

Ophir Global Opportunities Fund



FIGURES AS AT 31 OCTOBER 2022

DATE OF ISSUE: 16 NOVEMBER 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 October 2022)

\$1.3567

Net Return Since Inception p.a.

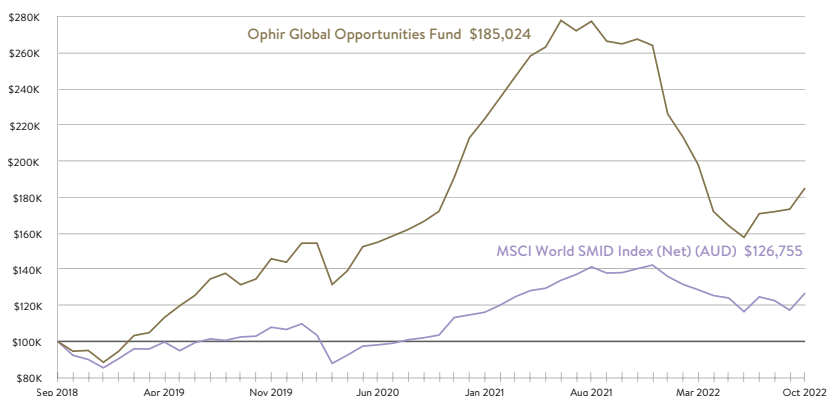
16.3%

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
Ophir Global Opportunities Fund [^]	23.2%	17.2%	-29.1%	8.4%	8.7%	6.9%
Benchmark*	6.0%	6.6%	-8.2%	1.1%	1.7%	8.0%
Value Add (Gross)	17.2%	10.6%	-20.9%	7.3%	7.1%	-1.2%
Fund Return (Net)	16.3%	11.4%	-30.2%	7.6%	8.3%	6.8%

*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



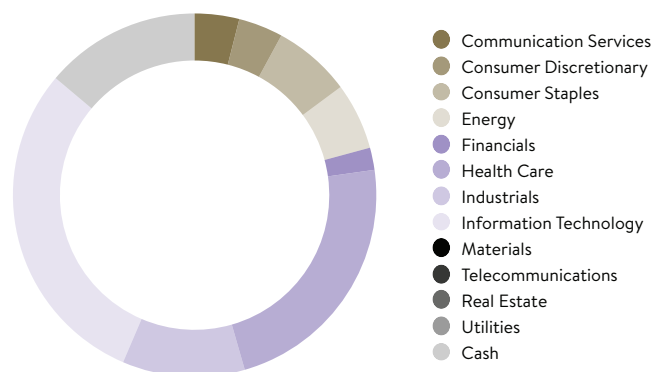
Steven Ng B Acc, CFA
Portfolio Manager
20+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

KEY INFORMATION

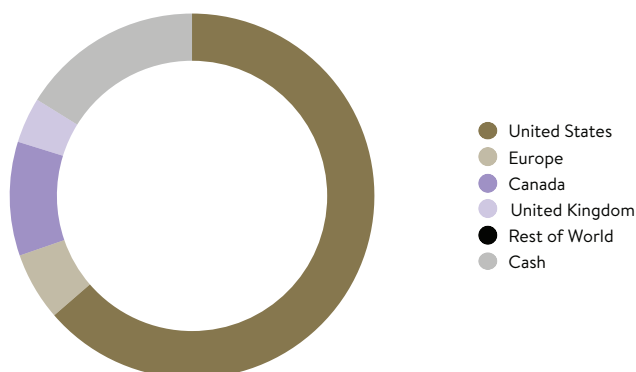
Responsible Entity & Manager	Ophir Asset Management Pty Ltd
Fund Inception	October 2018
Min Investment Amount	\$100,000
Number of Stocks	20-50
Cash Distributions	Annually
Redemptions	Monthly
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS (as at 31 October 2022)

PORTFOLIO SECTOR EXPOSURES



GEOGRAPHIC EXPOSURES



PORTFOLIO CHARACTERISTICS (as at 31 October 2022)

Number of Equity Holdings	39
Cash	14%
Weighted Average Market Cap	\$4.9bn

PORTFOLIO METRICS (as at 31 October 2022)

Price / Earnings	18.5x
EPS Growth	23.1%
Net Debt / EBITDA	-1.2

*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 bounced back in October after falling materially in September. The ASX 200 (+6.1%), ASX Small Ordinaries (+6.5%), MSCI Europe (+6.2%) and Nikkei 225 (+6.4%) indices all rose +6%. The U.S. market was more of a mixed bag, with the S&P 500 returning +8.1%, the Nasdaq returning a more modest +3.9% and the Russell 2000 surging by +11.0%. Staggeringly the Dow Jones was up 13.9%, the most since January 1976!

Whilst there was little variance in returns for Growth and Value stocks domestically in Australia, Value stocks outperformed Growth in the U.S. with the S&P 500 Value and S&P 500 Growth indices returning +11.5% and +4.5% respectively, and the Russell 2000 Value and Russell 2000 Growth indices returning +12.6% and +9.5% respectively.

During the month, the Federal Reserve noted that a third of the U.S. districts reported flat activity whilst a couple of districts reported slowing demand on the back of higher interest rates, inflation and supply disruptions. The remaining districts reported an expansion in economic activity which resulted in economic activity growing modestly at a national level. Whilst inflation in the U.S. is continuing to fall from its peak of 9.1% in June 2022, these results suggest inflation will not fall meaningfully in the current period.

At the start of November, the Federal Reserve hiked interest rates by 75 basis points for the fourth time in a row, increasing the target range to 3.75% to 4%. Although the Federal Reserve noted that it was premature to discuss pausing rate increases as inflation readings were still too high, they will consider a slower pace of rate increases given the lag of interest rate increases and its impact on the economy.

Looking at U.S. Small Cap companies, the Energy (+18.9%), Financials (+10.4%) and Industrials (+9.9%) sectors were the best performers whilst the Health Care (+3.1%), Utilities (+4.5%) and Real Estate (+4.9%) sectors were the worst relative performers.

PORTFOLIO COMMENTARY

During October, the Ophir Global Opportunities Fund returned +6.8% (net of fees) versus the index which returned +8.1%. Since its inception in October 2018, the Fund has returned +14.4% p.a. (net of fees) while the index has returned +4.0% p.a.

In terms of currency movements, the AUD depreciated against the USD by approximately 0.2% over the month which was a marginal positive for the Fund's AUD performance.

In terms of our portfolio positioning, the number of holdings reduced from 42 to 39 and cash levels reduced from 16.3% to 14.0%. The core positions in the Fund remain unchanged and we remain underweight consumer discretionary businesses and overweight growing healthcare and IT related businesses with earnings that are less correlated to the broader economy.

Q3 reporting season kicked off in the U.S. during the month. At the time of writing, approximately 50% of the portfolio holdings reported results and in the next update, we will provide an update of the final outcomes.

The overweight cash position explained much of the underperformance during the month given the surge in share markets though we believe remains appropriate given we believe more downside than upside risk still exists.

One of the largest contributors to performance for the month was a \$7.5bn 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 whilst also enabling ISPs to monitor household applications such as home audio and security. The company beat earnings by 10% and guided for 30% growth in the current environment, resulting in its stock price to rise by +20.4% in October.

One of the largest detractors to performance for October was a \$2.3bn technology-based education company listed on the New York Stock Exchange. It is the largest provider of online virtual and in school education curriculums to the US state governments. The company missed its earnings and guided lower than consensus regarding earnings and revenue for FY23 and the stock price fell -20.3% in October. We continue to own this business despite the downgrade as we believe the core medium term investment thesis remains intact.

OUTLOOK

As noted by the RBA, “The prospects of a significant slowing in the global economy have intensified over the past three months, fuelled by persistently high inflation and rising policy rates, the energy crisis in Europe and the various headwinds affecting China’s recovery.”

Federal Reserve Chair Jerome Powell made it clear that he and the FOMC are primarily looking at inflation to determine the direction of interest rates. The Fed has been clear that they would rather overtighten to combat inflation, with the tools to pivot and support the economy if needed, than under-tighten and risk inflation becoming entrenched. Powell reiterated that the FOMC intends to have interest rates above inflation and thus we expect interest rate hikes to continue albeit there is a chance the pace of increases will fall.

We continue to focus on identifying good businesses in our areas of expertise and do not make large bets on the direction of markets. We remain comfortable with the diversification of stocks owned in the portfolio and their more resilient earnings characteristics.

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 three 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 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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The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235150 (Responsible Entity) is the responsible entity of Ophir Global Opportunities 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 issued 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 your 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.