

Ophir Global Opportunities Fund



FIGURES AS AT 31 MAY 2022

DATE OF ISSUE: 9 JUNE 2022

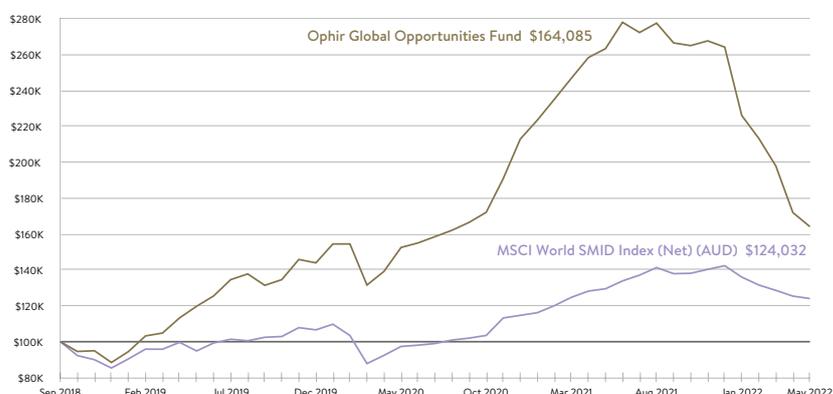
ABOUT THE FUND

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 (31 May)	Net Return Since Inception p.a.	Value Add (Gross) Since Inception p.a.	Fund Status
\$1.2032	14.5%	15.8%	Enquire

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 January 2022 which are unaudited estimates.

	Since inception p.a.	3 Year p.a.	1 Year	6 Months	3 Months	1 month
Ophir Global Opportunities Fund [^]	21.9%	26.5%	-36.6%	-38.2%	-22.7%	-4.4%
Benchmark*	6.1%	7.0%	-4.2%	-11.6%	-5.7%	-1.1%
Value Add (Gross)	15.8%	19.4%	-32.4%	-26.7%	-17.0%	-3.3%
Fund Return (Net) ^{^^}	14.5%	13.0%	-37.7%	-38.7%	-23.1%	-4.6%

* 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



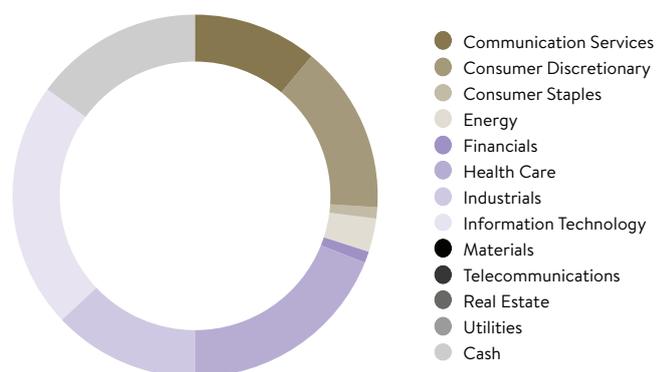
Steven Ng B Acc, CFA
Portfolio Manager
20+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

KEY INFORMATION

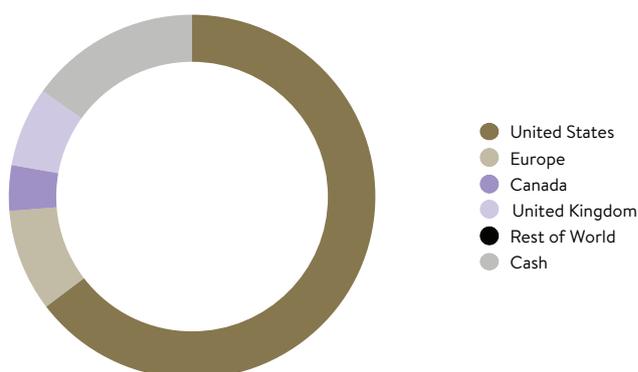
Responsible Entity & Manager	Ophir Asset Management Pty Ltd
Fund Inception	October 2018
Min Investment Amount	\$100,000
Number of Stocks	20-50
Cash Distributions	Annually
Redemptions	Monthly
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS (as at 31 May 2022)

PORTFOLIO SECTOR EXPOSURES



GEOGRAPHIC EXPOSURES



PORTFOLIO CHARACTERISTICS (as at 31 May 2022)

Number of Equity Holdings	39
Cash	15.5%
Weighted Average Market Cap	\$3,729m

PORTFOLIO METRICS (as at 31 May 2022)

Price / Earnings	15.6x
EPS Growth	22.5%
Net Debt / EBITDA	-0.6

*Numbers are sourced from Bloomberg. PE is weighted harmonic mean, 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 stock markets around the world held up better in May compared to recent months, albeit there was no shortage of volatility. The S&P 500 (+0.2%), Nasdaq (-1.9%), Russell 2000 (+0.1%), Nikkei (+1.6%) and MSCI Europe (-0.6%) indices didn't stray too far from break-even whilst the Australian market bucked the trend and returned relatively poorer results. Larger Australian companies held up significantly better than their smaller counterparts, with the ASX 200 and ASX Small Ords indices returning -2.5% and -7.0% respectively.

The ongoing uncertainties impacting markets such as inflation, supply chain issues and the conflict between Ukraine and Russia persisted during the month. These uncertainties remain fluid and are continuing to weigh on investor sentiment. Consequently, we are witnessing: (1) capital rotate out of small cap companies resulting in less liquidity in this part of the market; (2) value stocks continuing to outperform growth stocks; and (3) interest rate sensitive/bond proxy and resources/energy sectors continuing to materially outperform on a relative basis.

Growth stocks once again underperformed value stocks around the world with the MSCI World Growth and MSCI World Value indices returning -2.2% and +2.2% respectively (in USD). Over the 6 months ending 31 May 2022, the MSCI World Growth index has fallen short of the MSCI World Value index by 23.6%.

May is an important month as companies in the US announce their Q1 earnings and several themes have come to light from our conversations with management teams. The market's earnings growth continues to hold but cracks are beginning to emerge at the consumer level in the US. Many companies have built inventory given supply chain constraints and layoffs are starting to occur as managers are beginning to get concerned about the economic cycle. Stocks in cyclically exposed sectors that printed good results typically rallied on the day and were sold off over the following week in a sign that funds are continuing to shift out of those sectors. Europe was the

most called out region with signs of weakness across both the consumer and enterprise level.

Looking at US Small Cap companies, there was quite a divergence of returns from the various sectors during May. Energy (+13.7%) was the standout performer followed by Utilities (+5.9%) and Financials (+3.6%). Health Care (-4.1%), Real Estate (-3.8%) and Consumer Discretionary (-3.6%) led the laggards.

PORTFOLIO COMMENTARY

During May, the Ophir Global Opportunities Fund returned -4.6% (net of fees) versus the index which returned -1.1%. Since its inception in October 2018, the Fund has returned +14.5% p.a. (net of fees) while the index has returned +6.1% p.a.

As noted in the Market Commentary section, the major ongoing uncertainties are resulting in: (1) capital rotating out of small cap companies; (2) "value" stocks outperforming "growth" stocks; and (3) interest rate sensitive/bond proxy and resources/energy sectors relatively outperforming. The combination of these three phenomena is the key reason behind the Fund's underperformance over the month and so far in 2022.

In terms of the Q1 reporting season, 67% of the stocks in the portfolio have reported earnings so far (not all report quarterly) and the outcomes in relation to our holdings (by portfolio weight) are as follows: 83.8% "beat" guidance, 15.8% reported "in line" with guidance and 0.4% "missed" guidance. A "beat" includes companies that have beaten guidance by 2% or more, "in line" includes companies that reported figures +/- 2% of their guidance and "missed" includes companies that reported figures less than 2% of guidance. As highlighted, the operational performance of our portfolio companies and our ability to get our earnings calls right remains strong. This provides us with confidence that when the market focusses back on company fundamentals again, we will be able to benefit from this shift. Over the long term, we believe, and history shows, share prices follow earnings growth.

In terms of our portfolio positioning, cash levels increased during May and the number of holdings increased to 39 over the month. We remain underweight in interest rate sensitive and bond proxy sectors (Real Estate, Utilities, Infrastructure). Over the month, we continued to focus on upgrading the liquidity and risk profile of the Fund with the ultimate goal of navigating market volatility and preserving capital. This was achieved by continuing to decrease our exposure to consumer discretionary businesses and increase our exposure to defensive growers and companies further up the market cap spectrum.

One of the largest contributors to performance for the month was a business advisory company listed on the Nasdaq. It provides business advisory services in areas including corporate finance & restructuring and forensic & litigation consulting. The company beat guidance by circa 10% on their revenue and profit numbers released during the month. They are facing labour cost pressures but are managing these well while continuing to hire, taking staff away from the other large accounting firms. The company's share price rose +6.5% in May.

One of the largest detractors to performance in May was a boutique fitness franchisor listed on the New York Stock Exchange operating in the US and internationally. The company reported its 2022 Q1 earnings report and over delivered, beating revenues and profits by around 10% and 5% respectively. Nonetheless its share price suffered as the company faced ongoing selling pressure alongside other consumer discretionary companies. The company's share price fell -8.9% in May.

OUTLOOK

We believe given the degree of contraction in valuations that has already occurred, the direction of markets from here will be determined more by the path of company earnings and on this score there are still many uncertainties that may crimp company revenues or constrain margins. However, given consumer spending and wage pressure is weakening as companies slow down their growth, we should see a slow down in demand and inflation should moderate. This in turn should put less pressure on the Fed to aggressively increase interest rates and if they are able to engineer a soft landing, corporate earnings should continue to increase, albeit at a slower rate.

We will continue to focus on identifying good businesses in our wheelhouse that we believe can grow in the current environment. We're continuing to get our earnings calls right in aggregate in line with historical levels and in the long term, we believe earnings growth will be the main driver of share prices.

Whilst this period of underperformance is painful, our experience tells us that vicious sell offs create the best opportunities and ultimately leads to significant future returns when the market starts focusing back on company fundamentals.

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 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 and the Ophir High Conviction Fund which have both delivered exceptional long term returns since inception.

KEY INVESTOR CONTACTS

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