

Ophir High Conviction Fund

ASX: OPH

www.ophiram.com

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INVESTMENT UPDATE AND NAV REPORT – FEBRUARY 2021

The Ophir High Conviction Fund seeks to provide investors with a concentrated exposure to a high quality portfolio of listed companies outside the S&P/ASX 50. 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 meaningfully grow and compound earnings over time. Typically, the majority of businesses within the portfolio will already have well-established business models with large or growing end markets and a clearly identifiable pipeline of future growth opportunities. As a concentrated portfolio, the Fund seeks to identify the very best of these opportunities in order to ensure each portfolio position delivers a meaningful impact on overall portfolio returns.

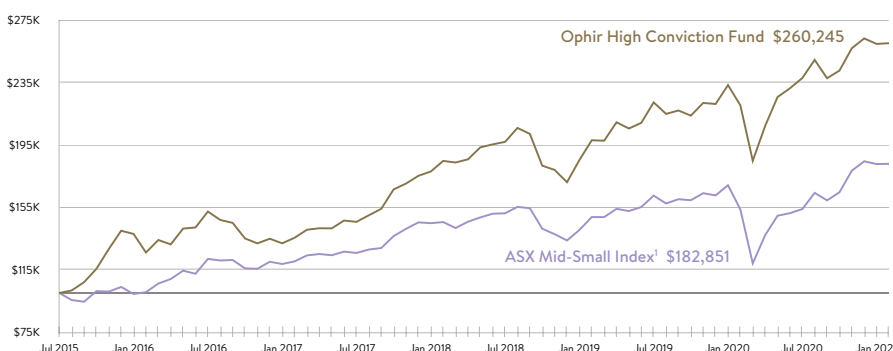
ASX Code	Net Per Annum Return Since Inception (to 28 Feb 21)	Net Return Since Inception (to 28 Feb 21)	Fund Size (at 28 Feb 21)
ASX:OPH	18.7%	160.2%	\$645.8m

FEBRUARY 2021 PORTFOLIO SNAPSHOT

NET ASSET VALUE (NAV) PER UNIT

As at 28 February 2021	Amount
NAV	\$3.24
Unit Price (ASX:OPH)	\$3.55

To access NAV prices for the Ophir High Conviction Fund (ASX:OPH), historical ASX announcements and performance history, please visit www.ophiram.com



* Chart represents the value of \$100,000 invested since inception after all fees and before tax and assuming distributions are reinvested in the Fund. Performance of the Fund is calculated using Net Asset Value (NAV), not the market price. Please note past performance is not a reliable indicator of future performance.

¹ The Fund's benchmark is the S&P/ASX Mid-Small Index, being the composite benchmark of 50% of the S&P/ASX MidCap 50 Accumulation Index and 50% of the S&P/ASX Small Ordinaries Accumulation Index.

INVESTMENT PERFORMANCE

	Since Inception (p.a)	5 Years p.a.	3 Years p.a.	1 Year	3 Month	1 Month
Ophir High Conviction Fund	23.4%	18.7%	15.6%	22.3%	1.6%	0.3%
Benchmark	11.4%	12.7%	7.9%	19.1%	2.5%	0.1%
Value Add (Gross)	12.0%	6.0%	7.7%	3.2%	-0.9%	0.2%
Fund Return (Net)	18.7%	15.6%	12.1%	18.1%	1.3%	0.2%
ASX:OPH Unit Price Return	n/a	n/a	n/a	47.9%	0.0%	1.4%

Performance figures are calculated using the Net Asset Value (NAV) of the Fund as at 28 February 2021, not the market price. Benchmark is the ASX Mid-Small Accumulation Index. Inception date of the Fund is 4 August 2015. Past performance is not a reliable indicator of future performance.

TOP 5 PORTFOLIO HOLDINGS (ALPHABETICAL)

Company	Industry	ASX Code
Afterpay Touch Group	Information Technology	APT
Corporate Travel Management	Consumer Discretionary Services	CTD
Credit Corp Group	Financial Services	CCP
IDP Education	Consumer Discretionary Services	IEL
Tyro payments	Technology	TYR
Average Portfolio Market Cap		\$7.6bn

KEY INFORMATION

Responsible Entity	The Trust Company (RE Services) Limited
Manager	Ophir Asset Management Pty Ltd
Portfolio Managers	Andrew Mitchell & Steven Ng
Fund Inception	4 August 2015
Fund Size	\$645.8m
Number of Stocks	15-30
Cash Distributions	Annually
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS

PORTFOLIO SECTOR EXPOSURES (as at 28 February 2021)

Sector	28 February 2021
Materials	6.6%
Financials	17.7%
Health Care	7.2%
Communication Services	8.5%
Consumer Staples	4.4%
Information Technology	18.9%
Industrials	2.6%
Consumer Discretionary	24.8%
Utilities	0.0%
Real Estate	3.4%
Energy	1.3%
[Cash]	4.6%
	100%

MARKET COMMENTARY

Share markets started February on a bullish tone as investors focussed on the global rollout of vaccines, still low interest rates across the world and a big bazooka USD\$1.9tril fiscal stimulus in train from US President Biden.

This saw many major equity indices up over 5% mid-month before falling back into low single digits by month end courtesy of some major, and quite jarring, moves in bond markets. 'Real' yields in bond markets headed sharply higher over the month in both Australia and the U.S., triggering a pullback in equities, particularly in those companies with longer 'duration' of cash flows that typically comprise growth orientated sectors. The Aussie market finished up +1.5% (ASX200 total return) which was only marginally beaten by the small cap part of the market +1.6% (Small Ords total returns).

Overall, in the wash up, equities in February saw a continuation of the themes that have been playing out since vaccine news first hit the airwaves in November last year. That is, outperformance of 'value' over 'growth', cyclicals over defensives, small cap over large cap and 'out and about' over 'stay at home' stocks. This could be most clearly seen by some wide sector divergence with Financials (+5.2%) and Materials (+7.3%), key value and cyclical sectors, drastically outperforming IT (-8.9%) and Utilities (-8.0%), key growth and defensive sectors.

This all happened amongst the best Aussie equities reporting season seen in decades. Profit 'beats' resoundingly trounced 'misses' and FY21 earnings forecasts were ratcheted up by record amounts with around 20% growth now expected at a market level.

Despite the strong results the market reaction was muted though, suggesting it was poised for good news and further upside may be hard won.

PORTFOLIO COMMENTARY

During February, the Ophir High Conviction Fund's investment portfolio returned +0.2% (net of fees) versus the index which returned +0.1%. Since its inception in August 2015, the Fund has returned 18.7% p.a. (net of fees) while the index has returned 11.4% p.a. since inception.

During February the Ophir High Conviction Fund's ASX listing provided a total return of +1.4% for the month.

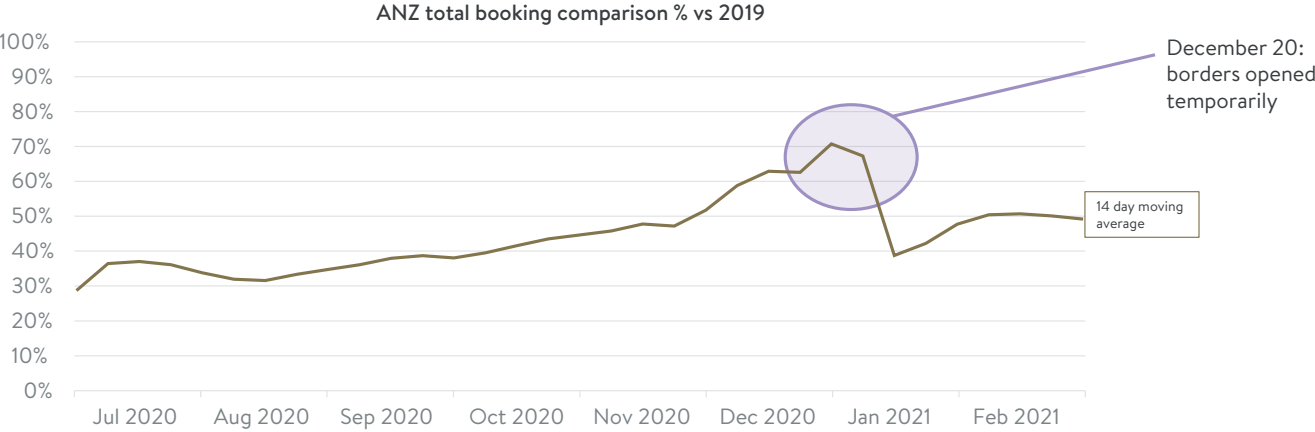
Whilst we don't read too much at all into any one month's performance, the Fund's performance in February highlights that we tend to generate performance primarily through bottom-up stock picking, and not over reliance on any one investing style. We outperformed during the month despite the two styles we are most often associated with, 'growth' and 'quality' both underperforming -- particularly growth -- both domestically and internationally.

We think we are likely in an environment where COVID beneficiaries, particularly those at the growthier end of the spectrum, will have to beat estimates by significant margins and still have room to expand to the top of their valuation trading ranges to find material support in the market. This argues for caution investing in the 'growth at any price' end of the market and we certainly have been making sure we are not overpaying for growth at present across our funds.

In key stock moves for the month it was no surprise that our 'out and about' companies found the most price support, including the travel (e.g. Corporate Travel Management) and education orientated (e.g. IDP Education) names, whilst our higher growth technology focussed businesses (e.g. Afterpay) and those with gold exposure were out of favour as bond yields rose.

Corporate Travel Management, the provider to travel management solutions to the global corporate travel market, provided one of the more pleasing results, up 5.4% on the day and +17.8% over the rest of the month. The company provided an interesting insight into how bookings recovered over the second half of 2020 with Australia and New Zealand booking recovering to 70% of the prior year when borders were opened in December. New Zealand activity remained above 100% in the December 2020 half compared to the same time in the prior year. This does highlight that corporate travel may not be as permanently impaired as some may think in a post-COVID world.

ANZ – case study in activity recovery



Source: Corporate Travel Management presentation

INVESTMENT PHILOSOPHY

INVESTMENT OBJECTIVE

The Fund seeks to provide Unitholders with a concentrated exposure to a high quality portfolio of listed companies outside the S&P/ASX 50. 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 meaningfully grow and compound earnings over time. The Fund aims to generate long-term returns in excess of the Benchmark (after fees and before tax) and provide consistent, sustainable returns for Unitholders.

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 \$2.0bn in capital across two investment strategies on behalf of institutional superannuation funds, family offices, private wealth groups and individual investors. The investment team comprises 12 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, Ophir High Conviction Fund and Ophir Global Opportunities Fund.

KEY INVESTOR CONTACTS

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The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235150 (Responsible Entity) is the responsible entity of Ophir High Conviction Fund (the Fund). This document has been prepared by Ophir Asset Management Pty Ltd ABN 88 156 146 717 AFSL 420 082 (Ophir), the investment manager of the Fund and is authorised for release by The Trust Company (RE Services) Limited as responsible entity and the issuer of units in the Trust. The information is of general nature only and has been prepared without taking into your account your objectives, financial situation or needs. Before making an investment decision, you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current product disclosure statement (PDS) of the Fund. Neither the Responsible Entity nor Ophir guarantees repayment of capital or any particular rate of return from the Fund. All opinions and estimates included in this document constitute judgements of Ophir as at the date of the document and are subject to change without notice. Past performance is not a reliable indicator of future performance. Ophir accepts no liability for any inaccurate, incomplete or omitted information of any kind or any losses by using this information.



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