Ophir Asset Management
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Dear Fellow Investors,

Welcome to the **November 2018 Ophir Letter to Investors** – thank you for investing alongside us for the long term.

Month in Review

Following a bruising October, global equity markets broadly clamoured off the canvas in November to stage a valiant – albeit brief - recovery of sorts. Encouraging interest rate outlook commentary from the US Federal Reserve and a momentary simmering in US-China trade relations saw relief rallies across the bulk of developed markets, the MSCI World Index finishing November +1.3%. Australian equity markets lagged the recovery, weighed down by ongoing weakness across the wider commodity matrix, mixed performances from the larger financials and growing political uncertainty following Labor's landslide win in Victoria's state election. The ASX 200 finished the month -2.8%, the ASX Small Ordinaries Index falling -0.4%.

Across the smaller company space, both higher-growth businesses and the lower-quality cyclicals came under pressure through the month, suggesting the sell-off continues to reflect a broader reduction in exposure to the space. **This kind of wholesale capital rotation tends to present opportunities for those willing to extend a slightly longer-term outlook** and, in our view, continues to remain resemblant of a similar rotation experienced across Australian small caps through the tail end of 2016. As in that period, positive company updates struggled to attract the markets favour this month as sentiment remains compressed and the majority of larger institutional market participants instead use positive share price reactions as an opportunity to raise additional cash.

	1 month	FYTD	1 Year	5 year p.a.	Inception p.a.
Ophir Opportunities Fund^	**(0.9)%**	**(5.5)%**	**4.6%**	**22.7% p.a.**	**32.2%p.a.**
Benchmark*	(0.4)%	(8.9)%	(1.6)%	7.1% p.a.	6.5% p.a.
Value Add (Gross)	(0.5)%	3.5%	6.2%	15.6% p.a.	25.7% p.a.
Fund Return (Net)	(1.0)%	(5.9)%	3.3%	18.0% p.a.	25.2% p.a.

* S&P/ASX Small Ordinaries Accumulation Index (XSOAI)

	1 month	FYTD	1-Year	3 Year p.a.	Inception p.a.
Ophir High Conviction Fund^	**(1.3)%**	**(7.9)%**	**8.1%**	**14.5%p.a.**	**24.1% p.a.**
Benchmark*	(2.5)%	(8.7)%	(2.4)%	10.9% p.a.	10.1% p.a.
Value Add (Gross)	1.1%	0.8%	10.5%	3.6% p.a.	14.0% p.a.
Fund Return (Net)	(1.5)%	(8.4)%	5.1%	11.7% p.a.	19.1% p.a.

* 50% S&P/ASX Small Ordinaries Accumulation Index (XSOAI), 50% S&P/ASX Midcap 50 Accumulation Index (XMDAI)

Whilst frustrating in the immediate short term, the current environment is offering attractive opportunities to deploy capital at valuations that are, in some cases, materially lower than only two months prior. We have been fortunate in having raised fairly significant levels of cash across both

Ophir Funds prior to the most recent sell-off and have been happy to exploit opportunities where depressed market sentiment is, in our view, offering the ability to gain a material return on our capital. Periods of capital rotation often create liquidity issues (as the marginal market participant is weighted to the sell-side with little market depth provided by buyers) and we have been conscious in recent months to ensure the average market capitalisation of holdings across both funds has been further up the curve. **At the end of October, the average market capitalisation of the Ophir Opportunities Fund sat at $1.4bn, while the Ophir High Conviction Fund currently has an average market cap of $2.7bn.**

In a similar vein to the broader market performance this month, both portfolios initially performed well through the opening weeks of November, only to hand back the bulk of those gains through the final week as broader market sentiment again turned negative. The Ophir Opportunities Fund returned -1.01% after fees, underperforming the ASX Small Ordinaries Index by -0.6%. The Ophir High Conviction Fund returned -1.51% after fees, outperforming its benchmark by +1.0%.

Investors in the Ophir High Conviction Fund should be aware that the Fund paid a special distribution to unitholders this month of 10.82 cents per unit (for Class A holders[1]), ahead of the ASX listing of the Fund on Wednesday December 19th. The value of this distribution is reflected by the lower unit price that investors will have received in their November statements. Investors will have either received a cash distribution into their bank accounts this month or received new additional units equal to the distribution amount, depending on their distribution preference.

Despite continuing equity market volatility and ongoing geo-political uncertainty (both domestically and overseas), **corporate activity again remained elevated this month** as an array of Australian businesses were either subject to takeover announcements or sought to raise capital to fund their own growth initiatives. NZ online classifieds business **Trade Me Group (TME)** was sold to UK-based Apax Partners for ~NZ$2.56bn following a brief bidding war from rival US bidder Hellman & Friedman. Listed vet clinic and pet store roll-up **Greencross (GXL)** accepted a $675m offer for the company from private equity player TPG Capital, while intellectual property law firms **Xenith IP (XIP)** and **Qantm Intellectual Property (QIP)** agreed to a $285m merger. After an exceptionally challenging few years, discount retailer **The Reject Shop (TRS)** even garnered corporate interest this month, with Pact Group founder Ruffy Geminder offering $78m for the company via a private investment vehicle.

The prevalence of more financial-orientated acquirers (versus traditional trade buyers) across corporate transactions this month is interesting and possibly reflects the increasingly large amounts of capital inflows into private equity investment strategies in recent years. With more capital globally seeking to find avenues for a suitable return (and access/cost of capital continuing to sit at generational lows), one would expect this activity to continue to remain prevalent. The proposed $2.4bn acquisition of bulk grain handler **Graincorp (GNC)** in early December perhaps adds another dimension to this – the bidder being a newly established consortium of buyers with no previous joint ownership of assets and an intention of funding the acquisition entirely out of debt (with no immediate plans to divest any assets to service the outstanding liabilities). For a business that can experience highly cyclical earnings, the structure does appear somewhat aggressive and market cynics might suggest that some of this activity is reminiscent of later-stage market activity.[2]

[1] Please be aware that distribution amounts will vary slightly between different fund classes. Investors should check their individual statements for the exact distribution amounts received.

[2] For those with longer corporate memories, we are reminded of a similar deal put together by the 'Airline Partners' consortium to acquire Qantas for $11bn (or $5.50/share) just prior to the GFC. The consortium consisted of a range of financial buyers – Allco Equity Partners, Allco Finace Group, Macquarie Bank and private equity players Onex and TPG. The deal was also to be majority debt-funded.

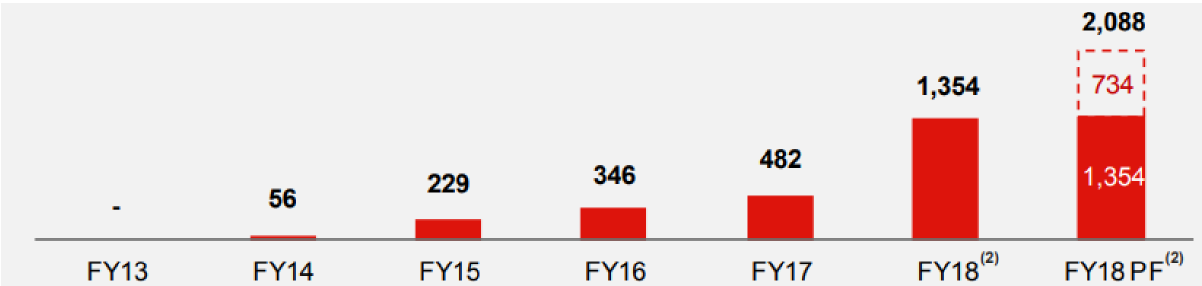
Major Announced Takeovers for CY 2018

#	Date	Target	Sector	Acquirer	Notes	Takeover price	Premium	Current M-Cap
1	03-Dec-18	Graincorp	Agriculture service	LTAP	Indicative takeover at $10.42 cash per share	10.42	43%	2111
2	29-Nov-18	Qantm	Patent Attorney	IPH	Indicative $1.75 takeover plus 5cps dividend	1.80		200
3	21-Nov-18	Trademe	Internet	Apax Partners	Non-binding indicative takeover offer at NZ$6.40 per share	6.40	26%	2274
4	19-Nov-18	Stanmore Coal	Coal	Gold Investments	$0.95 cash takeover offer rejected by Board	0.95	14%	252
5	12-Nov-18	Healthscope	Hospitals	Brookfield	Simultaneous takeover and scheme	2.46		3987
6	12-Nov-18	Propertylink	REIT	ESR	Off market takeover at $1.20 per security	1.20	14%	708
7	05-Nov-18	Greencross	Retail/Vets	TPG Capital	Scheme arragement to acquire 100%	5.55	45%	662
8	17-Oct-18	Investa Office	Office REIT	Oxford	$5.60 per unit takeover offer	5.60	23%	3339
9	10-Oct-18	Navitas	University pathway provider	BGH Consortium	$5.50 cash takeover offer rejected as too low by NVT board	5.50	26%	1840
10	25-Sep-18	Gazal	Retail	PVH Corp	Preliminary discussions with PVH around privatisation	No price		165
11	24-Sep-18	Scottish Pacific	Debt Factoring	Affinity	Scheme of Arrangement to acquire 100%	4.40	18%	611
12	23-Aug-18	Folkestone	Property developer/manager	Charter Hall	Cash bid of $1.39 per share	1.39	25%	210
13	13-Aug-18	APA	Pipelines	CKI Consortium	Knocked back by Fed Treasurer but CKI offered $11 cash per unit	11.00	31%	10512
14	13-Aug-18	Capilano	Honey	Wattle Hill & ROC Capital	Scheme of Arrangement to acquire 100% valued at $20.06 cash	20.06	28%	197
15	11-Aug-18	Eclipx	Car leasing	McMillan Shakespeare	1st proposal from SGF then MMS offers 0.1414 MMS + 46c cash, implying $2.85	2.85		815
16	10-Aug-18	MYO	Accounting software	KKR	Conditional takeover offer at $3.77 per share	3.77	24%	2073
17	02-Jul-18	Gateway	Resi land leasing	Hometown	Off market takeover at $2.25 cashper security	2.25	27%	678
18	26-Jun-18	APN Outdoor	Outdoor advertising	JCDecaux	Scheme of arrangement to acquire 110% at $6.70 per share	6.70	26%	1123
19	26-Jun-18	Fairfax	Media	Nine	NEC offers 0.3627 NEC shares + $0.025 per FXJ share	N/A	10%	1517
20	14-Jun-18	Sirtex	Biotech	CDH Gentech	Scheme of arrangement at $33.80	33.80	80%	1893
21	21-May-18	BWX	Skin Cream	Bain & MBO	$6.60 cash per share falls over	6.60	30%	426
22	30-Apr-18	Cann Group	Medical Marijuana	Aurora	Preliminary discussions around a potential transaction	No price	N/A	261
23	23-Apr-18	Santos	Oil and Gas	Harbour Energy	Proposal to acquire Santos at $6.50	6.50	28%	12497
24	13-Apr-18	AMA	Panel repair	Blackstone	Demerge of ACAD and proposal by Blackstone to acquire Panel Division	0.90	N/A	557
25	Mar-18	Watpac	Construction, mining service	Besix	Scheme of arrangement to acquire additional 36%	0.92	37%	170
26	Feb-18	Viralytics	Biotech	MSD	Scheme of arrangement to acquire 100% at $1.75 cash	1.75	160%	485
27	05-Feb-18	AWE	Oil and Gas	Mitsui	Cash takeover offer of $0.95 per share	0.95	74%	595

Source: Wilsons Advisory

We have been pleased this month to see a number of companies across the Ophir portfolios also involved in corporate transactions, albeit the market response in a number of cases has been fairly muted. Ophir High Conviction Fund holding **Webjet (WEB)** announced a $153m entitlement issue to fund the $240m acquisition of Dubai-based business-to-business (B2B) accommodation provider 'Destinations of the World' (DOTW). Operating throughout the Middle East, Europe, Asia Pacific and the Americas, the business connects hoteliers with travel agents, tour operators and third-party wholesalers. Fitting nicely into WEB's existing B2B business 'WebBeds', the acquisition cements Webjet's position as the second largest provider in B2B globally, taking the business's directly contracted hotel inventory from ~23,000 beds to ~28,500, or a +24% increase. Total transaction volume (TTV) processed by the WebBeds B2B group, inclusive of Destinations of the World, will now exceed $2.0bn on a pro forma basis.

Total Transaction Volume (TTV) – WebBeds FY13 – FY18 (Pro-forma)



Source: Company presentation

Pleasingly, the DOTW acquisition is expected to deliver ~$14m in additional annualised synergies ($10m per annum in revenue synergies via cross-selling within the WEB's existing network and $4m per annum in cost synergies via centralisation of corporate costs, headcount reduction etc) to the broader Webjet Group. As an additional sign of confidence in the combination of the two groups, the vendors of the DOTW business also opted to take $28m of the consideration of the sale directly in WEB shares.

We like executive remuneration structures that are closely tied to shareholder outcomes and, where possible, also encourage senior executive management to have a meaningful amount of personal investment within the business on equal terms as their underlying shareholders. In this regard, we also took great comfort in Webjet CEO John Gusic personally sub-underwriting a portion of the retail component of the entitlement offer, resulting in his acquiring an additional 1.2m shares in the business post the acquisition (equating to a personal investment of a further $13.8m in the company).

Perhaps as another example of current equity market sentiment (and despite the business also reiterating its forward earnings guidance for FY19), the share price reaction to the acquisition proved relatively subdued. A comparable deal (with similar levels of co-investment from key management and insiders) in more buoyant markets would likely have resulted in a share price move well into the double-digits – this, however, is the opportunity for investors in the current market and we have been happy to join John in increasing our exposure to the business.

Similarly, fellow High Conviction Fund portfolio holding **Mineral Resources (MIN)** produced one of the more interesting deals this month, agreeing to sell a half-share in its Wodgina lithium project to battery metals giant Albemarle (NYSE: ALB) for $A1.58bn. The deal certainly raised eyebrows given the Wodgina asset itself was only purchased by Mineral Resources in mid-2016 as a then-mothballed tantalum mine from Global Advanced Metals for less than $100m. Quite incredibly, the implied valuation of the Wodgina asset by the Albemarle deal (~$A3.16bn) equated to *the entire market capitalisation* of Mineral Resources at the time of the announcement (essentially ignoring the additional iron ore and mining services businesses that currently generate some ~$500m in EBITDA per annum).

While the share price of the business was well supported following the deal, the potential upside was somewhat impacted by an earnings downgrade announced by the business at the time of the acquisition as a result of timing delays in ramping up production across the company's iron ore and lithium assets. While the causes of the downgrade look largely transient in nature, the current environment inevitably means greater focus is weighed to the negative, no matter how short term. Hence, despite the incredible deal value, the MIN share price only appreciated +6.5% for the month – a fairly tepid response to a deal that provides the business with significant funds for further expansion and diversifies the business away from one had become a large lithium exposure.

In a similar vein to the Webjet experience, those closest to the business haven't allowed current market conditions to curb their enthusiasm, with the company seeing a substantial investment from company insiders post the deal: non-executive director Tim Roberts acquired $30m in new shares over the final weeks of November (via a private investment company) at an average price of $14.80. **We have been similarly happy to look through the near-term earnings slip** and were delighted that the market had allowed us an opportunity to purchase additional shares post the transaction without having to pay a significant premium.

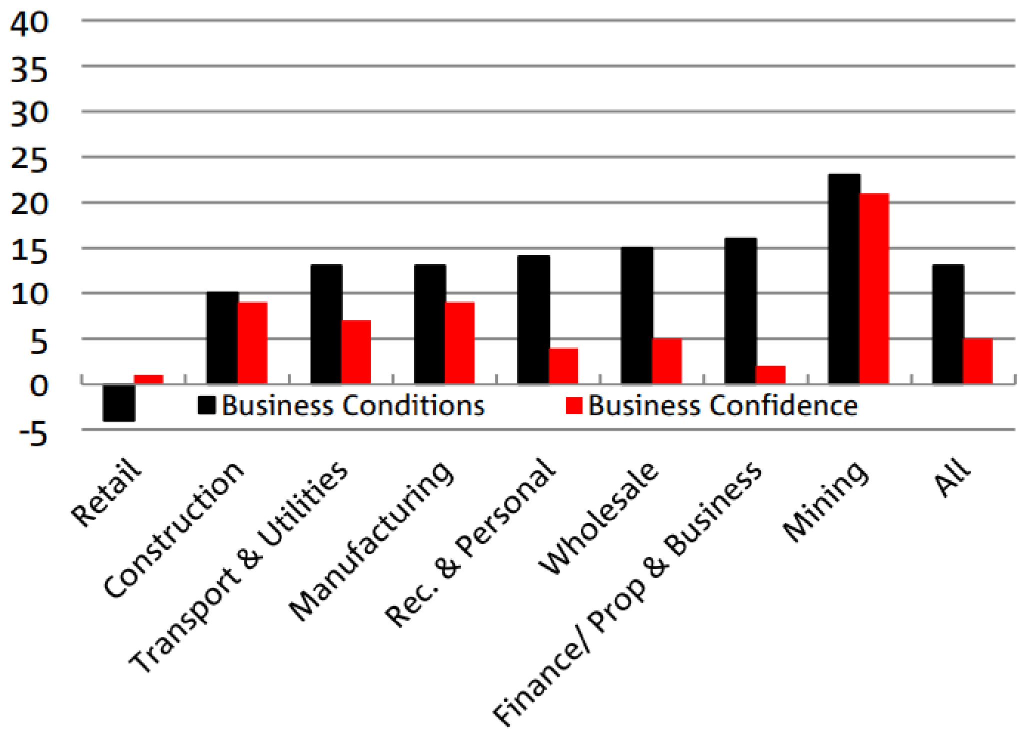
Retail, Home Prices & Afterpay (APT)

While corporate optimism remains high across some sectors of the market, the dwindling fortunes of the Australian consumer in recent months has seen business confidence across the retail space contract fairly significantly. November saw another round of retail businesses enter administration, with fashion and home furnishings retailer **Laura Ashley** collapsing for the second time in two years, while Australia's third largest menswear provider **Roger David** announced the final shutting of its doors on December 2nd.

While the most recent round of announced closures likely reflects the longer-term impact of a variety of structural issues facing the sector (fierce competition from online and international competition, rising input and labour costs and an increasingly fickle consumer), anecdotes out of the retail sector in recent weeks would certainly indicate that conditions have continued to remain challenging. While the listed retail sector has yet to see any formal earnings downgrades released to the market (other than **Myer's** confession of a -4.8% retreat in sales for the 1Q of FY19), the equity market is clearly on edge with the discretionary retailers index already -14% for the quarter.

The recently released NAB business survey for November perhaps highlights the contrasting conditions between retail and other industry sectors at present with both business conditions and overall confidence demonstrably lower than other areas of the economy. Indeed, retail was the only sector in Australia to record deteriorating conditions through the month of November.

<u>Australian Business Conditions By Industry – November 2018</u>



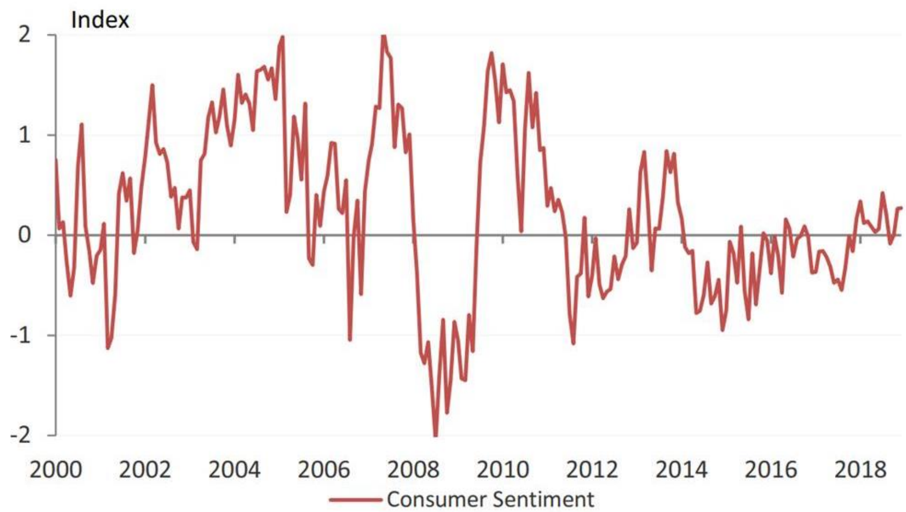
Source: NAB Monthly Business Survey

How much of this contraction is related to a continued decline in East Coast home prices is still difficult to quantify, however there are certainly signs that the Australian consumer is going through a period of deleveraging. Consumption spending figures released in the 3Q GDP figures were sharply weaker (slowing to growth of 2.5% year-on-year), while November also saw a meaningful contraction in new car sales (-7.4% year-on-year), its eighth consecutive month of declining activity.

While the near-hysterics of the Australian media might suggest the Australian economy is on the verge of housing Armageddon, the reality is somewhat less dramatic albeit still noteworthy. Over the past few weeks (on CoreLogic data), Sydney has recorded consecutive -0.5% weekly price declines (which, as the press has confidently picked up, would indicate an annualised fall of 25%). December is typically not regarded as an ideal time for vendors to execute a sale (given distraction from holiday period, lower foot traffic for opens etc) and to extrapolate the movements though the month to an annualised trend looks a leap of faith too far. Typically, homes for sale through the December period are often held by more motivated vendors that are increasingly inclined to meet the market and, as such, can drag the average home price sale figures lower.

While home price weakness is not something East Coast homeowners are overly accustomed to, even at current levels most medium-term owners of housing stock are still considerably up on their investment (house prices across Sydney and Melbourne are +25% and +35% respectively versus just four years prior). That being said, the negative wealth effect of falling home prices can obviously damage the propensity for consumers to spend and the Christmas period will certainly provide a bellwether on the current health of the Australian consumer - despite retail merchants fearing the worse, the underlying consumer (as measured by the latest round of consumer confidence numbers) still remains relatively buoyant.

<u>Australian Consumer Confidence – Remaining Resilient For Now</u>



The difficult combination of structural sector headwinds, a slowing economy and a patchy consumer ultimately has meant that retail businesses in Australia have been forced to innovate to maintain an existence – either by evolving traditional business models or by including additional technology features to make products and services more accessible. The explosive growth of modern-day layby provider **Afterpay Touch Group (APT**) provides an interesting case in point, where retailers have embraced a service to provide consumers with flexibility of payments as a means to attract their custom.

For those unfamiliar with the business, Afterpay has been an early innovator in the *'buy now, pay later'* space where consumers are able to purchase goods in-store or online and subsequently pay off the purchase in 4 equal instalments over time. Unlike a traditional consumer loan business, the customer doesn't incur any interest costs on the purchase amount (they can, however, incur late fees should they fail to repay the outstanding amount), with Afterpay instead deriving its revenues by charging the underlying retailer a small single-digit percentage of the total purchase cost of good acquired. Retailers have been increasingly keen to offer the service given access to the product has continued to show meaningful increases in both transaction sales volumes and average ticket sizes. In an increasingly competitive retail environment, Afterpay has ultimately provided retailers with one small weapon to drive sales to their store or website.

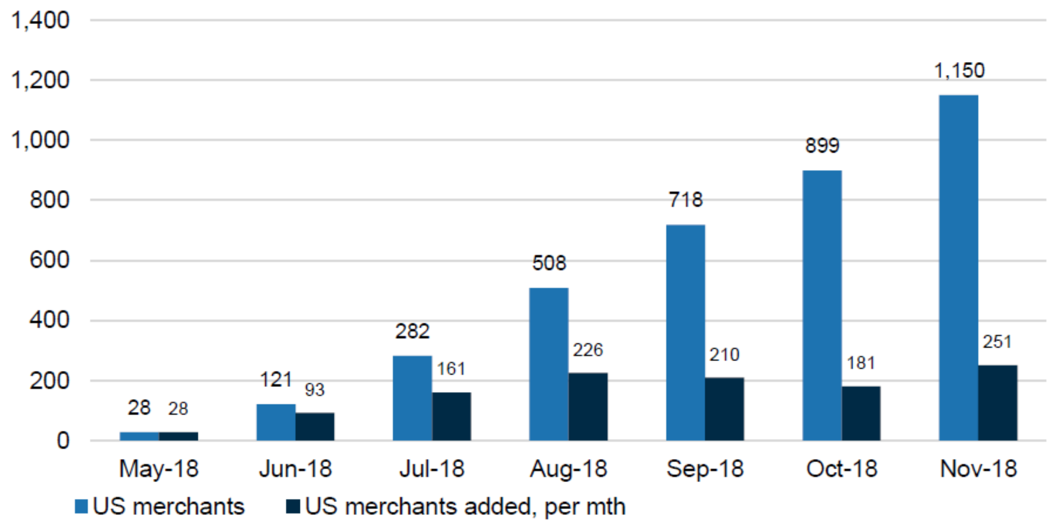
The success of the business over a short time period has been well documented – at the time of the ASX listing of the business in March 2016 (which valued the company at a $165m market capitalisation), the business disclosed a little over 100 retail merchants that utilised the service and ~38,000 registered end-customers. Fast forward only 32 months later, **the business now speaks for over 2.5m registered customers (greater than 10% of the Australian population) and is utilised by more than 20,000 separate retail partners.** The business processes greater than 10% of all transactions conducted across Australian websites on any given day, with an additional in-store presence in over 15,000 retail sites across the country. From an initial $165m market capitalisation, the company is now included in the S&P/ASX 200 index, with a market capitalisation of over $3bn.

As regular readers of these Letters would be aware, we were a relatively early shareholder in the business (though not, unfortunately, from the initial public offering – we still held some concerns at the time around what the company's potential default rates could be and opted instead to monitor the business for a few additional months prior to purchasing shares), with both Ophir Funds benefitting from the strong subsequent share price appreciation as the business rapidly scaled. While we continued to like the long-term trajectory of the business, in August this year we took the decision to significantly reduce the holding in both funds given the valuation of the business had become stretched, the potential for execution missteps in the early stages of a US rollout was high and the business was facing increasing levels of regulatory scrutiny domestically.

Pleasingly, our reduction in the position size ultimately proved fortuitous, albeit the catalyst for the ~45% decline since August has largely come as a result of the broader PE de-rate experienced by all higher growth / higher valuation businesses across the ASX in recent months (rather than any salient predictions of operational issues from the US rollout or impact from regulatory reviews on our behalf). Either way, the share price decline provided an opportunity to again redeploy capital into the same business we held in August at almost half the valuation. We're not ones to look a gift horse in the mouth and with the business arguably *better* placed now vis-à-vis the US rollout and the domestic regulatory front, we have re-weighted into the business at current price levels over recent weeks.

The success of the US rollout, in particular, has been nothing short of impressive, with over 450,000 end customers having now signed up for the service (including 19,000 customers that registered for Afterpay *in one day alone* over the Black Friday online sales event on November 23rd). Most encouraging to note has been the monthly rate of growth in customer sign-ups has been higher than the company's original experience in Australia, with minimal execution issues yet to materialise. The clever consumer engagement strategy of asking millennial customers to hashtag their favourite retail brands on social media with requests to "Please add #afterpay" has subsequently gone viral, with a number of mid-size US retailers proudly announcing the inclusion of the service to meet their customers' requests.

New Merchants (US) – Afterpay Touch (APT)



Source: Ord Minnett, Afterpay

Interestingly, this phenomenon has translated all the way to millennial royalty, with socialite power duo **Chloe and Kim Kardashian** also recently adding the Afterpay service to their respective retail brand offerings. Pleasingly for Afterpay, Kim Kardashian also felt it appropriate to highlight the addition of the service via her various social media feeds – including an announcement to her 59m Twitter followers and over 120m fans on Instagram.

We have spent time in the US in recent weeks with a number of larger US-based retailers that have recently introduced the product, with the majority of early feedback echoing the now-standard trend of early enthusiasm and growing optimism. A US-based shoe retailer with over US$1.5bn in annual sales was particularly excited with the early traction of the service, noting that average basket size of consumers that utilised the offering was already trending higher. In one of the more impressive examples of rapid take up, the US head of e-commerce for apparel retailer **Cotton On** recently commented that, following the introduction of Afterpay in August this year, 20% of buyers were already utilising the service.

With the US market well over 20x the size of the Australian opportunity, the potential for the business to grow significantly from here is obviously apparent. In a short period of time, Afterpay has scaled to 10% of all online transactions in Australia, representing an addressable market of ~US$18bn per annum. In the US, online transactions represent some ~US$450bn per annum, with online fashion alone accounting for US$60bn in purchases each year. We continue to like the business and, with the recent ASIC review confirming no need for the company to undergo credit checks near-term, we continue to be excited to be a part of the growth trajectory from here.

Looking Forward

While recent volatility across both global and domestic equity markets has provided opportunities to redeploy cash into good quality businesses at attractive price points, it is our expectation that equity markets will likely remain choppy over the coming months. While we continue to remain broadly encouraged by the underlying economic cycle and don't expect a pending global recession to materialise near-term, we do recognise that with an array of macro developments still yet to be resolved (US-China trade relations, Brexit, US interest rate trajectory) that equity market volatility will continue to remain a feature.

This type of environment will prove favourable for active managers that are able to capitalise on opportunities that widespread market volatility often presents. Indeed, the recent bout of macroeconomic uncertainty has already begun to produce a more favourable valuation environment, with both the ASX 200 and the ASX Small Ordinaries Index now trading back in-line with their five-year valuation averages. US equities have arguably retreated even one step further, with consensus PE's for the S&P 500 now sitting at ~15x expected 2019 earnings, well below the 16.2x average of the last 50 years[3].

Across both Ophir portfolio's we continue to hold higher than average cash balances, the Ophir Opportunities Fund currently holding ~7.2% cash, while the Ophir High Conviction Fund currently holds ~14.3%. The decision to reduce a number of weightings across higher growth / higher valuation businesses through August-September this year has been fortuitous and we are enjoying having the optionality of holding cash to exploit opportunities where we feel the ability to generate a solid return on capital is high. Given our expectation for continued equity market volatility over the near term (and a December – February period that is typically devoid of both individual stock news catalysts and liquidity), we don't feel in an immediate rush to deploy back to a more normalised cash position and will instead look to add positions selectively over time ahead of the February results season.

Finally, ahead of the listing of the **Ophir High Conviction Fund (ASX:OPH)** on Wednesday December 19th, we'd like to thank all our investors for their support of the proposal and the good wishes we have received through our most recent round of 'Meet the Manager' information evenings. We have been humbled by the support and by the quality of investor we have attracted in both the Ophir Funds and we look forward to being able to produce a year of strong returns next year to reward that support.

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[3] Excluding the high growth (and higher index-weighted components) 'FANG' stocks (Facebook, Amazon, Netflix and Google) and Microsoft puts the remaining 495 stocks in the S&P 500 on less than 13x 2019 earnings. Assuming the earnings (or the 'E' in the PE ratio) hold, the valuation backstop at current levels for US equities looks relatively firm.

On behalf of all the Ophir staff, thank you again for your support in 2018 and best wishes for a safe, happy and prosperous New Year.

As always, thank you for entrusting your capital with us.

Kindest regards,

Andrew Mitchell & Steven Ng

Co-Founders & Portfolio Managers

Ophir Asset Management

The Ophir Opportunities Fund

Growth of A$100,000 (pre all fees) since Inception

* Chart represents gross value of $100,000 invested since inception and assumes dividends reinvested.
Please note past performance is not a reliable indicator of future performance.

The **Ophir Opportunities Fund** returned -0.9% for the month, underperforming the benchmark by 0.5%. Since inception, the Fund has returned +32.2% per annum, outperforming the benchmark by 25.7% per annum.

	1 Month	**1 Year**	**5 Year (p.a.)**	**Inception (p.a.)**	**Since Inception**
Ophir Opportunities Fund (Gross)	(0.9%)	4.6%	22.7%p.a.	32.2%p.a.	485.8%
Benchmark*	(0.4%)	(1.6%)	7.1%p.a.	6.5%p.a.	49.0%
Gross Value Add	(0.5%)	6.2%	15.6%p.a.	25.7%p.a.	436.9%
Net Fund Return	(1.0%)	3.3%	18.0%p.a.	25.2%p.a.	315.2%

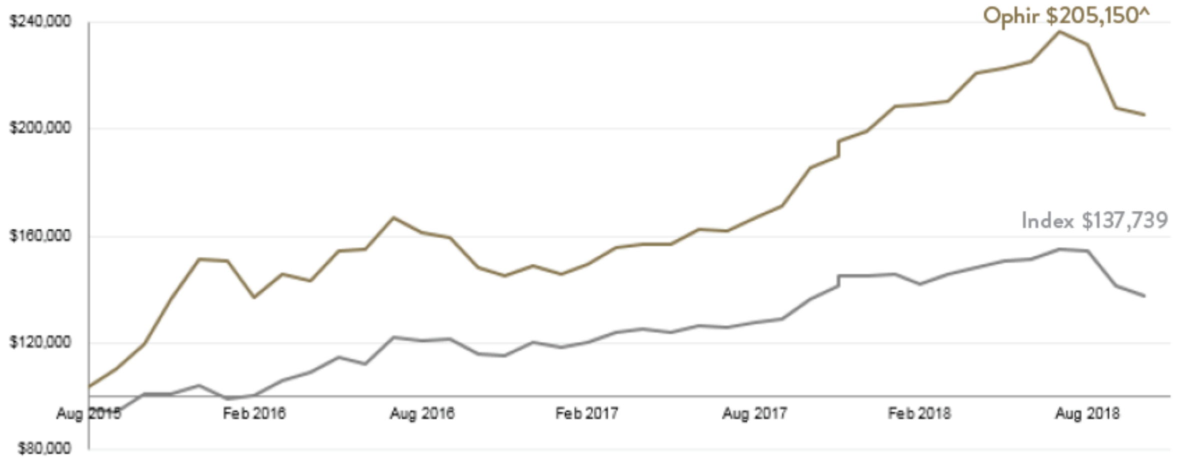
* S&P/ASX Small Ordinaries Accumulation Index (XSOAI)

	Buy Price	**Mid Price**	**Exit Price**
November 2018 Unit Price – Opportunities Fund	2.3112	2.3031	2.2951

Key contributors to the Opportunities Fund performance this month included **Afterpay Touch (APT), Service Stream (SSM)** and **Jumbo Interactive (JIN).** Key detractors included **Redbubble (RBL), Sundance Energy (SEA)** and **Global Traffic Network (GTN).**

The Ophir High Conviction Fund

Growth of A$100,000 (pre all fees) since Inception



* Chart represents gross value of $100,000 invested since inception and assumes dividends reinvested.
Please note past performance is not a reliable indicator of future performance.

The **Ophir High Conviction Fund** returned -1.3% for the month, outperforming the benchmark by 1.1%. Since inception, the Fund has returned +24.1% per annum, outperforming the benchmark by 14.0% per annum.

	1 Month	1 Year	3 Year(p.a.)	Inception (p.a.)	Since Inception
Ophir High Conviction Fund (Gross)	(1.3%)	8.1%	14.5%p.a.	24.1%p.a.	105.2%
Benchmark*	(2.5)%	(2.4%)	10.9%p.a.	10.1%p.a.	37.7%
Gross Value Add	1.1%	10.5%	3.6%p.a.	14.0%p.a.	67.4%
Net Fund Return	(1.5%)	5.1%	11.7%p.a.	19.1%p.a.	78.9%

* 50% S&P/ASX Small Ordinaries Accumulation Index (XSOAI), 50% S&P/ASX Midcap 50 Accumulation Index (XMDAI)

	Buy Price	Mid Price	Exit Price
30 Nov 2018 Unit Price – HCF (ex-distribution)	1.6500	1.6451	1.6402

Key contributors to the High Conviction Fund performance this month included **Afterpay Touch (APT), NextDC (NXT)** and **Corporate Travel (CTD).** Key detractors included **McMillan Shakespeare (MMS), Seven Group Holdings (SVW)** and **Breville Group (BRG).**

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