

# Ophir Global Opportunities Fund



FIGURES AS AT 30 JUNE 2020

This information has been prepared for wholesale clients only.

DATE OF ISSUE: 13 JULY 2020

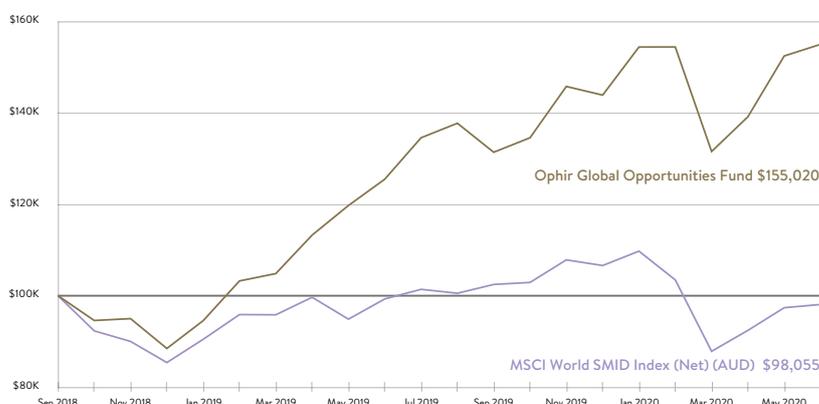
## ABOUT THE FUND

The Ophir Global Opportunities Fund seeks to provide investors with concentrated exposure to high quality small and mid-cap companies globally. Employing an extensive investment process that combines a rigorous company visitation schedule and fundamental bottom-up analysis, the Fund aims to identify businesses operating within structural growth sectors with the ability to deliver ongoing positive earnings revisions. With a bias toward cash generative businesses with sound balance sheets and high quality management teams, the Fund seeks to identify those opportunities early in a Company's investment life cycle, when the listed equity is typically under-researched and under-valued by the broader investment market.

Unit Price (30 June)	Net Return Since Inception p.a.	Value Add (Gross) Since Inception p.a.	Fund Status
<b>\$1.3631</b>	<b>28.5%</b>	<b>40.5%</b>	<b>Enquire</b>

## OPHIR ASSET MANAGEMENT

- Privately owned investment management business co-founded by Senior Portfolio Managers in March 2012
- Fundamental bottom-up research approach combining rigorous company visitation and detailed proprietary analysis
- Strict management of Fund capacity in order to protect performance
- Highly experienced investment team with extensive track record of high performance through all market cycles
- Complete alignment of interests - Senior Portfolio Managers are substantial investors in the Fund



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

\*All monthly performance figures since inception have been audited figures except Mar 2020 which are unaudited estimates.

	Since inception p.a.	1 Year	6 Months	3 Months	1 month
Ophir Global Opportunities Fund <sup>^</sup>	<b>39.4%</b>	<b>33.0%</b>	<b>13.6%</b>	<b>20.5%</b>	<b>3.0%</b>
Benchmark*	-1.1%	-2.5%	-9.8%	9.0%	-1.9%
Value Add (Gross)	40.5%	35.6%	23.5%	11.5%	4.9%
Fund Return (Net) <sup>^^</sup>	28.5%	24.2%	8.2%	18.2%	2.0%

\* MSCI World SMID Index (Net) (AUD) ^Gross Performance (pre all fees) assuming all distributions re-invested from inception. ^^ Net Return after all Fees

## SENIOR PORTFOLIO MANAGERS



**Andrew Mitchell** B Ec (Hons), MAppFin  
Portfolio Manager  
15+ years experience in financial markets, previously Paradise Investment Management and Commonwealth Treasury Department



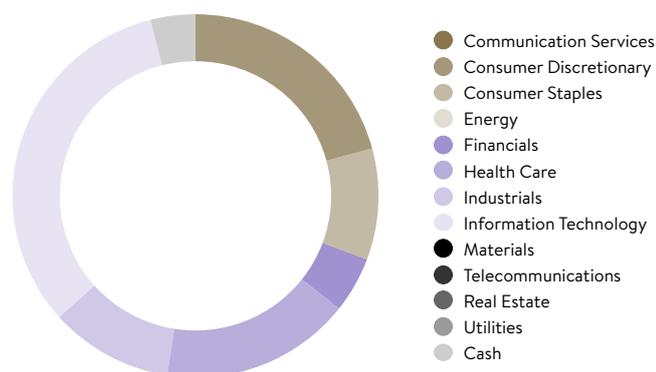
**Steven Ng** B Acc, CFA  
Portfolio Manager  
20+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

## KEY INFORMATION

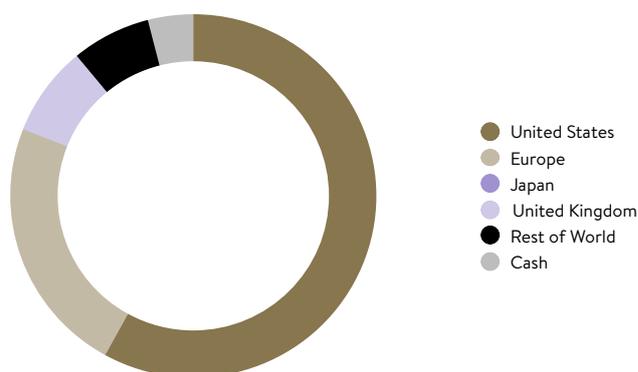
Responsible Entity & Manager	Ophir Asset Management Pty Ltd
Fund Inception	October 2018
Min Investment Amount	\$100,000
Number of Stocks	20-50
Cash Distributions	Annually
Redemptions	Monthly
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

## ALLOCATION OF INVESTMENTS (as at 30 June 2020)

### PORTFOLIO SECTOR EXPOSURES



### GEOGRAPHIC EXPOSURES



### PORTFOLIO CHARACTERISTICS (as at 30 June 2020)

Number of Equity Holdings	35
Cash	3.8%
Avg. Market Cap	\$1,756m

### PORTFOLIO METRICS\* (as at 30 June 2020)

Price / Earnings	23.1
EPS Growth	30.2%
Net Debt / EBITDA	-0.6

\*Numbers are median and sourced from Bloomberg

## MARKET COMMENTARY

During June, the Ophir Global Opportunities Fund rose 2.1% (net of fees) versus the index which declined 1.9%. Since its inception in October 2018, the Fund has returned 55.0% (net of fees) while the index has declined 1.9% since inception.

June was a fitting end to an unforgettable financial year, with meaningful intra-month volatility continuing the trend we have seen since March. During the first eight days of June, the Russell 2000 Total Return Index increased 10.3%, driven by an outsized 14.6% rise in the Russell 2000 Value Index, before falling almost 8% for the remainder of the month. As we have discussed recently the current level of volatility is not uncommon as economies enter recessionary environments and we expect it to continue over the next few months as the world balances several countervailing forces. However, we are firmly of the belief volatility can help create opportunities for the Fund to generate returns for our investors, not just in the short term but most importantly over the medium to long term.

The next six months will be a fascinating time as the world navigates towards 2021, which we can only hope will be better than the first half of 2020. As always, our process focuses on finding cash generative businesses with structural or secular growth opportunities and strong balance sheets that trade on reasonable valuations. We believe the portfolio remains well positioned for a range of economic outcomes in the second half of 2020.

## PORTFOLIO COMMENTARY

During the month we saw the portfolio continue its trend of broadly outperforming during market pullbacks or “risk off” days, before losing some of that outperformance as the broader market rallied, especially the lower quality and value stocks in the index.

While we tend to focus on the Fund’s performance over quarters and years, the month of June was somewhat of a microcosm of the Fund’s performance since inception. The Fund’s index experienced eleven negative returning days during the month and the Fund outperformed in nine of those days, generating the majority of the month’s outperformance.

While this outperformance in down markets has been reasonably consistent since the inception of the Fund, with it beating the market in seven out of nine down months since inception, we remain conscious the best defense is a good offense. Therefore, we focus on delivering outperformance driven by stock specific news rather than general defensive positioning. This latter strategy works in down markets but does not outperform on the way up. For the month of June the Fund had four stocks deliver over 100bps of performance, three of which had stock specific news delivering 50-100% increases in their respective share prices during the month.

We continue to be encouraged by the amount of strong investment ideas we have found through such an uncertain economic environment and remain highly engaged in finding the next idea for the Fund. Competition for positions in the Fund remain high as we added a number of new stocks during the month which pushed out others due to higher return profiles. We continue to hold a strong inventory of ideas going into the reporting period which will begin in late July, though with the majority of opportunities coming in August. We have several ideas not currently in the portfolio with some likely to enter prior to their reporting period as we look to maximize returns during a busy period for stock specific news flow.

## INVESTMENT PHILOSOPHY

### INVESTMENT PROCESS

Ophir employs a fundamental, bottom-up research approach aimed at identifying businesses with the ability to meaningfully grow and compound earnings over time. Typically, the investment process will look to uncover businesses that are operating within, or about to enter, a period of structural growth and are generating cash or have a clearly identifiable pathway toward free cash flow generation. In order to identify these opportunities, the Ophir investment team spend a considerable amount of time understanding the quality of the business and the environment in which it operates.

### ABOUT OPHIR ASSET MANAGEMENT

Ophir Asset Management is a specialist small and mid-cap equities investment manager established by founders Andrew Mitchell and Steven Ng in 2012. The business currently manages approximately \$1.3bn in capital across three investment strategies on behalf of institutional superannuation funds, family offices, private wealth groups and individual investors.

The investment team comprises 9 investment professionals drawn from a diverse range of backgrounds working across all Ophir funds.

### ABOUT THE PORTFOLIO MANAGERS

Senior Portfolio Managers Andrew Mitchell and Steven Ng co-founded Ophir Asset Management in 2012 after previously managing capital together at Paradise Investment Management. Under their stewardship, the fund managed by Andrew and Steven at Paradise was the top performing equities fund in Australia from 2007-2011 versus the fund manager surveys (inclusive of the GFC). At Ophir, Andrew and Steven are Senior Portfolio Managers for the Ophir Opportunities Fund and the Ophir High Conviction Fund which have both delivered exceptional long term returns since inception.

## KEY INVESTOR CONTACTS

### INVESTOR SERVICES

#### Link Fund Solutions

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### INVESTMENT ENQUIRIES

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