

Ophir Global Opportunities Fund



Figures as at 31 March 2024

Date of Issue: 17 April 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

\$1.5662



Net Return Since Inception (p.a.)

+14.8%



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

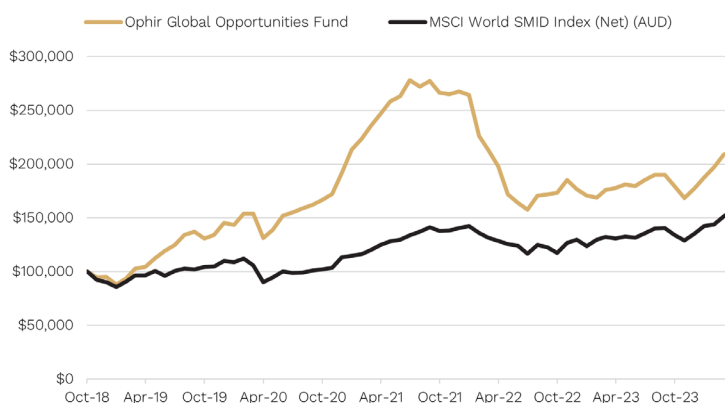


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	14.8%	15.4%	-4.7%	20.2%	18.9%	13.9%	2.5%
Benchmark*	8.6%	10.2%	8.0%	20.2%	17.2%	10.6%	3.8%

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.



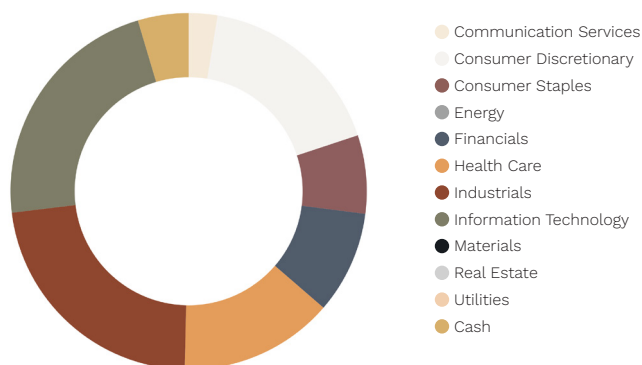
Steven Ng B Acc, CFA
Portfolio Manager
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

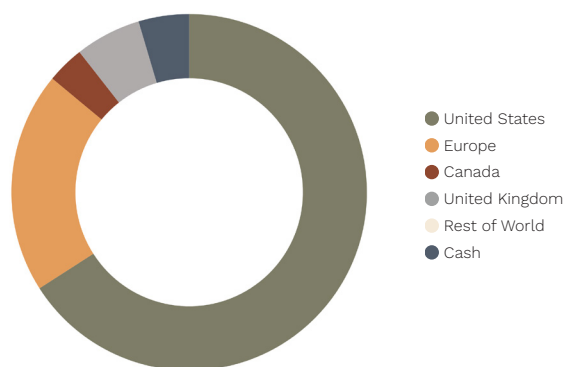
Responsible Entity:	The Trust Company (RE Services) Limited
Investment Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees)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

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	48
Cash	4.6%
Weighted Average Market Cap	\$6.4bn

Portfolio Metrics

Price / Earnings	18.6x
EPS Growth	23.1%
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 returned strong gains in March extending their great run to start 2024. Smaller companies outperformed with the ASX Small Ordinaries and Russell 2000 indices returning +4.9% and +3.6% respectively. European and Japanese stocks also delivered good returns with the MSCI Europe and Nikkei 225 indices returning +4.1% and +3.7% respectively. Large caps lagged on a relative basis with the ASX 100, S&P 500 and Nasdaq indices returning +3.3%, +3.2% and +1.8% respectively.

Value orientated stocks outperformed Growth stocks in the U.S. in March for the first month in 2024. The S&P500 Value (+4.5%) Index outperformed its Growth (+2.1%) counterpart by 2.4% and the Russell 2000 Value (+4.4%) outperformed its Growth counterpart (+2.8%) by 1.6%. Over the first quarter of 2024 however U.S. Large and Small Cap Growth stocks are still ahead of Value.

U.S. ISM Manufacturing PMI came in strong for March increasing +5.2% MoM and 8.6% YoY and U.S. job growth blew out expectations. These data points demonstrate the resilience of the U.S. economy in the face of the "most forecasted recession ever", potentially delaying the much anticipated rate cuts from the Fed in 2024.

In other news, for the first time in 17 years the Bank of Japan (BOJ) announced its first rate hike, lifting rates from -0.1% to a range of 0 to +0.1%. The Governor of the BOJ, Kazuo Ueda, said that the measures to inject money into the economy have fulfilled their roles and added, "we made the decision because we foresaw stable and continuous 2% inflation".

Looking at U.S. Small Cap companies, the Energy (+11.2%), Industrials (+5.2%) and Materials (+5.0%) were the best sectors whilst the Health Care (-1.0%), Communication Services (-0.6%) and Consumer Staples (+0.2%) sectors were the worst relative performers.

Portfolio Commentary

During March, the Ophir Global Opportunities Fund returned +2.5% (net of fees) versus the index which returned +3.8%. Since its inception in October 2018, the Fund has returned +14.8% p.a. (net of fees) while the index has returned +8.6% p.a.

In terms of currency movements, the AUD appreciated against the USD by 0.4% over the month which was a headwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings remained stable at 48 and cash levels fell to 4.6% in March. We have slightly reduced our exposure to growth companies with more resilient earnings at the top of the portfolio (albeit we are still overweight) and introduced more cyclical growth businesses that should benefit from rate cuts whilst still providing some element of protection in a recession.

One of the largest stock contributors to performance during the month was a \$2.0bn AUD restaurant chain listed on the Nasdaq. Whilst there was no specific news during March, its stock price rose +21.1% over the month. At the time of writing in April, the business announced its quarterly results exceeding its revenue guidance and confirming store rollouts resulting in further share price strength.

One of the largest stock detractors to performance during the month was a \$2.6bn AUD business listed on the Nasdaq. This company provides control systems into Energy and Utilities companies as well as data centres and gave back some of its strong recent returns in January (+34.1%) and February (+56.6%). Its share price fell -23.2% in March.

Outlook

Economists' predictions of a recession in the U.S., which will have major implications for the global economy, continues to drift lower with the current median probability at 35% (Bloomberg economist survey). Leading indicators of economic growth have improved recently in the U.S. and employment data continues to remain quite strong lifting hopes of a "no landing" scenario that is also likely to keep interest rates higher for longer.

Economists on Bloomberg expect the first interest rate cut in the U.S. to occur in a few months in July 2024 but this expectation can change very quickly if (1) there is a recession in the U.S. or (2) inflation stays stubbornly high.

The portfolio remains balanced in terms of cyclical vs. defensive growth companies which we believe is appropriate given the still elevated probability of a recession. Smaller growth companies still remain cheap relative to large caps, particularly in the U.S., and mean reversion in valuations should materially benefit share prices for the types of companies we invest in.

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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