

Ophir Global Opportunities Fund



Figures as at 31 December 2023

Date of Issue: 11 January 2024

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

\$1.3754



Net Return Since Inception (p.a.)

+12.7%



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

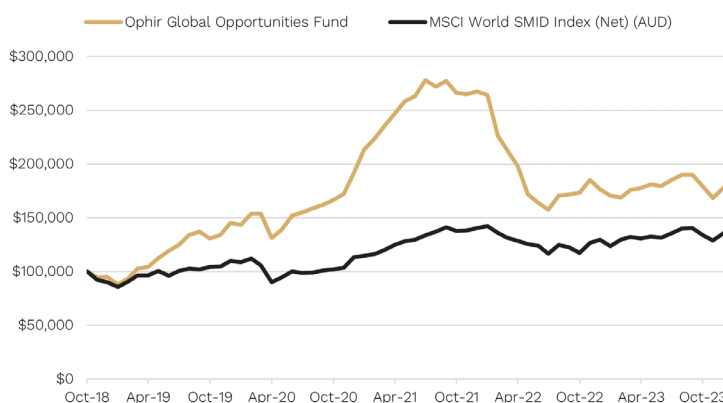


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	12.7%	16.3%	-4.2%	9.9%	1.2%	4.4%	5.8%
Benchmark*	6.9%	10.7%	7.4%	14.9%	4.7%	6.0%	5.2%

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.



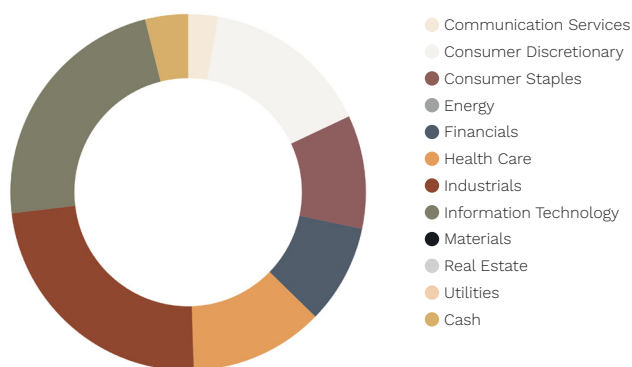
Steven Ng B Acc, CFA
Portfolio Manager
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

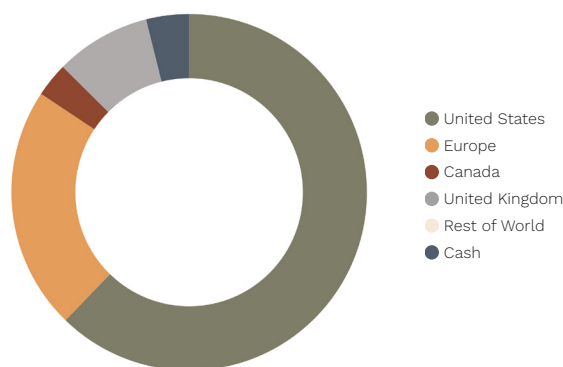
Responsible Entity:	The Trust Company (RE Services) Limited
Investment Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees)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

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	47
Cash	3.9%
Weighted Average Market Cap	\$6.2bn

Portfolio Metrics

Price / Earnings	16.7x
EPS Growth	21.9%
Net Debt / EBITDA	0.6

*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 closed off the calendar year strongly with stock markets continuing to rally in December. Small caps led the way with the Russell 2000 and ASX Small Ords indices returning +12.2% and +7.2% respectively. The ASX 100 also posted very strong gains returning +7.2%, whilst large caps in the U.S. rose less with the S&P 500 and Nasdaq returning +4.5% and +5.6% respectively. The MSCI Europe rose +3.7% whilst the Nikkei 225 finished flat.

The global share market lacked breadth for much of the year but the strong rally in November and December was broadly across all stocks and helped the major indices conclude the year well in the green. The Nasdaq (+44.7%) finished first, bolstered by the surge of the Magnificent 7, followed by the Nikkei 225 (+30.9%), S&P 500 (+26.3%), Russell 2000 (+16.9%) and MSCI Europe (+16.5%). Australian stocks posted some of the worst relative returns but the ASX 100 and ASX Small Ords indices were still up +14.3% and +8.5% respectively.

During December, the FOMC held rates stable and the Summary of Economic Projections indicated three rate cuts for 2024. Whether these rate cuts eventuate remains to be seen with at writing market pricing suggesting markets see an even greater five 0.25% cuts expected this year. In Chair Powell's press conference, he noted that the FOMC is "focused on not making the mistake of holding on to [tight policy] for too long" which helped boost share markets during the month.

Looking at U.S. Small Cap companies, the Health Care (+17.1%), Financials (+14.8%) and Consumer Discretionary (+14.1%) were the best sectors whilst the Energy (+1.8%), Utilities (+6.6%) and Communication Services (+9.3%) sectors were the worst relative performers.

Portfolio Commentary

During December, the Ophir Global Opportunities Fund returned +5.8% (net of fees) versus the index which returned +5.2%. Since its inception in October 2018, the Fund has returned +12.7% p.a. (net of fees) while the index has returned +6.9% p.a.

In terms of currency movements, the AUD appreciated against the USD by +3.1% over the month which was a headwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings increased to 47 and cash levels fell to 3.9% in December. We have maintained our exposures to growth companies with more resilient earnings at the top of the portfolio.

One of the largest stock contributors to performance during the month was an AUD \$4.6bn business listed on the NYSE. It manufactures heat-transfer and heat-storage equipment used in a diverse set of end markets including HVAC, EVs, Data Centers, Residential and Automotive. The company continues to gain traction with its data center cooling solutions driving both earnings growth and investor awareness. The company's share price rose +21.3% in December.

One of the largest stock detractors to performance during the month was an AUD \$3.8bn education business listed on the NYSE. The company's share price fell -2.0% in December as it gave back some of its outperformance from its positive November investor day and its hot run over July to November where it rose over 50%.

Outlook

Many believe the debate on whether we have a soft or hard landing in the U.S. will finally be settled in 2024, which will have massive flow on effects for the rest of the global economy. The soft landing camp appears to currently be in favour allowing the Fed to reduce the restrictive stance of U.S. monetary policy in the first half of this year. Global economic growth is expected to slow however, impacting company earnings, but the key question is by how much and whether this is priced into markets.

We remain comfortable with the positioning of the portfolio and the main bias continues to be towards companies with greater earnings visibility given the uncertain macro backdrop.

When we believe the time is right, we will rotate capital into more 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.

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.

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