held-for-trading. All derivatives in a net payable position (negative fair value) are reported as financial liabilities held at fair value through profit or loss - held-for-trading.

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded equity instruments.

Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is for the Trustee to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all risks and rewards of ownership.

(iii) Measurement

- Financial assets held at fair value through profit or loss

At initial recognition, the Trust measures financial assets and financial liabilities at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets held at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets traded in active markets is based on their quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs. For all of the investments, information provided by independent pricing services is relied upon for valuation of investments.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of Financial Position.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option; however, applications and redemptions may be suspended by the Trustee if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Trust is required to distribute its distributable income. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Trust.

(d) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represent the Trust's main income generating activity.

(e) Investment income

Interest income earned on cash and cash equivalents is recognised in the Statement of Comprehensive Income on an accruals basis.

Changes in fair value for financial instruments held at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Trust currently incurs withholding tax imposed by certain countries on dividend income. Such income is recorded gross of withholding tax in the Statement of Comprehensive Income.

Other income is recognised on an accruals basis.

(f) Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

(g) Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any future realised capital gains. If realised capital gains exceed realised losses, the excess is distributed to the unitholders.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(h) Distributions

The Trust distributes its distributable income in accordance with the Trust Deed, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

The distributions are payable at the end of June each year.

2 Summary of significant accounting policies (continued)

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as finance costs.

The movements include undistributable income which may consist of unrealised changes in fair value of financial instruments held at fair value through profit or loss; accrued income not yet assessable; expenses provided or accrued for which are not yet deductible; net capital losses; and tax free or tax deferred income. Net capital gains on the realisation of any financial instruments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same period in which it becomes assessable for tax.

(j) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within two business days. A provision for impairment of amounts due from brokers is recognised in the Statement of Comprehensive Income when there is objective evidence that the Trust will not be able to collect all amounts due from the relevant broker. Indicators that the amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(k) Receivables

Receivables may include amounts for dividends and interest. Dividends are accrued when the right to receive payment is established. Where applicable, interest is accrued on a monthly basis. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as Reduced Input Tax Credits (RITC).

(l) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the end of the reporting period.

As the Trust has a contractual obligation to distribute its distributable income, a separate distributions payable is recognised in the Statement of Financial Position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

Distributions declared effective 30 June in relation to unitholders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

(m) Applications and redemptions

Unit application and redemption prices are determined by reference to the net assets of the Trust divided by the number of units on issue, adjusted for buy/sell spreads.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as investment management fees, performance fees and expense reimbursement fees have been passed onto the Trust. The Trust qualifies for RITC at a rate of at least 55%; hence investment management fees, performance fees and expense reimbursement fees have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

2 Summary of significant accounting policies (continued)

(o) Comparative information

Comparatives are for the period 30 July 2015, being the commencement date, to 30 June 2016, whereas the current year balances are for the year ended 30 June 2017.

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets held at fair value through profit or loss:

	Year ended 30 June 2017	For the period 30 July 2015 to 30 June 2016
	\$	\$
Financial assets		
Net gain/(loss) on financial assets held for trading	(6,213)	85,171
Net gain/(loss) on financial assets designated as at fair value through profit or loss	5,701,307	4,982,643
Net gains/(losses) on financial assets held at fair value through profit or loss	5,695,094	5,067,814
Net realised gain/(loss) on financial assets held at fair value through profit or loss	(11,086,460)	(3,847,285)
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	16,781,554	8,915,099
Net gains/(losses) on financial assets held at fair value through profit or loss	5,695,094	5,067,814

4 Financial assets held at fair value through profit or loss

	As at	
	30 June 2017	30 June 2016
	\$	\$
Designated at fair value through profit or loss		
Equity securities	222,562,478	81,581,849
Total designated at fair value through profit or loss	222,562,478	81,581,849
Comprising:		
Equity securities		
Australian listed equity securities	222,562,478	81,581,849
Total financial assets held at fair value through profit or loss	222,562,478	81,581,849

5 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Year ended		For the period	
	30 June 2017 Units	30 June 2017 \$	30 July 2015 to 30 June 2016 Units	30 July 2015 to 30 June 2016 \$
Opening balance	73,841,846	93,936,444	-	-
Applications	114,524,916	164,194,753	74,085,588	89,620,788
Redemptions	(11,873,911)	(16,353,451)	(243,742)	(326,530)
Reinvestment of distributions	12,840	19,822	-	-
Increase/(decrease) in net assets attributable to unitholders	-	4,201,186	-	4,642,186
Closing balance	176,505,691	245,998,754	73,841,846	93,936,444

As stipulated within the Trust Deed, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust. There are three separate classes of units. Each unit within the same class has the same rights attaching to it as all other units within that class. Each unit class attracts different management fees and performance fees.

Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding that net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a monthly basis as the Trust is subject to monthly applications and redemptions at the discretion of unitholders.

Monthly applications and redemptions are reviewed relative to the liquidity of the Trust's underlying assets on a monthly basis by the Trustee/Investment Manager. Under the terms of the Trust Deed, the Trustee has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

6 Distributions to unitholders

The distributions for the year were as follows:

	Year ended		For the period	
	30 June 2017 \$	30 June 2017 CPU	30 July 2015 to 30 June 2016 \$	30 July 2015 to 30 June 2016 CPU
Distributions payable	1,910,892	5.5382	19,822	0.9641
Total distributions	1,910,892	5.5382	19,822	0.9641

7 Cash and cash equivalents

	As at	
	30 June 2017 \$	30 June 2016 \$
Cash at bank	30,677,401	37,084,020
Total cash and cash equivalents	30,677,401	37,084,020

8 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended 30 June 2017 \$	For the period 30 July 2015 to 30 June 2016 \$
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	4,201,186	4,642,186
Distributions to unitholders	1,910,892	19,822
Proceeds from sale of financial instruments held at fair value through profit or loss	375,872,902	82,740,520
Purchase of financial instruments held at fair value through profit or loss	(512,462,643)	(154,647,453)
Net (gains)/losses on financial instruments held at fair value through profit or loss	(5,695,094)	(5,067,814)
Net change in receivables	(214,282)	(232,843)
Net change in payables	32,191	242,271
Net cash inflow/(outflow) from operating activities	(136,354,848)	(72,303,311)

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan

	19,822	-
Total non-cash financing activities	19,822	-

As described in Note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

9 Receivables

	As at	
	30 June 2017	30 June 2016
	\$	\$
Applications receivable	-	2,882,000
Dividends receivable	34,458	53,061
Interest receivable	20,746	16,943
GST receivable	391,921	79,204
Other receivables	-	83,635
Total receivables	447,125	3,114,843

Receivables are unsecured and non-interest bearing.

10 Payables

	As at	
	30 June 2017	30 June 2016
	\$	\$
Management fees payable	242,136	83,263
Performance fees payable	-	125,809
Monies not allocated to units	2,200,000	22,975,073
Other payables	32,326	33,199
Total payables	2,474,462	23,217,344

Payables are unsecured and non-interest bearing.

11 Remuneration of auditor

	Year ended 30 June 2017	For the period 30 July 2015 to 30 June 2016
	\$	\$
Ernst & Young		
<i>Audit and other services</i>		
Audit of financial statements	9,500	-
Total remuneration for audit and other assurance services	9,500	-

	Year ended 30 June 2017	For the period 30 July 2015 to 30 June 2016
	\$	\$
Nexia Sydney		
<i>Audit and other services</i>		
Audit of financial statements	-	7,500
Total remuneration for audit and other assurance services	-	7,500

11 Remuneration of auditor (continued)

The remuneration to auditor is paid directly by the Trustee/Investment Manager in accordance with the Trust Deed.

12 Events occurring after the reporting period

On 17 August 2017, the Trust registered as a managed investment scheme with the Australian Securities and Investments Commission, and The Trust Company (RE Services) Limited was appointed as the Responsible Entity.

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust as disclosed in the Statement of Financial Position as at 30 June 2017 or on the results and cash flows of the Trust for the year ended on that date.

13 Contingent assets and liabilities and commitments

There are no contingent assets, liabilities or commitments as at 30 June 2017 and 30 June 2016.

Directors' Declaration

The Directors of the Trustee, Ophir Asset Management Pty Ltd, declare that Ophir High Conviction Fund ("the Trust") is not a reporting entity and that these special purpose financial statements have been prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the Directors of the Trustee:

- (a) the financial statements and notes set out on pages 5 to 18 are drawn up so as to present fairly the financial position of Ophir High Conviction Fund as at 30 June 2017, the results of its operations, changes in equity and its cash flows for the financial year ended on that date in accordance with the accounting policies outlined in Note 2 to the financial statements;
- (b) the financial statements are prepared in accordance with the requirements of the Trust Deed; and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of Ophir Asset Management Pty Ltd.



Andrew Mitchell
Director



Steven Ng
Director

Sydney
27 October 2017

Independent Auditor's Report to the Unitholders of Ophir High Conviction Fund

Opinion

We have audited the financial report, being a special purpose financial report, of Ophir High Conviction Fund (the Trust), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to the Notes to the financial statements, which describes the basis of accounting. The financial report is prepared to assist Ophir Asset Management Pty Ltd as the Trustee of the Trust to meet the requirements of the Trust Deed. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the unitholders of Ophir High Conviction Fund and the directors of the Trustee (the Recipients) and should not be distributed to parties other than the Recipients. A party other than the Recipients accessing this report does so at their own risk and Ernst & Young expressly disclaims all liability to a party other than the Recipients for any costs, loss, damage, injury or other consequence which may arise directly or indirectly from their use of or reliance on this report. Our opinion is not modified in respect of this matter.

The Trust does not prepare an 'annual report' that contains any additional information other than the directors' report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Trustee are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in the Notes to the financial statements is appropriate to meet the requirements of the Trust Deed and is appropriate to meet the needs of the unitholders. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Trustee are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young
Sydney
27 October 2017