

Ophir Global Opportunities Fund



FIGURES AS AT 31 JANUARY 2023

DATE OF ISSUE: 10 FEBRUARY 2023

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 January 2023)

\$1.2368

Net Return Since Inception (p.a.)

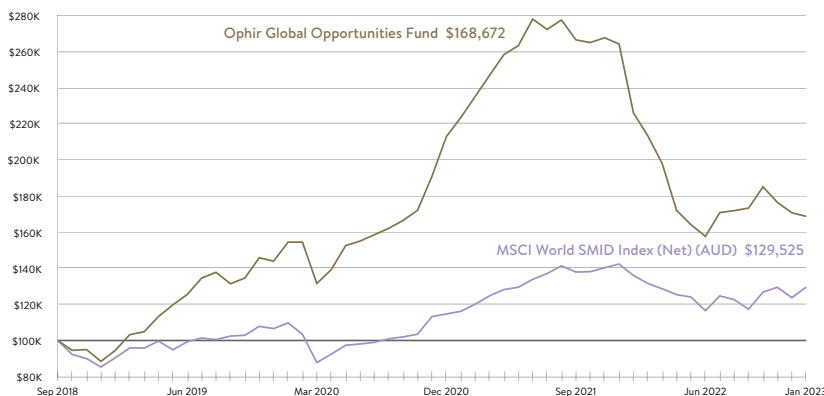
12.8%

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 2023 which are unaudited estimates.

	Since Inception (p.a.)	3 Year (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	12.8%	3.1%	-25.4%	-1.2%	-8.8%	-1.2%
Benchmark*	6.1%	5.0%	-4.7%	3.9%	2.2%	4.7%

*MSCI World SMID Index (Net) (AUD).

*The figures in the table above assumes reinvestment of distributions.

SENIOR PORTFOLIO MANAGERS



Andrew Mitchell B Ec (Hons), MAppFin
Portfolio Manager

15+ years experience in financial markets, previously Paradice Investment Management and Commonwealth Treasury Department



Steven Ng B Acc, CFA
Portfolio Manager

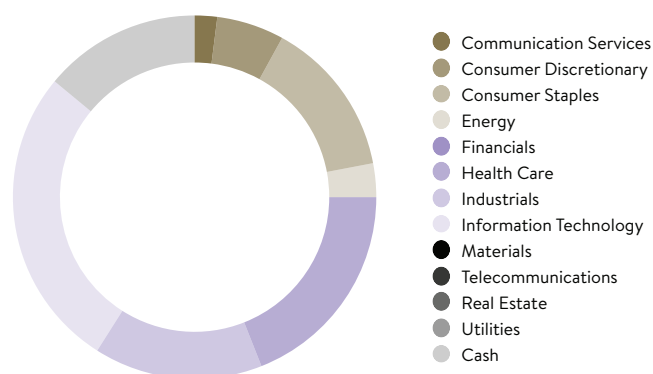
20+ years experience in financial markets, previously Paradice Investment Management and ING Investment Management

KEY INFORMATION

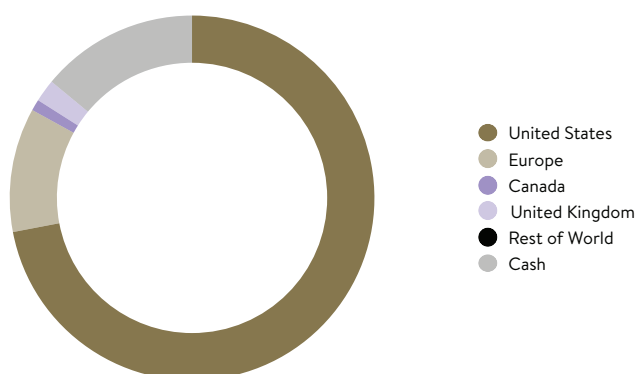
Responsible Entity & Manager	Ophir Asset Management Pty Ltd
Fund Inception	October 2018
Min Investment Amount	\$100,000
Number of Stocks	20-50
Cash Distributions	Annually
Redemptions	Monthly
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS (as at 31 January 2023)

PORTFOLIO SECTOR EXPOSURES



GEOGRAPHIC EXPOSURES



PORTFOLIO CHARACTERISTICS (as at 31 January 2023)

Number of Equity Holdings	37
Cash	14.0%
Weighted Average Market Cap	\$6.0bn

PORTFOLIO METRICS (as at 31 January 2023)

Price / Earnings	20.7x
EPS Growth	17.6%
Net Debt / EBITDA	-0.9

*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

After an uncharacteristically bad December for stocks around the world, equity markets rose strongly in January. The Australian market provided very robust returns with the ASX 200 and ASX Small Ords indices returning +6.2% and +6.6% respectively, whilst the U.S. market delivered even better returns with the Russell 2000, S&P 500 and Nasdaq returning +9.7%, +6.3% and +10.7% respectively. The European and Japanese markets also rose significantly, with the MSCI Europe and Nikkei returning +6.8% and +4.7% respectively.

The most likely catalyst for the gains was softer inflation data in advanced economies which drove long term bond yields lower, an earlier than expected reopening from covid restrictions of the Chinese economy and a mild European winter which lowered recession risks there.

Leading the gains were lower quality companies which are unprofitable or exhibit more debt outperforming those profitable businesses with cleaner balance sheets.

During the month the Federal Reserve noted that economic activity was relatively unchanged since the last report in November. Approximately half of the 12 Federal Districts reported slight increases in activity whilst the other half saw no change or slight declines. One district cited a significant decline in overall activity. In terms of consumer spending, whilst some retailers reported robust sales over the holiday season, other retailers saw sales decline due to inflation, particularly among low and moderate income households.

In early February the FOMC raised rates by 25 basis points to a range of 4.5% to 4.75%. The U.S. central bank has now raised rates by 450 basis points this cycle. Chairman Jerome Powell noted that while he was encouraged by lower inflation prints, he needs to see further signs of inflation slowing before the Federal Reserve can take on a less hawkish stance.

Looking at U.S. Small Cap companies, the Communication Services (+17.5%), Consumer Discretionary (+16.8%) and Materials (+13.2%) sectors were the best performers whilst the Utilities (+2.9%), Consumer Staples (+5.1%) and Energy (+5.5%) sectors were the worst relative performers.

PORTFOLIO COMMENTARY

During January, the Ophir Global Opportunities Fund returned -1.2% (net of fees) versus the index which returned +4.7%. Since its inception in October 2018, the Fund has returned +12.8% p.a. (net of fees) while the index has returned +6.1% p.a.

In terms of currency movements, the AUD appreciated against the USD by +3.6% over the month which was a headwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings increased slightly from 36 to 37 and cash levels remained stable in January.

We maintained our overweight position in stocks that are (1) growing earnings which are less correlated to macroeconomic factors and (2) have relatively low levels of debt. This created a headwind for the Fund's relative performance given riskier companies which are unprofitable or exhibit more debt outperformed those profitable businesses with cleaner balance sheets over the month. However, we believe our positioning is the right call given the prevailing macroeconomic uncertainties.

We are part way through the Q4 reporting season in the U.S. and it has been an unusual one in the sense that those companies in the market with earnings beats have actually been sold off on the results, going against the grain of usually being rewarded. We will provide a fuller reporting season update next month when almost all results for portfolio companies will have been received.

One of the largest stock contributors to performance for the month was a \$2.6bn business listed on the New York Stock Exchange. This is a technology based education company providing online curriculum, software systems and educational services for students from Kindergarten to Year 12 in the U.S. After share price weakness over the last quarter of 2022, the company released a positive update and its share price rose +32.7%.

One of the largest detractors to performance in January was a \$4.9bn business listed on the New York Stock Exchange. It provides cloud/software platforms and systems/services to enable broadband service providers (BSPs) to provide a range of services to end customers. A Bloomberg report on supply shortages caused its share price to fall -25.6% over the month but the business has since come out in its Q4 result to alleviate these concerns.

OUTLOOK

We don't expect the macroeconomic environment to continue to steer share markets as much as it has over the last year however we expect market volatility to remain as we see more earnings downgrades as the impact of higher interest rates begins to bite on economic activity globally.

Whilst the probability of an economic soft landing this year in the key U.S. and European economies has increased over the month, it remains highly uncertain and therefore we are resisting making any outsized macroeconomic calls.

We will maintain our investment process in finding companies that are growing earnings faster than market expectations with clean balance sheets and strong management teams and believe that over the long term, this should yield the best results.

Whilst valuations for smaller companies have increased over the last month, many are still trading at very cheap valuations which suggests to us attractive medium to long term expected returns.

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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