

Ophir Global Opportunities Fund



Figures as at 31 July 2023
Date of Issue: 17 August 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

\$1.3939



Net Return Since Inception (p.a.)

+14.2%



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

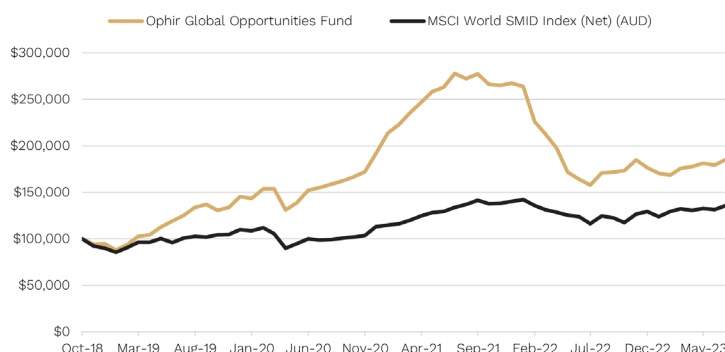


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	14.2%	6.2%	11.3%	12.7%	4.9%	2.6%
Benchmark*	7.2%	12.3%	12.5%	8.2%	5.6%	3.3%

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.



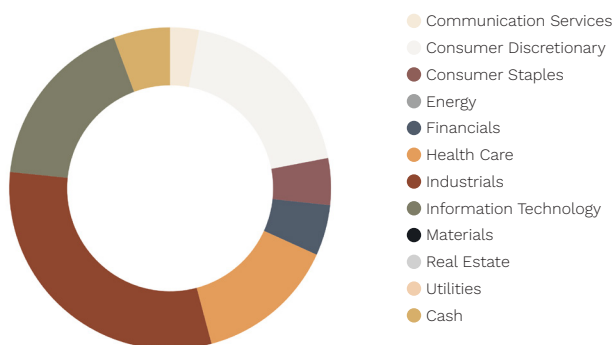
Steven Ng B Acc, CFA
Portfolio Manager
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

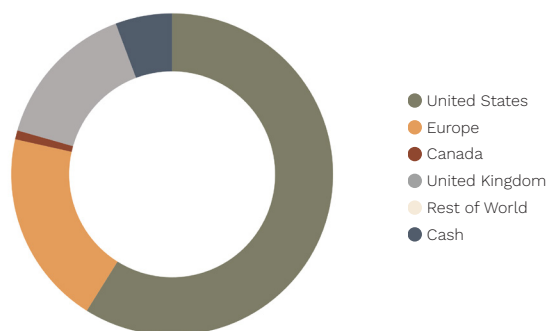
Responsible Entity:	The Trust Company (RE Services) Limited
Investment Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees)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

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	42
Cash	5.7%
Weighted Average Market Cap	\$7.1bn

Portfolio Metrics

Price / Earnings	18.7x
EPS Growth	23.6%
Net Debt / EBITDA	0.3

*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 -10 to 10 and excludes companies with net cash and negative EBITDA. Leases have been removed from Net Debt.

Market Commentary

Equity markets took a major step forward in July with the exception of the Japanese market, with the Nikkei 225 remaining flat after surging +7.6% in June and +7.0% in July. The Australian and European markets delivered strong returns, with the ASX 100, ASX Small Ordinaries and MSCI Europe indices returning +2.8%, +3.5% and +2.0% respectively in July. The U.S. market also delivered stellar returns, with the S&P 500, Nasdaq and Russell 2000 indices returning +3.2%, +4.1% and +6.1% respectively.

During the month, Federal Reserve Chair Jerome Powell noted that the Fed staff are no longer forecasting a recession in the U.S. Powell still expects softening in the labour market but is encouraged by the low unemployment rate coupled with the decline in inflation. The real Fed Funds rate is now significantly positive and given market pricing suggest we are at the end of the tightening cycle, investors are increasingly turning to the question of how long rates remain elevated before the Fed has the confidence to start cutting.

In terms of Growth vs Value stocks in July, Large cap U.S. Value slightly outperformed their Growth counterpart, with the S&P500 Value index outperforming the Growth index by 0.4%. For U.S. Small caps, Value stocks significantly outperformed Growth stocks, with the Russell 2000 Value and Growth indices returning +7.5% and +4.7% respectively.

Towards the end of the month, the Federal Reserve raised interest rates by 25 basis points to a range of 5.25 to 5.5%, now at the highest level since 2001. Powell stated that the Federal Reserve will continue to look at data in the coming months before they signal the end of the tightening cycle. Whilst it's pleasing to see inflation numbers continue to fall in the U.S., economic resilience suggests rates may stay higher for longer.

Looking at U.S. Small Cap companies, the Energy (+13.5%), Financials (+13.2%) and Consumer Discretionary (+6.3%) sectors were the best performers whilst the more defensive Utilities (+0.7%), Health Care (+2.2%) and Consumer Staples (+3.2%) sectors were the worst relative performers.

Portfolio Commentary

During July, the Ophir Global Opportunities Fund returned +2.6% (net of fees) versus the index which returned +3.3%. Since its inception in October 2018, the Fund has returned +14.2% p.a. (net of fees) while the index has returned +7.2% p.a.

In terms of currency movements, the AUD appreciated against the USD by 0.8% over the month which was a headwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings increased to 42 and cash levels decreased to 5.7% in July. There have been no changes to the Fund's key holdings and the Fund's liquidity remains strong. We have maintained the skew to businesses with more resilient growth characteristics.

One of the largest stock contributors to performance during the month was an AUD \$10.6bn business listed on the New York Stock Exchange. The business has a dominant position in the U.S. luxury furniture market. It launched its first international store during the quarter in the U.K. which is the beginning of their global roll-out which should more than double their addressable market. Its stock price rose +17.8% in July.

One of the largest stock detractors to performance during the month was an AUD \$7.0bn business listed on the Nasdaq. The business operates as a vertically integrated solid waste services company in the U.S. In a recent update, total volumes were softer than expected however underlying earnings of the business continues to show strength. In our view, their recently acquired assets have yet to be appropriately digested into consensus earnings. Its stock price fell -10.8% in July.

Outlook

It's becoming clearer that major advanced economy central banks around the world are getting closer to the end of their tightening cycles and are observing the effect of prior interest rate hikes. Recession probabilities in advanced economies remains elevated although the 'soft landing' scenario is becoming more of a possibility.

As the impact of interest rate hikes continue to bite, we expect global economic growth to slow which will impact company earnings. The extent of the slowdown will depend in large degree on whether inflation continues to dissipate and whether rate cuts shortly follow.

We remain comfortable with the balanced positioning of the portfolio for the current environment, which we believe is positioned well for a range of potential outcomes. We continue to focus on identifying good businesses in our areas of expertise and will not make large bets on the short-term direction of markets or macroeconomic outcomes.

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