

Ophir High Conviction Fund

ASX: OPH

www.ophiram.com

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INVESTMENT UPDATE AND NAV REPORT – JUNE 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.

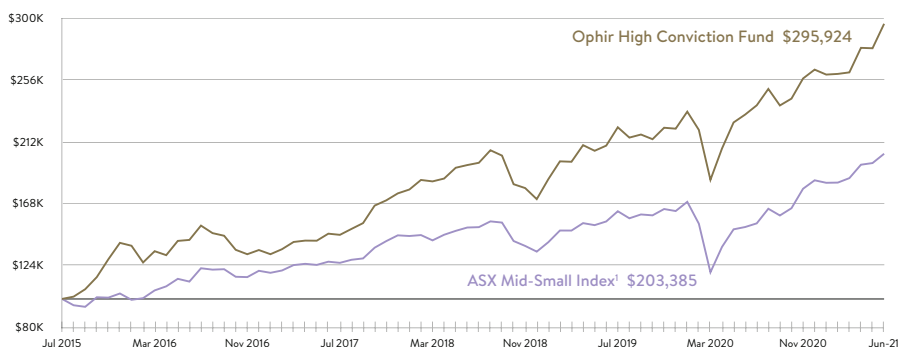
ASX Code	Net Per Annum Return Since Inception (to 30 June 21)	Net Return Since Inception (to 30 June 21)	Fund Size (at 30 June 21)
ASX:OPH	20.2%	195.9%	\$735.4m

JUNE 2021 PORTFOLIO SNAPSHOT

NET ASSET VALUE (NAV) PER UNIT

As at 30 June 2021	Amount
NAV	\$3.69
Unit Price (ASX:OPH)	\$4.02

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	24.7%	18.8%	18.2%	29.7%	13.6%	6.4%
Benchmark	12.8%	12.6%	10.5%	34.5%	9.3%	3.4%
Value Add (Gross)	11.9%	6.2%	7.7%	-4.8%	4.3%	3.0%
Fund Return (Net)	20.2%	15.8%	14.8%	27.9%	13.2%	6.3%
ASX:OPH Unit Price Return	n/a	n/a	n/a	50.6%	15.5%	5.0%

Performance figures are calculated using the Net Asset Value (NAV) of the Fund as at 30 June 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) (as at 30 June 2021)

Company	Industry	ASX Code
Afterpay Touch Group	Information Technology	APT
Corporate Travel Management	Consumer Discretionary Services	CTD
Dominos	Consumer Services	DMP
Resmed	Health Care	RMD
Seek	Communications	SEK
Average Portfolio Market Cap		\$9.0bn

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	\$735.4M
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 30 June 2021)

Sector	30 June 2021
Materials	4.2%
Financials	13.1%
Health Care	7.4%
Communication Services	12.9%
Consumer Staples	3.9%
Information Technology	18.9%
Industrials	8.5%
Consumer Discretionary	21.7%
Utilities	0.0%
Real Estate	3.2%
Energy	0.0%
[Cash]	6.2%
	100%

MARKET COMMENTARY

The news of the month in June was the 'hawkish' stance the US Federal Reserve took in its interest rate outlook. This no doubt put the noses out of joint for monetary policy 'doves' – that is, those that have been crying out for lower for longer interest rates. Better than expected growth and employment outcomes saw the Fed bring forward their expectation for interest rate 'lift-off' to 2023 from 2024. This saw 'flattening' in the US yield curve with 2-year interest rates rising and 10-year yields declining, reflecting the impact of earlier than expected interest rate increases as well as lower long term inflation outcomes.

Equity markets generally took this in their stride though with the Nasdaq (+5.6%), ASX Small Ords (+3.1%), ASX200 (+2.3%), S&P 500 (+2.3%), Russell 2000 (+1.9%) and MSCI Europe (+1.7%) all generating above average results for June.

As expected, the US dollar rose as investors bought the currency to take advantage of the higher short term interest rates on offer. The USD rose +3.0% against the Australian dollar and a similar +2.9% (DXY) against a basket of major currencies. The commodity with the largest sensitivity to the USD – gold – was hit the hardest, falling -7.8% on the month.

In reviewing equity market performance over the 2021 financial year, it was one to remember with most major markets up an ultra-bullish 20%+ in the year to 30 June, well above their circa 10% long term average. Domestically the ASX200 rose +27.8%, its 11th highest financial year gain since 1903. Most of this came from November 2020 onwards as positive vaccines news and a reflationary Biden government agenda in the U.S. saw markets take off. Income returns though only made up a sliver of

this as dividends were cut due to COVID-19 induced uncertainty, providing the lowest level of income returns since 1987 for Australian shares. The domestic market was a relative laggard in FY21 to the US which gained +42.5% but produced an outcome closer to those received on European (+27.3%) and Japanese (+28.9%) equities.

Domestically, the small cap part of the market outperformed large caps, up +3.1% versus +2.1%. The month saw a resumption of Growth style outperformance over Value with, in the small cap segment of the market, the Healthcare (+7.0%) and IT sectors (+5.3%) providing strong gains whilst Materials (-0.5%) was the only sector in the red.

PORTFOLIO COMMENTARY

During June, the Ophir High Conviction Fund's investment portfolio returned +6.3% (net of fees) versus the index which returned +3.4%. Since its inception in August 2015, the Fund's investment portfolio has returned 20.2% pa (net of fees) while the index has returned 12.8% pa since inception.

During June, the Ophir High Conviction Fund's ASX listing provided a total return of +5.0% for the month.

Two top contributors during the month were Afterpay Ltd (+27.4%, ASX:APT) and Resmed (+20.8%, ASX:RMD). Performance was broad based with 20 of 29 positions providing a positive contribution to return during the month.

Afterpay announced during the month that in the U.S. its opening up its Afterpay app to some notable non-network merchants for a select group of customers. This provides more evidence of Afterpay being seen not just as a payments provider but also a lead generation service for key e-commerce businesses.

Resmed received a boost during the month from news of a product recall from competitor Philips of their first generation DreamStation CPAP device. Philips is unlikely to be able to meet immediate demand with their unaffected DreamStation2 device already on backorder.

In other movements, the bad news for Nuix (-24.1%), a company we avoided at IPO and discussed last month, continued with the resignation of the CFO and the retirement of the CEO, as well as ASIC conducting an investigation into share transactions by the CFO.

The gold miners were the definitely laggards for the month as the gold price fell, with non-portfolio holdings De Grey Mining (-20.2%, ASX:DEG), Gold Road Resources (-18.0%, ASX:GOR) and Westgold Resources (-17.1%, ASX:WGX) only beaten out by Nuix (as above) and Genworth Mortgage Insurance (-23.6%, ASX:GMA) as the worst performers in the ASX300.

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 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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