

Ophir Global Opportunities Fund



Figures as at 31 March 2023

Date of Issue: 17 April 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

\$1.3034



Net Return Since Inception (p.a.)

+13.6%



Fund Status

Enquire

Ophir Asset Management

- Ophir Asset Management is a privately owned investment management business established by founders Andrew Mitchell and Steven Ng in 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 all Ophir funds

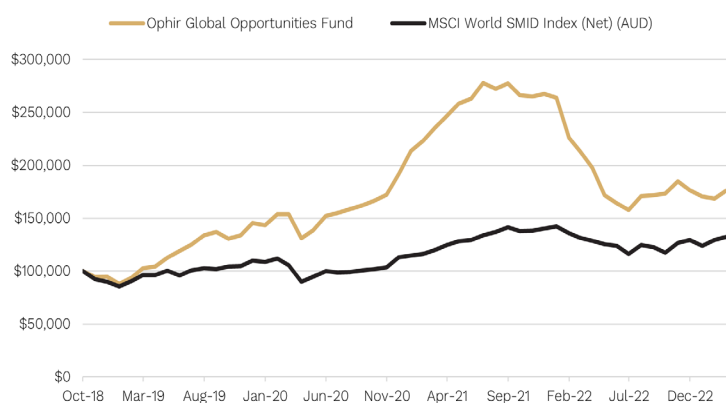


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	13.6%	10.6%	-10.2%	2.6%	4.1%	1.2%
Benchmark*	6.1%	13.3%	1.7%	11.4%	5.7%	-1.1%

The figures in the table above assume reinvestment of distributions. Past performance is not a reliable indicator of future performance.

*MSCI World SMID Index (Net) (AUD)

Senior Portfolio Managers



Andrew Mitchell B Ec (Hons), MAppFin
Portfolio Manager
20+ years experience in financial markets, previously Paradise Investment Management and Commonwealth Treasury Department.



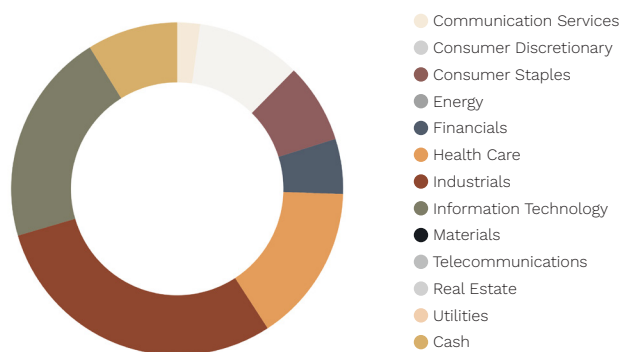
Steven Ng B Acc, CFA
Portfolio Manager
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

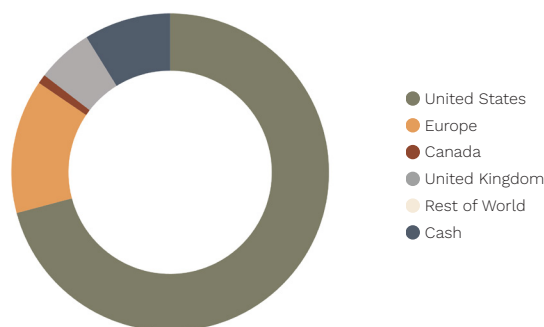
Responsible Entity & Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees) over long term (5+ yrs)

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	39
Cash	8.8%
Weighted Average Market Cap	\$7.1bn

Portfolio Metrics

Price / Earnings	19.1x
EPS Growth	23.2%
Net Debt / EBITDA	1.7

*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 and excludes companies with net cash and negative EBITDA. Leases have been removed from Net Debt

Market Commentary

It was quite a mixed bag of results for global equity markets in March. It was a volatile month headlined by a U.S. regional banking crisis and a sharp drop in U.S. short and long term bond yields. Smaller companies fared the worst to close the month, with the Russell 2000 and ASX Small Ords indices returning -4.8% and -0.5% respectively. The ASX 200 (+0.2%) and MSCI Europe (+0.1%) closed largely flat whilst the Nikkei (+3.0%) and S&P 500 (+3.7%) posted very strong results. The tech-dominated Nasdaq took a major leap forward and returned +6.8% over the month.

Growth stocks underperformed Value stocks in Australia (MSCI Australia Growth vs Value) but this was reversed in the U.S. This was particularly pronounced in U.S. large caps, with the S&P 500 Growth index beating its Value counterpart by 4.5% in March.

In key news, two major banks in the U.S. (Silicon Valley Bank and Signature Bank) collapsed during the month, with them being the second and third largest bank failures respectively in U.S. history. Regulators made a swift

decision to guarantee deposits at these institutions and provide a liquidity backstop for the U.S. banking sector which helped stem investor concerns around contagion. Analysts have increased the chances of a recession which ultimately saw the Financials sector provide a drag on share markets over the month.

In a recent update in its March Beige Book, the Federal Reserve announced that overall economic activity increased slightly in early 2023. Supply chain disruptions stemming from Covid lockdowns continued to ease and retail spending generally held steady. Employment continued to increase at a moderate pace despite hiring freezes and scattered reports of layoffs. Wage increases are expected to moderate further in the coming year which should put some downwards pressure on inflation.

Looking at U.S. Small Cap companies, the Information Technology (+1.9%), Utilities (+1.3) and Consumer Staples (+0.8%) sectors closed up and were the best relative performers whilst the Communication Services (-5.1%), Energy (-7.0%) and Financials (-13.6%) sectors were the worst performers.

Portfolio Commentary

During March, the Ophir Global Opportunities Fund returned +1.2% (net of fees) versus the index which returned -1.1%. Since its inception in October 2018, the Fund has returned +13.6% p.a. (net of fees) while the index has returned +6.1% p.a.

In terms of currency movements, the AUD depreciated against the USD by 0.7% over the month which was a tailwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings increased from 37 to 39 and cash levels fell to 8.8% in March.

Given the recent issues in the U.S. regional banking sector and the prospect for credit tightening, naturally investors have been asking questions of the gearing levels of our portfolio companies. In terms of the debt profile of our portfolio holdings, looking at Net Debt/EBITDA, the vast majority of the constituents of the Fund have a lower Net Debt/EBITDA ratio than the benchmark (MSCI World SMID Index (Net) (AUD)).

We also find it opportune to highlight some of the risk management practices embedded in our investment process. Our risk management consists of several factors beginning with a 'meltdown' score for each business of how they are likely to perform in an economic downturn. The meltdown score is made up of 7 components, including balance

sheet analysis, which is weighed against other factors before making an investment decision. In addition, we seek to protect the portfolio through (1) stock, sector and geographic diversification, (2) a quality bias in the companies we select, which typically sees them having lower levels of debt than average and with higher quality management teams, and (3) limiting the size of our funds which allows us to remain nimble which is especially important during volatile times to take advantage of opportunities and mitigate risk.

One of the largest stock contributors to performance during the month was an \$10.0bn business advisory services business listed on the New York Stock Exchange. It delivered a strong 4th quarter result after management had provided conservative guidance. The stock has continued to trade well post result as, in our view, the underlying strength of the business will be supported by upside from their bankruptcy/work-out division which has gained further traction given recent economic volatility. Its share price rose +7.4% over the month.

One of the largest detractors to performance during the month was a \$5.8bn cloud content management business listed on the New York Stock Exchange. The management team lowered their mid-term revenue growth rate reflecting the softer employment environment. We believe this business is significantly undervalued as we expect earnings to grow over 20% p.a. over the next 3 years. Its share price fell -19.7% over the month.

Outlook

The chances of a recession in the U.S. have increased on the back of the recent U.S. regional bank collapses which is likely to see credit tightening impact demand, employment and inflation. We note we are not directly invested in any banks. Market pricing has also adjusted for future Fed Funds Rate moves and we may now have reached of this hiking cycle. We believe the Fund is balanced and positioned well for a range of economic outcomes ahead.

We remain cautious and are deploying capital carefully but continue to find opportunities at attractive valuations. Our watchlist of cyclical stocks is continuing to grow and we look forward to deploying investments into these businesses when we think the time is right.

Our team is continuing to dedicate efforts to analyse the changing macroeconomic environment and its impact on the earnings of the companies within our portfolio. If economic conditions worsen as interest rate hikes start to take effect, we believe the defensive nature of our portfolio companies' earnings will protect earnings falls relative to the broader market.

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 11 investment professionals drawn from a diverse range of backgrounds working across all Ophir funds.

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.

Key Investor Contacts

Investor Services

Automic Group

☎ 02 8072 1478 @ ophir@automicgroup.com.au

Investment Enquiries

George Chirakis (Chief Executive)

☎ 02 8006 5476 @ george.chirakis@ophiram.com