

Ophir Global Opportunities Fund



Figures as at 31 October 2023
Date of Issue: 17 November 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

\$1.2358



Net Return Since Inception (p.a.)

+10.8%



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

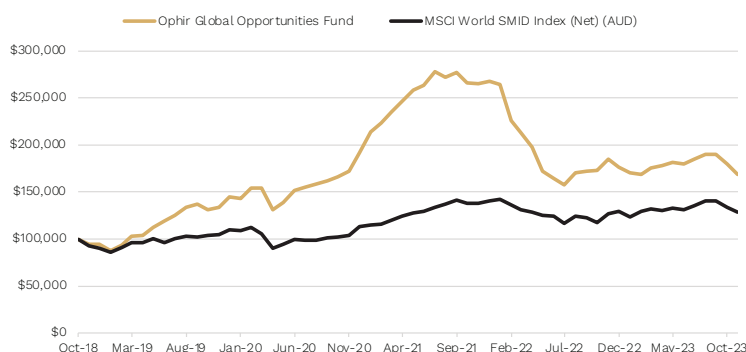


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	10.8%	12.3%	-0.7%	-8.9%	-7.0%	-11.3%	-6.2%
Benchmark*	5.1%	6.9%	7.6%	1.7%	-2.9%	-8.0%	-3.9%

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.



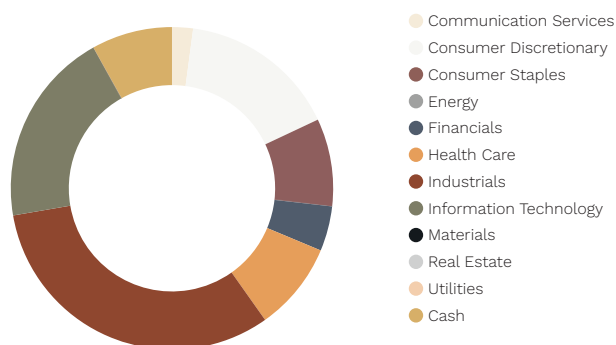
Steven Ng B Acc, CFA
Portfolio Manager
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

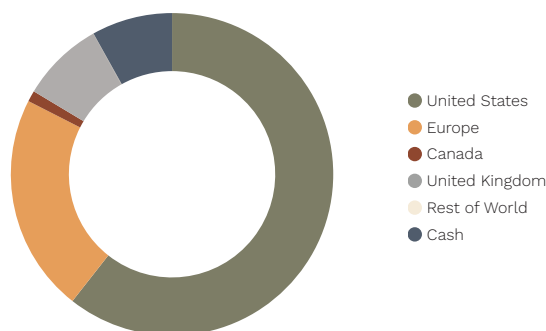
Responsible Entity:	The Trust Company (RE Services) Limited
Investment Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees)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

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	44
Cash	8.1%
Weighted Average Market Cap	\$5.6bn

Portfolio Metrics

Price / Earnings	14.5x
EPS Growth	21.8%
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 -10 to 10 and excludes companies with net cash and negative EBITDA. Leases have been removed from Net Debt.

Market Commentary

Global share markets continued to experience weakness in October, building on falls from September and August, as investor sentiment waned in response to even higher long term bond yields resulting in a clear risk-off tape. Indices tracking smaller companies felt the most selling pressure with the Russell 2000 and ASX Small Ords indices returning -6.8% and -5.4% respectively. European (MSCI Europe, -3.6%), Australian (ASX 100, -3.6%) and Japanese (Nikkei 225, -3.1%) stocks fell in the vicinity of -3% to -4% whilst the S&P 500 and Nasdaq returned -2.1% and -2.8% respectively over the month.

The U.S. 10 year government bond yield rose from 4.57% to 4.93% over the month, resulting in Growth stocks to continue to underperform Value stocks. The S&P 500 Growth (-2.4%) index underperformed its Value (-1.7%) counterpart by 0.7% and the Russell 2000 Growth (-7.7%) index underperformed its Value (-6.0%) counterpart by 1.7%.

During the month, the U.S. Federal Reserve released the latest iteration of its 'Beige Book' and noted that most districts indicated little to no change in economic activity since the September report. It was a mixed bag of results for the underlying indicators of economic activity, and expectations of firms for which holiday shopping season is an important driver of sales were also mixed. At writing Q3 U.S. reporting season was almost complete and the S&P500 is poised to notch a better than expected 3.8% growth over the quarter versus the preseason consensus of a 1.2% decline. U.S. small caps are faring worse though with Q3 revenue growth on track to fall -3.5% over the quarter. Revenue guidance has been weak with the lowest percentage of companies in the S&P500 revising up next quarter revenues in at least the last decade.

Looking at U.S. Small Cap companies, the Consumer Staples (-3.1%), Utilities (-3.8%) and Financials (-4.0%) were the best relative sectors whilst the Health Care (-10.1%), Information Technology (-9.5%) and Consumer Discretionary (-7.6%) sectors were the worst performers.

Portfolio Commentary

During October, the Ophir Global Opportunities Fund returned -6.2% (net of fees) versus the index which returned -3.9%. Since its inception in October 2018, the Fund has returned +10.8% p.a. (net of fees) while the index has returned +5.1% p.a.

In terms of currency movements, the AUD depreciated against the USD by -1.5% over the month which was a tailwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings remained at 44 and cash levels increased to 8.1% in October.

In the Q3 U.S. reporting season so far, 52% of the Fund beat expectations, 33% provided results in line with expectations and 15% missed expectations. In terms of guidance, 52% of the Fund raised, 33% maintained, 12% downgraded and 4% didn't provide guidance. These figures have been reweighted to only include stocks that reported in the latest reporting season.

One of the largest stock contributors to performance during the month was an AUD \$3.8bn online education business headquartered in the U.S. and listed on the New York Stock Exchange. The business reported a good earnings result for the quarter, demonstrating solid underlying enrolment growth and upgraded guidance for the full year. Its share price rose 22.1% in October.

One of the largest stock detractors to performance during the month was an AUD \$1.2bn business which offers software solutions for physician and healthcare systems that incorporate appointments, registrations, clinical support and payment tools. This company is one of our two current investments in the non-profitable tech space and continued to experience a derate post concerns around the business reaching its \$500 million revenue target, as well as headwinds from higher bond yields. It was sold off alongside other medical technology businesses, falling -26.9% in October, but we continue to hold our position given its defensive customer base and extremely cheap valuation and remain positive about its future growth prospects.

Outlook

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, and then ultimate rebound, 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. The main bias is currently towards businesses with greater earnings visibility over the next 6-12 months given the uncertain macro backdrop.

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

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

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