

Ophir Global Opportunities Fund



Figures as at 31 January 2024
Date of Issue: 19 February 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

\$1.4455



Net Return Since Inception (p.a.)

+13.6%



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

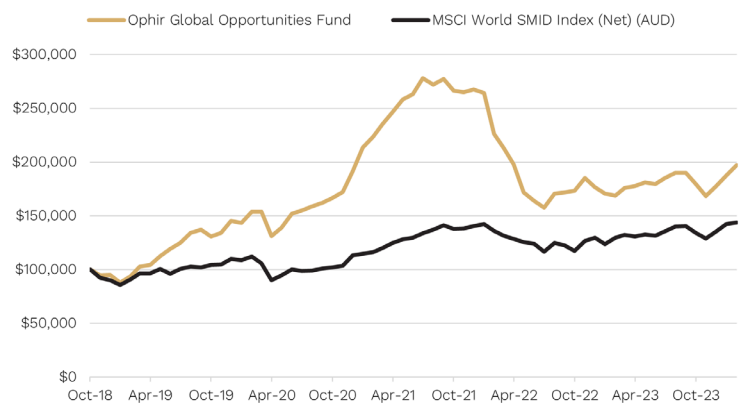


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	13.6%	16.0%	-4.1%	16.9%	3.7%	17.0%	5.1%
Benchmark*	7.1%	9.7%	7.4%	11.1%	2.7%	11.6%	1.3%

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

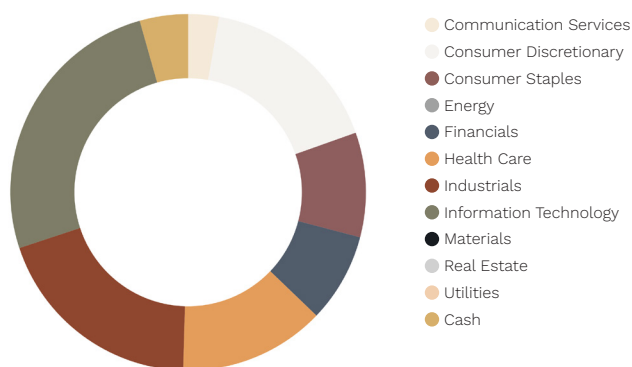
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

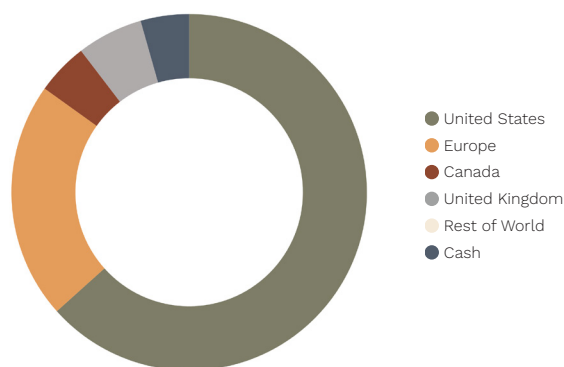
Responsible Entity:	The Trust Company (RE Services) Limited
Investment Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees)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

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	47
Cash	4.4%
Weighted Average Market Cap	\$6.3bn

Portfolio Metrics

Price / Earnings	17.4x
EPS Growth	24.8%
Net Debt / EBITDA	0.7

*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 rally to kick off 2024. Japanese stocks led the way in a big way with the Nikkei 225 returning +8.4% in January on the back of a weaker Yen and expectations of interest rates staying low. European (MSCI Europe, +1.6%) and Australian (ASX 100, +1.1% and ASX Small Ordinaries, +0.9%) stocks rose modestly whilst it was more of a mixed bag in the U.S. The large cap dominated S&P 500 and Nasdaq indices rose +1.7% and +1.0% respectively whilst the Russell 2000, which tracks U.S. small caps, fell -3.9% over the month.

In the U.S., Growth outperformed Value stocks with the S&P 500 Growth index (+2.9%) beating its Value (+0.3%) counterpart by 2.6% and the Russell 2000 Growth index (-3.2%) beating its Value (-4.5%) counterpart by 1.3%. Over the last 6 months, U.S. large cap growth (S&P 500 Growth, +7.1%) has outperformed large cap value (S&P 500 Value, +5.7%) by 1.4% but the opposite is true for U.S. small caps with the Russell 2000 Growth (-3.4%) index underperforming its Value counterpart (-0.7%) by -2.7%.

To close off the month of January, the FOMC held rates steady as most economists anticipated, but pushed back on the first cuts this cycle coming as early as March. At writing markets see the first interest rate cut this cycle occurring in May with just over 1.3% in cuts priced for 2024. Inflation, as measured by Core PCE 6 months annualised, has now fallen below the Fed's target rate of 2% so if the Fed can maintain inflation at current levels without anything in the economy breaking, a soft landing looks achievable.

Looking at U.S. Small Cap companies, the Information Technology (-1.2%), Consumer Staples (-1.6%) and Energy (-2.3%) were the best performing sectors whilst the Materials (-8.1%), Utilities (-7.6%) and Real Estate (-5.6%) sectors were the worst performers.

Portfolio Commentary

During January, the Ophir Global Opportunities Fund returned +5.1% (net of fees) versus the index which returned +1.3%. Since its inception in October 2018, the Fund has returned +13.6% p.a. (net of fees) while the index has returned +7.1% p.a.

In terms of currency movements, the AUD depreciated against the USD by 3.6% over the month which was a tailwind for the absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings remained steady at 47 and cash levels rose to 4.4% in January. 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 \$5.5bn business listed on the NYSE. It manufactures heat-transfer and heat-storage equipment used in a diverse set of end markets including EVs, Data Centers, Residential and Automotive. This business reported earnings and beat expectations, resulting in its share price rising +15.7% in January.

One of the largest stock detractors to performance during the month was an AUD \$1.1bn business listed on the Nasdaq. The business provides software solutions to the biotech sector and utilizes A.I. and machine learning to construct predictive models. The company's share price fell -15.2% alongside other businesses in the sector despite posting a revenue result above street expectations during the month.

Outlook

As inflation continues to moderate in advanced economies, the key question now is whether the U.S. undergoes a hard or soft landing. Whilst the probability of a recession has fallen from peaks of 65% in July 2023 (according to Bloomberg's survey of economists), it still remains elevated (45% at the time of writing).

If inflation continues to fall this year, key central banks should be able to start cutting rates given real interest rates have continued to go deeper into restrictive territory recently. However, we expect the Fed will be very cautious as they lower rates in case inflation returns like during the 1970s.

We have recently been very incrementally increasing the allocation to more cyclically exposed businesses as soft landing probabilities increase. Overall, we remain comfortable with the positioning of the portfolio and when we believe the time is right, we will rotate further capital into more cyclical growth companies that should benefit significantly when liquidity returns to the small cap end of share 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.

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