

Ophir Global Opportunities Fund



FIGURES AS AT 31 AUGUST 2022

DATE OF ISSUE: 15 SEPTEMBER 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 August 2022)

\$1.2604

Net Return Since Inception p.a.

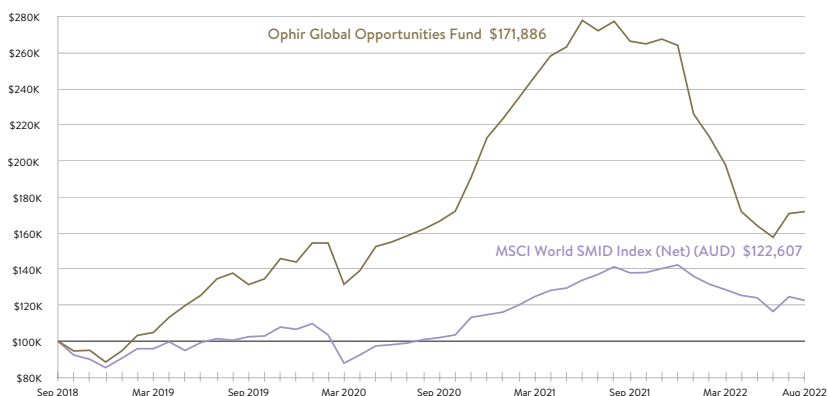
14.8%

Fund Status

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
Benchmark*	5.3%	6.3%	-13.2%	-6.8%	-1.1%	-1.6%
Fund Return (Net)	14.8%	7.8%	-38.0%	-19.4%	4.8%	0.6%

*MSCI World SMID Index (Net) (AUD)

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



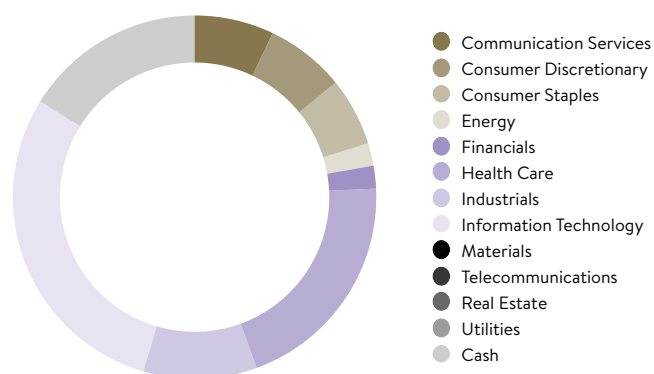
Steven Ng B Acc, CFA
Portfolio Manager
20+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

KEY INFORMATION

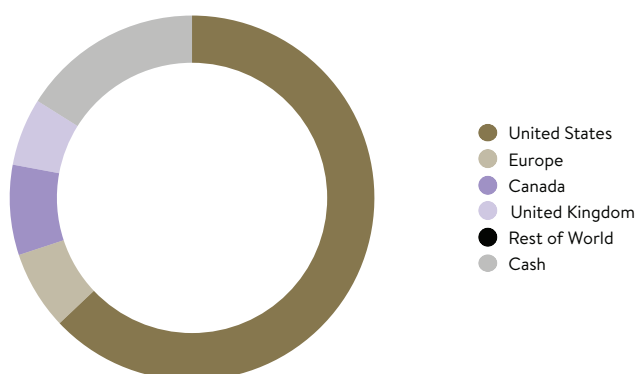
Responsible Entity & Manager	Ophir Asset Management Pty Ltd
Fund Inception	October 2018
Min Investment Amount	\$100,000
Number of Stocks	20-50
Cash Distributions	Annually
Redemptions	Monthly
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS (as at 31 August 2022)

PORTFOLIO SECTOR EXPOSURES



GEOGRAPHIC EXPOSURES



PORTFOLIO CHARACTERISTICS (as at 31 August 2022)

Number of Equity Holdings	44
Cash	16.1%
Weighted Average Market Cap	\$4.8bn

PORTFOLIO METRICS (as at 31 August 2022)

Price / Earnings	17.9x
EPS Growth	27.1%
Net Debt / EBITDA	1.0

*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

It was a mixed bag of returns for the major stock markets in August. Australian and Japanese companies performed relatively well, with the ASX 200 (+1.4%), ASX Small Ordinaries index (+0.7%) and Nikkei (+1.1%) posting positive returns. The U.S. market didn't fare as well, with the S&P 500, Nasdaq and Russell 2000 returning -4.1%, -4.5% and -2.0% respectively. European stocks were comparably the worst performers, with the MSCI Europe index receding by -4.9%.

Small cap companies outperformed large caps in the U.S. but this result was reversed in Australia as per the results of the ASX Small Ordinaries vs. ASX 200 and Russell vs. S&P 500 above. There is reason to believe small caps may outperform over the next few years given Australian and Global large cap businesses have outperformed their smaller counterparts by 12.8% and 35.0% respectively over the last 5 years, resulting in cheaper starting valuations for small caps.

Growth companies underperformed Value companies in August, with the MSCI World Growth index finishing behind the MSCI World Value index by 2.2%. When looking at Growth vs. Value for the major stock markets separately, this theme was seen across the board except for U.S. small cap companies. The Russell 2000 Growth index outperformed the Russell 2000 Value index by a surprising 2.2% and we think this speaks to the particularly harsh derating U.S. small cap growth companies have experienced over the last three quarters.

In key news, the Jackson Hole Economic Policy Symposium held towards the end of August grabbed headlines. Chairman Jerome Powell delivered a speech with quite a hawkish undertone which did not bode well for stock markets. Powell made it clear that the Fed's agenda is inflation first and the economy and share markets second, stating that "while higher interest rates, slower growth and softer labour market conditions will bring down inflation, they will also bring some pain to households and businesses. These are the unfortunate costs of reducing inflation. But a failure to restore price stability would mean far greater pain". Whilst this may create some short

term pain, in our view this is the right decision for the long term as a stagflation-like environment will likely result in a "greater evil" for economies and share markets.

Looking at U.S. Small Cap companies, the Energy (+6.5%), Healthcare (+1.8%) and Consumer Staples (+0.3%) sectors were the best performers whilst the Real Estate (-7.1%), Information Technology (-5.2%) and Communication Services (-4.2%) sectors were the worst performers.

PORTFOLIO COMMENTARY

During August, the Ophir Global Opportunities Fund returned +0.6% (net of fees) versus the index which returned -1.6%. Since its inception in October 2018, the Fund has returned +14.8% p.a. (net of fees) while the index has returned +5.3% p.a.

Reporting season was in full swing during the month with companies reporting their second quarter results and outlook.

Of the 85.8% of the companies in the portfolio that reported earnings, only 10.2% of the Fund by weight missed its earnings expectations by 2% or more. 15.9% of companies reported in line (plus or minus 2%) with expectations whilst the majority of investee companies (73.8%) beat expectations by at least 2%. We believe this demonstrates that our stock picking ability remains sound and given stock prices follow earnings growth over the long term, we are confident that performance will turn around if we can continue to find companies that are growing faster than market expectations.

In terms of currency movements, the AUD depreciated against the USD by approximately 2.1% over the month which was a positive for the Fund's AUD performance.

In terms of our portfolio positioning, the number of holdings reduced from 45 to 44 and cash levels increased slightly in August. We remain overexposed to growing companies with earnings that are not correlated to the broader economy and have a raft of stocks sitting on our watchlist to invest in when investors start focusing back on company fundamentals and the

macroeconomic picture becomes clearer.

One of the largest contributors for the month was a \$1.3bn company listed on the New York Stock Exchange. It operates as a boutique fitness franchisor in the US and internationally and offers fitness and wellness workouts through its many brands. The company reported its Q2 results and beat expectations whilst also raising guidance. Its commentary on the resilience of its customer base in the face of cost of living pressure was also a big plus and the share price advanced +23.5% in August. We are treading carefully in the consumer discretionary space and are only invested in quality businesses that we believe will relatively outperform other companies in the sector.

One of the largest detractors to performance in August was a \$3.6bn healthcare company listed on the Nasdaq. The company uses its proprietary health management and healthcare delivery platform to allow providers in its network to deliver care to its patients. Unfortunately, the business is tied to high growth non-profitable tech names in the healthcare sector and this market segment sold off during the month. The company's share price backtracked by -18.7% in August after surging +37.4% in July.

OUTLOOK

As we head into September, we are weary of the dreaded "September Effect". People have coined the term for good reason: in terms of the S&P 500, September is the only month that has (1) a negative median monthly return and (2) provided a negative return more than half the time since 1941. While you can point the finger at different data points as evidence of this trend, there is often no consistent reason for this occurrence.

The Jackson Hole Economic Policy Symposium certainly did not help stop the September Effect this year. The chances of a 'soft landing' looks to have reduced however at this point in time company earnings still have not been impacted significantly.

As noted in prior updates, we have increased the flexibility of our Funds and remain comfortable with the portfolio holdings and their more resilient earnings characteristics as we make our way through this period of heightened uncertainty and volatility.

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 from 2007-2011. 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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