

Ophir Global Opportunities Fund



Figures as at 30 June 2024
Date of Issue: 24 July 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

\$1.5863



Net Return Since Inception (p.a.)

+14.4%



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

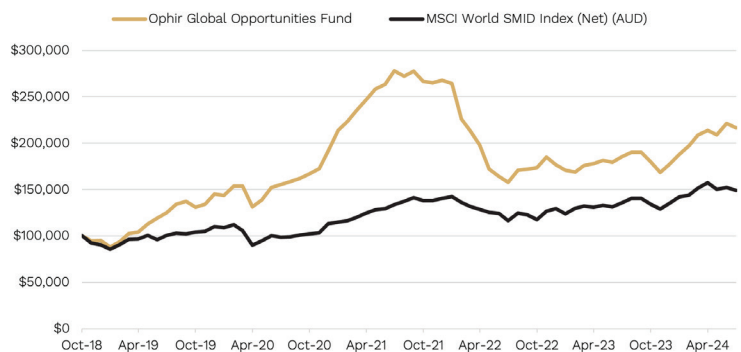


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	3 Months	1 Month
Fund Return (Net)	14.4%	11.6%	-8.0%	16.8%	1.3%	-2.2%
Benchmark*	7.2%	8.2%	3.6%	9.7%	-5.2%	-2.1%

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.



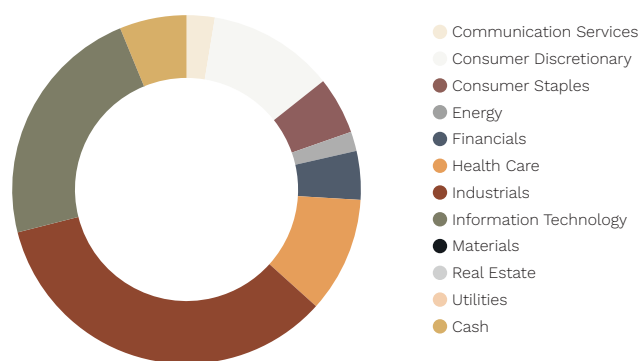
Steven Ng B Acc, CFA
Portfolio Manager
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

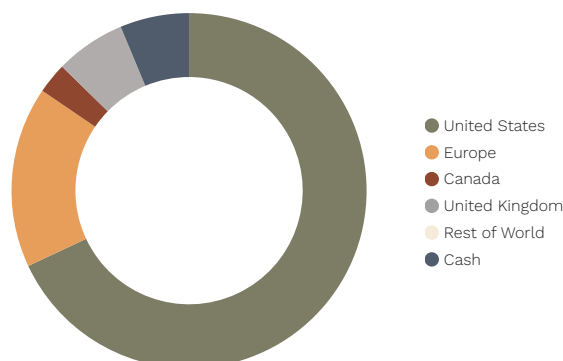
Responsible Entity:	The Trust Company (RE Services) Limited
Investment Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees)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

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	46
Cash	6.2%
Weighted Average Market Cap	\$5.6bn

Portfolio Metrics

Price / Earnings	18.7x
EPS Growth	23.9%
Net Debt / EBITDA	0.4x

*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

In June, the global stock market marched forward for the second consecutive month continuing to add gains in 2024. Larger companies outperformed for the month with the ASX 100, S&P 500, and Nasdaq indices returning +1.2%, +3.6%, and +6.0%, while the ASX Small Ordinaries and Russell 2000 indices returned -1.4% and -0.9% respectively. European stocks (MSCI Europe) ended the month slightly down returning -1.0% as election worries in France weighed, while Japan's Nikkei index had a strong month adding +2.9% in June.

Growth significantly outperformed Value for the month of June in the U.S. with the S&P 500 Growth index (+7.0%) outperforming its counterpart the S&P 500 Value index (-0.7%) by +7.7%. The Russell 2000 Growth index (-0.2%) outperformed its Value counterpart (-1.7%) by a more modest +1.5%. Growth stocks continue to outperform value stocks in both the large and small cap part of the U.S. share market in 2024, but by significantly more in the former.

In June global politics took center stage with several major economies seeking change in 2024. In the UK the Labour party won the 2024 general election by a landslide with Keir Starmer voted in as the new Prime Minister, ending 14 years in the political wilderness and sending the ruling

Conservatives crashing to their worst defeat in history. In France President Emmanuel Macron surprised the nation by calling snap elections following his side's defeat in the European elections rattling the French share market in the month of June.

In June the first presidential debate in the U.S. kicked off with the likelihood of a 2nd Trump presidency becoming more likely. Betting markets as at writing now have the chances of Trump winning the November election at 65% and a 50% chance of a Republican sweep.

Looking ahead there'll be plenty to watch on the corporate front in July, with the market anticipating the latest US inflation report for June and international quarterly corporate reporting season kicking off.

Looking at U.S. Small Cap companies for the month of June, the Real Estate (+1.3%), Information Technology (+1.3%), and Healthcare (+1.2%) were the best performing sectors whilst Materials (-7.7%), Energy (-4.1%) and Industrials (-2.9%) were the worst relative performers. It was a mixed bag with 50% of the sectors in the Russell 2000 ending in positive territory for the month of June.

Portfolio Commentary

During June, the Ophir Global Opportunities Fund returned -2.2% (net of fees) versus the index which returned -2.1%. Since its inception in October 2018, the Fund has returned +14.4% p.a. (net of fees) while the index has returned +7.2% p.a.

In terms of currency movements, the AUD appreciated against the USD by +0.3% over the month which was a headwind for absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings increased to 46 and cash levels decreased to 6.2% in June. Most of the underperformance for the month was due to snap elections held in France causing falls in the French share market and impacted valuations in the French domiciled names we own in the Fund where we have an overweight position. We don't expect the election result to have any material impact long term on the value of the French businesses we hold.

One of the largest stock contributors to performance during June was a \$4.0bn AUD biopharmaceutical company listed on the Nasdaq. The company is continuing to see improved adoption in its treatment products due to the efficacy of its treatment being proven to be more effective than competitor products. This month we saw a rerate in the share price which rose 17.1% for the month of June.

One of the largest detractors to performance during the month was a \$2.6bn AUD energy and infrastructure provider listed on the Nasdaq. The company's share price drifted lower on general profit taking on A.I./power themed names and was the biggest contributor to the fund in the prior month. The company's share price fell -20.3% in June.

Outlook

Economists' predictions of a recession in the U.S., which will have major implications for the global economy, have remained consistent in June with the current median probability at 30% (Bloomberg economist survey). It's also worth noting that although the recession probability has fallen materially, recent economic data in the U.S. has been disappointing versus expectations with a deterioration in activity and labour market data.

A recent pick-up in the unemployment rate and slowdown in wage inflation are further signs of a softer demand back-drop which has increased the probability and scale of U.S. interest rate cuts in 2024. Stronger household balance sheets, underleveraged corporate balance sheets, migration and fiscal policy support are the current pillars of the support in the U.S. economy keeping soft-landing hopes alive in the world's largest economy. We remain attuned though to a rapid softening in demand factors, negative inflation data and a more hawkish central bank that would lower the probability of a soft landing.

Market pricing (Bloomberg) indicates the first interest rate cut in the U.S. is likely to occur in September 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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