

Ophir High Conviction Fund

ASX: OPH



Figures as at 31 December 2023

Date of Issue: 11 January 2024

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.)

+12.6%



Fund Size

\$609.5m

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

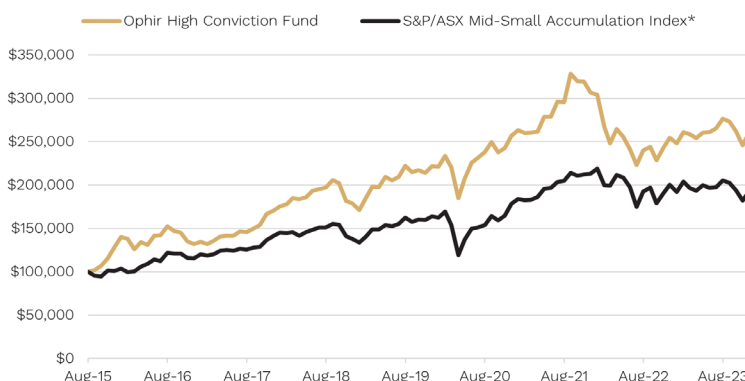


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance. *The Fund's benchmark is the S&P/ASX Mid-Small Index, being the composite benchmark of 50% of the S&P/ASX MidCap 50 Accumulation 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
Fund Return (Net)	12.6%	9.7%	1.1%	9.8%	4.0%	4.3%
Benchmark*	9.0%	9.1%	4.0%	7.8%	6.6%	7.1%
ASX: OPH Unit Price Return	N/A	N/A	-5.0%	1.2%	-2.4%	9.5%

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 31 December 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

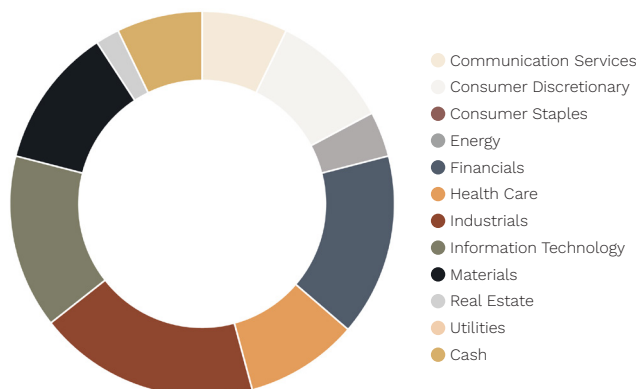
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

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

Allocation of Investments

Portfolio Sector Exposures



Top 5 Portfolio Holdings (Alphabetical) (as at 31 December 2023)

Company	Industry	ASX Code
AUB Group	Insurance	AUB
Mineral Resources	Materials	MIN
NEXTDC Ltd	Technology	NXT
Seven Group Holdings	Industrials	SVW
Webjet Ltd	Consumer Discretionary	WEB
Average Portfolio Market Cap		\$7.0bn

Net Asset Value (NAV) & Unit Price

As at 31 December 2023	Amount
NAV	\$2.74
Unit Price (ASX:OPH)	\$2.42

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.

Portfolio Commentary

During December, the Ophir High Conviction Fund's investment portfolio returned +4.3% (net of fees) versus the index which returned +7.1%. Since its inception in August 2015, the Fund has returned +12.6% p.a. (net of fees) while the index has returned +9.0% p.a.

The Ophir High Conviction Fund's ASX listing provided a total return of +9.5% for the month.

In terms of portfolio positioning, the number of holdings crept lower to 30 and cash levels fell marginally to 7.3%.

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. SVW's share price gained +14.8% during the month, continuing the momentum from its AGM in November during which it upgraded FY24 guidance.

During December, the RBA held rates steady. The RBA stated that they will "allow time to assess the impact of the increase in interest rates on demand, inflation and the labour market". Michele Bullock acknowledged the easing of goods inflation but spectators are not discounting the chances of further rate hikes if the tight labour market and strong housing activity continue to hold inflation at elevated levels. At writing no further RBA hikes are priced by the market with the first cut expected around the middle of the year.

Looking at the ASX Small Ords Index, the Health Care (+13.2%), Real Estate (+10.1%) and Consumer Discretionary (+9.3%) sectors were the best performers whilst the Information Technology (+2.1%), Consumer Staples (+2.2%) and Materials (+4.6%) sectors were the worst relative performers.

One of the largest detractors to performance for the month was NIB Holdings (ASX:NHF). NHF underwrites and distributes private health insurance to Australian and New Zealand residents. NHF fell -2.5% for the month. A rotation away from defensive names as well as the release of a final report from the government review into the NDIS were to blame for the underperformance. While NDIS plan management is only a small segment for NHF it sold off on sentiment regardless.

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.

Key Investor Contacts

Investor Services

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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.