

# Ophir Global Opportunities Fund



Figures as at 30 April 2024

Date of Issue: 16 May 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

\$1.5333



Net Return Since Inception (p.a.)

+14.1%



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

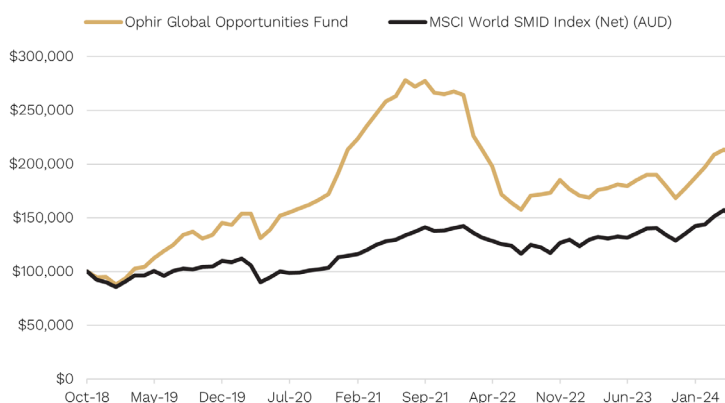


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
<b>Fund Return (Net)</b>	14.1%	13.2%	-6.8%	15.4%	24.1%	6.1%	-2.1%
<b>Benchmark*</b>	7.6%	8.4%	5.5%	13.3%	16.6%	4.5%	-4.3%

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.



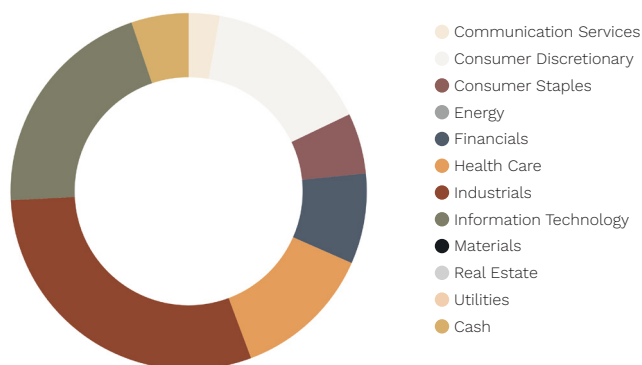
**Steven Ng** B Acc, CFA  
Portfolio Manager  
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

## Key Information

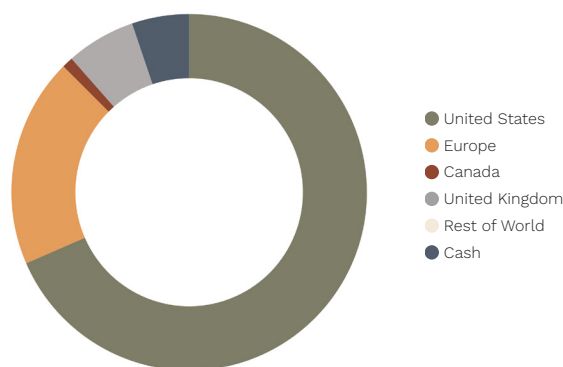
<b>Responsible Entity:</b>	The Trust Company (RE Services) Limited
<b>Investment Manager:</b>	Ophir Asset Management Pty Ltd
<b>Fund Inception:</b>	October 2018
<b>Min Investment Amount:</b>	\$100,000
<b>Number of Stocks:</b>	20-50
<b>Cash Distributions:</b>	Annually
<b>Redemptions:</b>	Monthly
<b>Investment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

# Allocation of Investments

## Portfolio Sector Exposures



## Geographic Exposures



## Portfolio Characteristics

Number of Equity Holdings	43
Cash	5.2%
Weighted Average Market Cap	\$6.6bn

## Portfolio Metrics

Price / Earnings	18.1x
EPS Growth	22.3%
Net Debt / EBITDA	0.4

\*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 took a breather in April giving back some of their gains in 2024. Smaller companies underperformed for the month with the ASX Small Ordinaires and Russell 2000 indices returning -3.0% and -7.0% respectively. Japanese stocks also gave back gains with the Nikkei 225 returning -4.9% for the month, while European stocks held up well, with MSCI Europe falling a modest -0.8%. Large caps were not immune to the sell off with the ASX 100, S&P 500 and Nasdaq indices returning -2.9%, -4.1% and -4.4% respectively.

It was a mixed bag when looking at Growth vs Value stocks in the U.S. for the month of April. The S&P500 Value (-4.3%) index underperformed the S&P500 Growth index (-3.9%) by 0.4% for the month, while the Russell 2000 Value index (-6.4%) outperformed its Growth counterpart (-7.7%) by 1.3%. However, growth stocks are still outperforming value stocks in both the large and small cap part of the U.S. share market in 2024.

U.S. CPI for April came in stronger than expected (0.4% vs 0.3% consensus) as prices remain elevated and inflation sticky, pushing out much anticipated rate cuts. The market is currently pricing in almost two rate cuts in 2024 with the first being in either September or November at the time of writing.

In other news, Q1 reporting kicked off in the U.S. and earnings have generally come out better than expected. Almost 80% of S&P 500 firms that have reported have beaten analysts' earnings estimates at the time of writing with less than 15% (by market cap) still to report. Despite the high level of earnings "beats" in the market, price reactions have been muted with the average reaction for a beat actually being -0.2%, the first time it has been negative since the Q4 2020.

Looking at U.S. Small Cap companies, the Utilities (-1.7%), Materials (-2.4%) and Energy (-3.5%) were the best sectors whilst Healthcare (-9.6%), Information Technology (-9.1%) and Consumer Discretionary (-8.5%) sectors were the worst relative performers.

## Portfolio Commentary

During April, the Ophir Global Opportunities Fund returned -2.1% (net of fees) versus the index which returned -4.3%. Since its inception in October 2018, the Fund has returned +14.1% p.a. (net of fees) while the index has returned +7.6% p.a.

In terms of currency movements, the AUD depreciated against the USD by -0.7% over the month which was a tailwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings reduced to 43 and cash levels increased to 5.2% in April. Pleasingly, our top contributors to performance during the month were those that reported strong quarterly earnings results during reporting season, with the gains held on to throughout the month, helping the Fund outperform.

One of the largest stock contributors to performance during April was a \$4.5bn AUD technology-based education company listed on the New York Stock Exchange. The company reported strong Q3 2024 earnings where revenue exceeded analyst estimates by 2.6%, which caused the stock price to rise +5.9% for the month.

One of the largest detractors to performance during the month was a \$4.1bn AUD business listed on the Nasdaq. The company provides a comprehensive range of solutions and services for the food processing, animal protein and agriculture industries. The company's share price fell -21.8% in April as it was one of our very few holdings to miss its quarterly earnings target in April.

# 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 30% (Bloomberg economist survey). Healthy corporate balance sheets, strong U.S. employment data and slowing albeit sticky inflation, are lifting hopes of a "no landing" scenario that is likely to keep interest rates higher for longer.

Market pricing (Bloomberg) indicates the first interest rate cut in the U.S. is likely to occur in either September or November and is currently pricing in almost two rate cuts for 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 over time.

## 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

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