

# Ophir High Conviction Fund

ASX: OPH



Figures as at 30 November 2023

Date of Issue: 15 December 2023

## About The Fund

The Ophir High Conviction Fund seeks to provide investors with a concentrated exposure to a high quality portfolio of listed companies outside the S&P/ASX 50. 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 meaningfully grow and compound earnings over time. Typically, the majority of businesses within the portfolio will already have well-established business models with large or growing end markets and a clearly identifiable pipeline of future growth opportunities. As a concentrated portfolio, the Fund seeks to identify the very best of these opportunities in order to ensure each portfolio position delivers a meaningful impact on overall portfolio returns.



ASX Code

ASX: OPH



Net Return Since Inception (p.a.)

+12.2%



Fund Size

\$584.1m

## Ophir Asset Management

- 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 the Fund

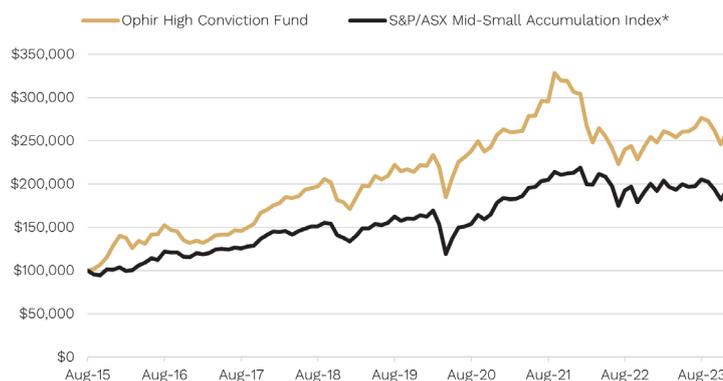


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.  
\*The Fund's benchmark is the S&P/ASX Mid-Small Index, being the composite benchmark of 50% of the S&P/ASX MidCap 50 Accumulation Index and 50% of the S&P/ASX Small Ordinaries Accumulation Index.

|                                   | Since Inception (p.a.) | 5 Years (p.a.) | 3 Years (p.a.) | 1 Year | 3 Months | 1 Month |
|-----------------------------------|------------------------|----------------|----------------|--------|----------|---------|
| <b>Fund Return (Net)</b>          | 12.2%                  | 7.8%           | 0.5%           | 2.5%   | -4.6%    | 6.0%    |
| <b>Benchmark*</b>                 | 8.2%                   | 7.0%           | 2.7%           | -3.5%  | -4.7%    | 6.2%    |
| <b>ASX: OPH Unit Price Return</b> | N/A                    | N/A            | -8.3%          | -2.4%  | -13.0%   | -0.9%   |

The figures in the table above assume reinvestment of distributions. Performance figures are calculated using the Net Asset Value (NAV) of the Fund as at 30 November 2023, not the market price. Past performance is not a reliable indicator of future performance.

\*ASX Mid-Small Accumulation Index (Net) (AUD), being the composite benchmark of 50% of the S&P/ASX MidCap 50 Accumulation Index and 50% of the S&P/ASX Small Ordinaries Accumulation Index.

## 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

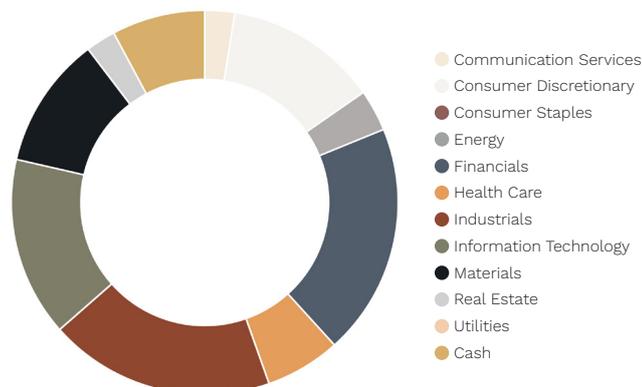
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

## Key Information

|                              |   |
|------------------------------|---|
| <b>Responsible Entity:</b>   | The Trust Company (RE Services) Limited                   |
| <b>Investment Manager:</b>   | Ophir Asset Management Pty Ltd                            |
| <b>Fund Inception:</b>       | August 2015   |
| <b>Number of Stocks:</b>     | 15-30   |
| <b>Cash Distributions:</b>   | Annually  |
| <b>Redemptions:</b>          | Daily   |
| <b>Investment Objective:</b> | Outperform benchmark (after fees) over long term (5+ yrs) |

# Allocation of Investments

## Portfolio Sector Exposures



## Top 5 Portfolio Holdings (Alphabetical) (as at 30 September 2023)

| Company                             | Industry               | ASX Code       |
|-------------------------------------|------------------------|----------------|
| AUB Group                           | Insurance              | AUB            |
| Hub24 Ltd                           | Financial Services     | HUB            |
| NEXTDC Ltd                          | Technology             | NXT            |
| REA Group                           | Communication Services | REA            |
| Seven Group Holdings                | Industrials            | SVW            |
| <b>Average Portfolio Market Cap</b> |                        | <b>\$6.8bn</b> |

## Net Asset Value (NAV) & Unit Price

| As at 30 November 2023      | Amount        |
|-----------------------------|---------------|
| <b>NAV</b>                  | <b>\$2.62</b> |
| <b>Unit Price (ASX:OPH)</b> | <b>\$2.21</b> |

## Market Commentary

Global share markets bounced back in a big way in November after experiencing material falls in August through October. The tech-dominated Nasdaq index led the way, returning +10.8%, whilst the S&P 500 and Russell 2000 indices rose +9.1% and +9.0% respectively over the month. Stocks in Japan (Nikkei 225, +8.5%) and Europe (MSCI Europe, +6.5%) also posted strong returns and the same story can be said for the ASX 100 and ASX Small Ordinaries indices which returned +5.0% and +7.0% respectively.

The direction of long term bond yields has been the major force in share markets over the last few months and was once again in the driver's seat for stocks in November. Locally, the Australian 10-year government bond yield fell by 52 basis points from 4.93% to 4.41%. Longer duration assets benefited from this fall, resulting in the MSCI Australia Growth Index (+6.4%) outperforming its Value (+3.8%) counterpart by 2.6%.

On 5th December 2023, the Reserve Bank of Australia ("RBA") decided to leave the cash rate target unchanged at 4.35% after its 25 basis point hike in November. At writing, market pricing is signalling no more rate hikes for this cycle by the RBA with interest rates to start being cut in the second

half of 2024. Australian real GDP grew just +0.2% in the September quarter with the country currently in a "per capita" recession that is only being avoided at a headline level by the current very strong levels of immigration growth.

Looking at the ASX Small Ords Index, the Health Care (+17.0%), Information Technology (+12.1%) and Financials (+11.2%) sectors were the best performers whilst the Energy (-3.0%), Communication Services (+2.3%) and Industrials (+3.6%) sectors were the worst relative performers.

## Portfolio Commentary

During November, the Ophir High Conviction Fund's investment portfolio returned +6.0% (net of fees) versus the index which returned +6.2%. Since its inception in August 2015, the Fund has returned +12.2% p.a. (net of fees) while the index has returned +8.2% p.a.

The Ophir High Conviction Fund's ASX listing provided a total return of -0.9% for the month.

In terms of portfolio positioning, the number of holdings increased from 29 to 31 and cash levels rose marginally to 7.8%.

One of the largest contributors to performance for the month was Seven Group Holdings (ASX:SVW). Seven Group is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services, media and energy. Seven's assets include WesTrac, the Caterpillar dealer in WA and NSW/ACT, Coates Hire, Boral, Beach Energy and Seven West Media. SVW's share price rose +15.9% for the month after providing the market with upgraded guidance for FY24.

One of the largest detractors to performance for the month was AGL Energy (ASX:AGL). AGL supplies energy and other essential services to residential, businesses and wholesale customers in Australia. AGL's share price fell -12.3% during the month as wholesale electricity prices fell.

The Federal Government also announced an expansion to the renewable Capacity Investment Scheme (CIP) which was low on detail and brings further uncertainty into the overall market.

# Outlook

We are approaching what many believe to be a critical point of the cycle where the soft or hard landing debate will finally be settled in the United States, with ramifications for the rest of the global economy. Global economic growth is expected to slow, including in Australia, impacting company earnings, but the key question is by how much.

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 continues to be towards companies with greater earnings visibility given the uncertain macro backdrop.

We continue to monitor several economic indicators and when we feel the time is right, we will deploy capital into a growing list of cyclical growth companies that should benefit significantly when liquidity returns to the small end of stock markets.

## 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.

## Key Investor Contacts

### Investor Services

Automic Group

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### Investment Enquiries

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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 High Conviction 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 authorised for release 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.