

# Ophir Global Opportunities Fund



FIGURES AS AT 30 NOVEMBER 2021

DATE OF ISSUE: 16 DECEMBER 2021

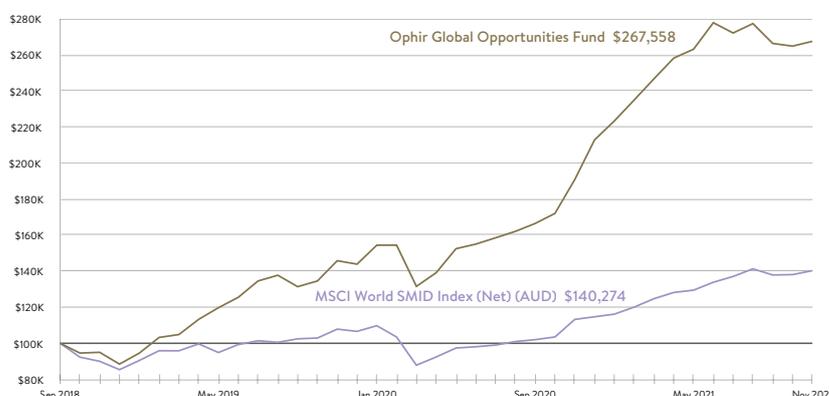
## ABOUT THE FUND

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 November)	Net Return Since Inception p.a.	Value Add (Gross) Since Inception p.a.	Fund Status
<b>\$1.9619</b>	<b>36.4%</b>	<b>35.1%</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 November 2021 which are unaudited estimates.

	Since inception p.a.	1 Year	6 Months	3 Months	1 month
Ophir Global Opportunities Fund <sup>^</sup>	<b>46.4%</b>	<b>48.0%</b>	<b>2.6%</b>	<b>-3.3%</b>	<b>1.1%</b>
Benchmark*	11.3%	23.9%	8.4%	-0.7%	1.6%
Value Add (Gross)	35.1%	24.1%	-5.7%	-2.6%	-0.5%
Fund Return (Net) <sup>^^</sup>	36.4%	39.7%	1.7%	-3.6%	1.0%

\* MSCI World SMID Index (Net) (AUD) <sup>^</sup>Gross Performance (pre all fees) assuming all distributions re-invested from inception. <sup>^^</sup> 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



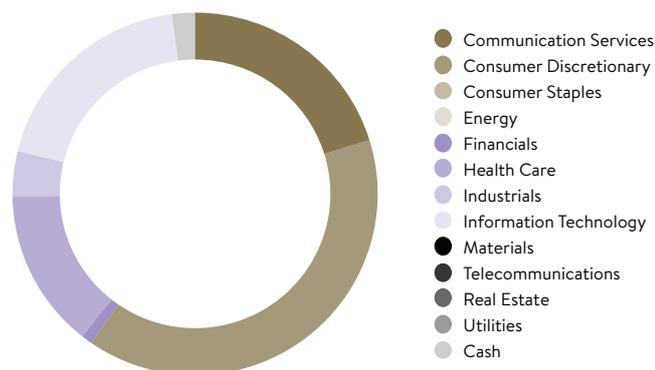
**Steven Ng** B Acc, CFA  
Portfolio Manager  
20+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

## KEY INFORMATION

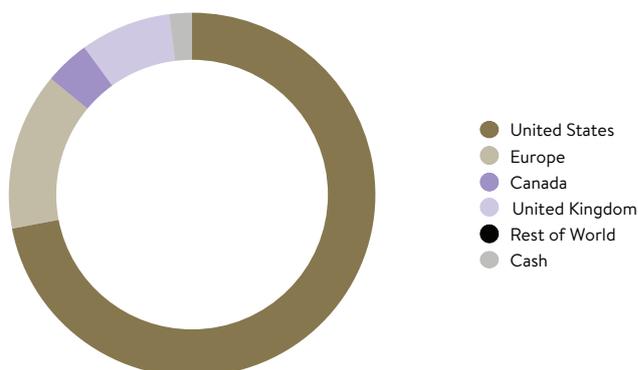
<b>Responsible Entity &amp; Manager</b>	Ophir Asset Management Pty Ltd
<b>Fund Inception</b>	October 2018
<b>Min Investment Amount</b>	\$100,000
<b>Number of Stocks</b>	20-50
<b>Cash Distributions</b>	Annually
<b>Redemptions</b>	Monthly
<b>Investment Objective</b>	Outperform benchmark (after fees) over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

## ALLOCATION OF INVESTMENTS (as at 30 November 2021)

### PORTFOLIO SECTOR EXPOSURES



### GEOGRAPHIC EXPOSURES



### PORTFOLIO CHARACTERISTICS (as at 30 November 2021)

Number of Equity Holdings	44
Cash	2.1%
Avg. Market Cap	\$1,274m

### PORTFOLIO METRICS (as at 30 November 2021)

Price / Earnings	28.9x
EPS Growth	30.1%
Net Debt / EBITDA	2.6

\*Numbers are sourced from Bloomberg. PE and EPS Growth is weighted average with a collar of 0 to 50 and Net Debt/EBITDA is weighted average with a collar of 0 to 10.

## MARKET COMMENTARY

Most major equity markets took a back step from their all-time highs in November. In particular, small cap companies were hit the hardest with the MSCI World Small Cap index dropping -4.8%. The domestic small cap market fared much better with the ASX Small Ords index returning -0.3%, while the Russell 2000, which tracks small cap companies in the US, returned -4.2% for the month.

When looking under the bonnet of the Russell 2000 there has been a notable divergence of returns from “value” and “growth” stocks. Over the last quarter, the Russell 2000 Value Index returned -1.8% while the Russell 2000 Growth Index performed substantially worse than its counterpart, returning -4.3% over the same period.

Turning to the other major indices, the S&P 500 (-0.7%), ASX200 (-0.4%) and MSCI Europe (-2.5%) generated negative returns while the Nasdaq (+0.3%) was in the green by a small margin in November.

The dominating headline during the month was the emergence of a new variant of COVID-19 coined as “Omicron”. Experts suspect the new strain originated from South Africa and information available at the time of writing suggests Omicron is more transmissible but early evidence indicates that it may be less deadly than previous variants of the virus. Many parts of the world, particularly in Europe, have reintroduced measures to reduce the spread of the virus and the level of uncertainty in markets has been dialled up a notch.

We met with numerous companies from different industries over the month and it is evident that the upwards pressure on inflation from supply chain issues is still ongoing. Importantly, at the end of November Fed Chairman Jerome Powell stated that it was time to retire the term “transitory” when talking about inflation. Higher for longer inflation rates have significant implications for markets so this is an area we are observing very closely.

## PORTFOLIO COMMENTARY

During November, the Ophir Global Opportunities Fund returned +1.0% (net of fees) versus the index which returned +1.6%. Since its inception in October 2020, the Fund has returned +36.4% p.a. (net of fees) while the index has returned +11.3% p.a.

We remain comfortable with the core holdings within the portfolio, with only one new entrant into the top 30 holdings for the Fund in November. Over the last few months, we have met with every core holding within the Fund and our level of conviction in these businesses has strengthened post these meetings.

One of the biggest detractors to performance during the month was from a Healthcare company based in the US. It offers non-emergency medical transportation services and provides in-home and on-site services to patients. We first bought into the company when it was trading at 15-16x EV/EBITDA and the stock derated to 12-13x EV/EBITDA recently despite EBITDA estimates being revised up by analysts. Labor tightness and high transportation cost headwinds should dissipate as the US adjusts to living with COVID. We maintain our level of conviction and investment in this business whose share price we believe can double.

In terms of our portfolio positioning, cash remains relatively low, and we are keeping a close eye on those companies that can manage cost input pressures to those that cannot in the Fund due to the risk of more persistent inflation through supply chains.

Our focus is on stocks whose operational performance continues to excel that are cheaper than ever. We have been very disciplined with the companies we hold that are on the higher growth side, with most trading on single digit revenue multiples and growing at 30%+ top line revenue rates. We remain razor-focused on getting each stock call right and we believe the Fund is well positioned for the next 12 to 18 months.

## 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 \$2.0bn in capital across on behalf of institutional superannuation funds, family offices, private wealth groups and individual investors.

The investment team comprises 11 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

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### INVESTMENT ENQUIRIES

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