

Ophir Global Opportunities Fund



FIGURES AS AT 30 SEPTEMBER 2022

DATE OF ISSUE: 13 OCTOBER 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 (30 September 2022)

\$1.2706

Net Return Since Inception p.a.

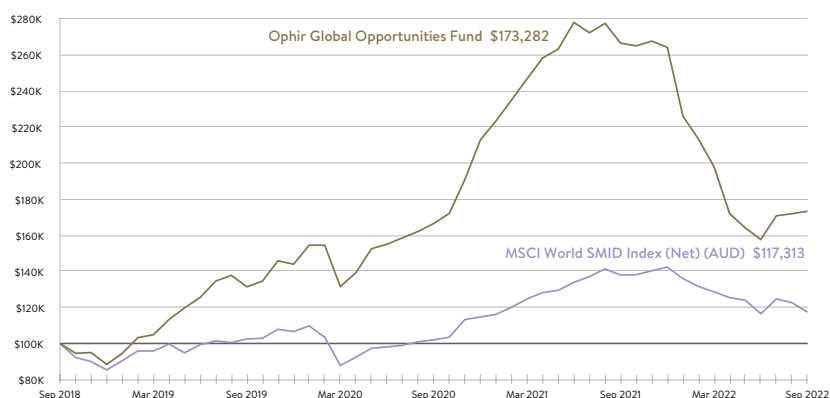
14.7%

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	1 Year	6 Months	3 Months	1 month
Benchmark*	4.1%	4.0%	-14.9%	-8.8%	0.7%	-4.3%
Fund Return (Net)	14.7%	9.8%	-35.0%	-12.4%	9.9%	0.8%

*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



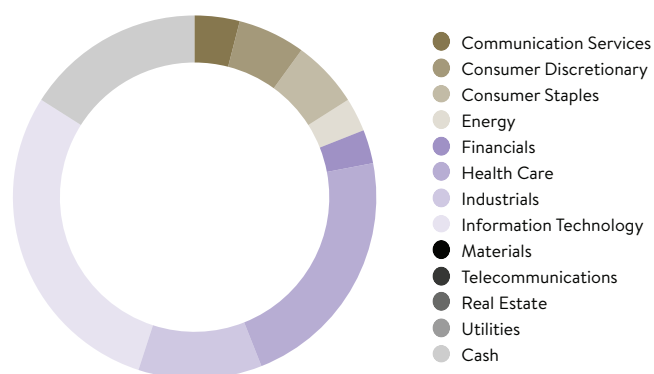
Steven Ng B Acc, CFA
Portfolio Manager
20+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

KEY INFORMATION

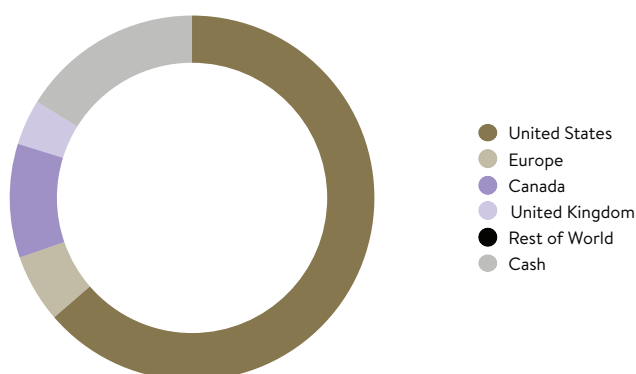
Responsible Entity & Manager	Ophir Asset Management Pty Ltd
Fund Inception	October 2018
Min Investment Amount	\$100,000
Number of Stocks	20-50
Cash Distributions	Annually
Redemptions	Monthly
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS (as at 30 September 2022)

PORTFOLIO SECTOR EXPOSURES



GEOGRAPHIC EXPOSURES



PORTFOLIO CHARACTERISTICS (as at 30 September 2022)

Number of Equity Holdings	42
Cash	16.3%
Weighted Average Market Cap	\$4.3bn

PORTFOLIO METRICS (as at 30 September 2022)

Price / Earnings	17.1x
EPS Growth	27.1%
Net Debt / EBITDA	-2.0

*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

Equity markets felt the full brunt of the “September Effect” this year. Larger companies in Australia fell meaningfully with the ASX 200 returning -5.7% whilst smaller Australian companies fared even worse with the ASX Small Ordinaries index falling by a significant -11.0% in September. Similarly in the U.S., the S&P 500, Nasdaq and Russell 2000 indices fell by -9.2%, -10.4% and -9.6% respectively. The Japanese and European markets held up better than the U.S. market, with the Nikkei and MSCI Europe indices returning -7.0% and -6.3% respectively for the month.

There was a notable divergence of returns for Growth vs. Value stocks in Australia with the MSCI Australia Growth index underperforming the MSCI Australia Value index by 4.3% over the month and in the U.S. large cap market, Growth also underperformed Value with the S&P 500 Growth index underperforming the S&P 500 Value index by 1.5%. This result was reversed for U.S. small caps, with the Russell 2000 Growth index beating the Russell 2000 Value index by 1.2%.

During the start of September, the Federal Reserve noted that on balance, economic activity was unchanged with five Districts reporting slight to modest growth in activity and five others reporting slight to modest softening. The Fed also noted that “the outlook for future economic growth remained generally weak, with contacts noting expectations for further softening of demand over the next six to twelve months”. Signs point to economic activity reducing as we head into the end of 2022 which should help inflation continue to fall from its highly elevated levels.

Looking at U.S. Small Cap companies, the Healthcare (-4.9%), Financial (-7.4%) and Telco’s (-9.5%) sectors were the best relative performers whilst the Real Estate (-13.7%), Energy (-13.0%) and Materials (-12.5%) sectors were the worst performers.

PORTFOLIO COMMENTARY

During September, the Ophir Global Opportunities Fund returned +0.8% (net of fees) versus the index which returned -4.3%. Since its inception in October 2018, the Fund has returned +14.7% p.a. (net of fees) while the index has returned +4.1% p.a.

In terms of currency movements, the AUD depreciated against the USD by approximately 6.5% 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 44 to 42 and cash levels increased marginally in September. We continue to retain a bias to growing companies with earnings that are less correlated to the broader economy as we navigate our way through this period of macroeconomic uncertainty. The core positions in the Fund remain unchanged.

One of the largest contributors for the month was a \$6.2bn market cap business listed on the New York Stock Exchange. The company provides equipment that allows Internet Service Providers (ISPs) to bring internet connectivity to homes via fibre. The business was originally known as a pure hardware company but after 15 years of development they managed to create software that enables ISPs to monitor household applications such as home audio and security – effectively making smart home products such as Google Nest redundant. The company beat revenue guidance by 3% and EBITDA by 14% in the second quarter and guided revenue for the third quarter 8% above market expectations implying a significant acceleration to +25% growth from +20% growth on the back of fibre-deployments and technology adoption tracking faster than expectations. The stock price rose +3.9% in September.

One of the largest detractors to performance in September was a \$12.1bn market cap healthcare business listed on the Nasdaq. This business provides an outsourced revenue cycle management function for hospital systems and provider networks in the U.S.. It is a company we initially invested in late 2018/early 2019 when it was less than \$2bn in market cap and has grown through organic growth and acquisitions. Major shareholders of the business partially sold down their holdings which we believe drove the company's stock price to fall by -15.2% in September. The two major shareholders are a large hospital group and a Private Equity fund that took the business out of bankruptcy several years ago to restructure and grow the core business. They still own 60% of the group and there has been no change in business momentum or our long-term thesis.

OUTLOOK

The rhetoric from most major central banks has been hawkish since the Jackson Hole Economic Policy Symposium in August. With a still tight labour market and too high wages growth in the US we expect the US Federal Reserve to continue with rate hikes through to early next year before stopping.

Signs point to economic activity reducing as we head into the end of 2022 which should help inflation continue to fall from its highly elevated levels. If this scenario plays out, company earnings will undoubtedly get impacted. With central bank rate moves likely to slow in the not-too-distant future we believe this will be an environment that should be more conducive for stock pickers.

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 until the macroeconomic picture becomes clearer.

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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