

# Ophir High Conviction Fund

ASX: OPH



Figures as at 31 March 2024

Date of Issue: 17 April 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



Net Return Since Inception (p.a.)



Fund Size

ASX: OPH

+13.5%

\$669.9m

## 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

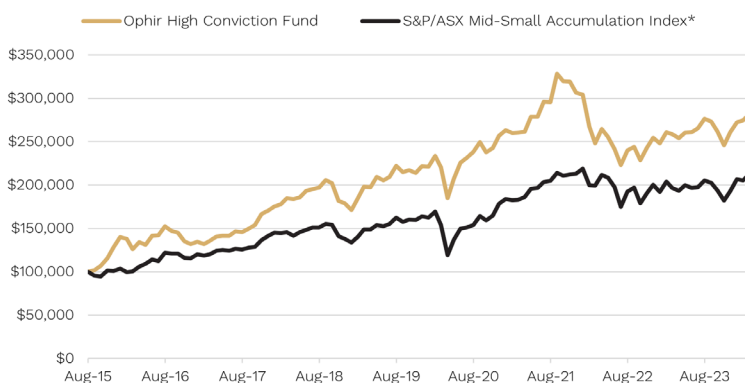


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance. \*The Fund's benchmark is the S&P/ASX Mid-Small Index, being the composite benchmark of 50% of the S&P/ASX MidCap 50 Accumulation 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)	13.5%	8.6%	4.6%	17.8%	9.9%	6.2%
Benchmark*	9.6%	8.3%	6.0%	14.4%	7.1%	4.1%
ASX: OPH Unit Price Return	N/A	5.6%	-1.3%	21.8%	11.6%	13.0%

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 March 2024, 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 Paradice Investment Management and Commonwealth Treasury Department.



**Steven Ng** B Acc, CFA  
Portfolio Manager

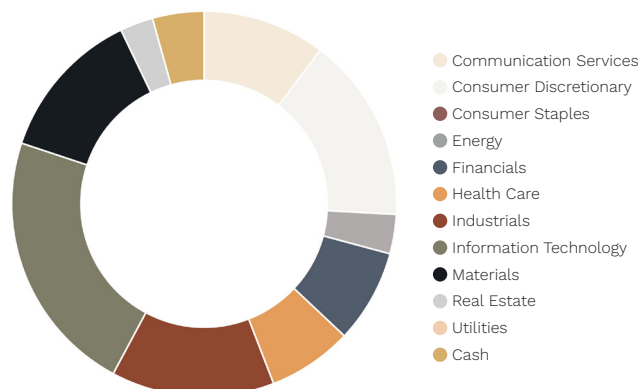
23+ years experience in financial markets, previously Paradice Investment Management and ING Investment Management

## 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>	August 2015
<b>Number of Stocks:</b>	15-30
<b>Cash Distributions:</b>	Annually
<b>Redemptions:</b>	Daily
<b>Investment Objective:</b>	Outperform benchmark (after fees) over long term (5+ yrs)

# Allocation of Investments

## Portfolio Sector Exposures



## Top 5 Portfolio Holdings (Alphabetical) (as at 31 March 2024)

Company	Industry	ASX Code
LIFE360 INC	Information Technology	360
Mineral Resources	Materials	MIN
NEXTDC Ltd	Technology	NXT
Seven Group Holdings	Industrials	SVW
Webjet Ltd	Consumer Discretionary	WEB
<b>Average Portfolio Market Cap</b>		<b>\$7.2bn</b>

## Net Asset Value (NAV) & Unit Price

As at 31 March 2024	Amount
NAV	\$3.01
Unit Price (ASX:OPH)	\$2.70

## 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.

Unlike other major share markets where Value materially outperformed Growth stocks, in Australia the MSCI Australia Growth and Value indices both returning +3.1% in March.

During the month the Governor of the Reserve Bank of Australia (RBA), Michelle Bullock, said that for the RBA to start cutting interest rates, two conditions must be met. Firstly, inflation will need to make further progress towards the RBA's target range (between 2% and 3%) and secondly, there must be no sign of inflation anchoring at a higher level of 3%. As per Bloomberg, currently economists are expecting the first interest rate cut to occur later this year in November with the current median recession

probability at 30% in Australia.

Looking at the ASX Small Ords Index, the Energy (+7.3%), Materials (+7.3%) and Financials (+7.1%) sectors were the best performers whilst the Communication Services (-2.6%), Industrials (+0.2%) and Consumer Staples (+2.9%) sectors were the worst relative performers.

## Portfolio Commentary

During March, the Ophir High Conviction Fund's investment portfolio returned +6.2% (net of fees) versus the index which returned +4.1%. Since its inception in August 2015, the Fund has returned +13.5% p.a. (net of fees) while the index has returned +9.6% p.a.

The Ophir High Conviction Fund's ASX listing provided a total return of +13.0% for the month.

In terms of portfolio positioning, the number of holdings reduced to 29 and cash levels fell to 4.2%. In response to rising soft landing probabilities, we have incrementally increased allocations to select holdings within the cyclical portion of our portfolio, though cautiously and with a keen eye on ongoing economic uncertainties.

One of the largest contributors to performance for the month was Webjet (ASX:WEB).WEB hosted an investor day during the month where it gave a positive update on its overseas Hotels division which saw WEB's share price rise +26.9% in March.

One of the largest detractors to performance for the month was Kelsian Group (ASX:KLS). KLS provides land and marine transport and tourism services in Australia, Singapore and the U.K. KLS continued to experience weakness after giving soft guidance to the market in February. Its share price fell -4.3% 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.

In March, economists on Bloomberg pushed back their first interest rate cut expectations in Australia from September to November this year but this can change very quickly if (1) we undergo a recession in Australia or (2) inflation stubbornly stays at 3% or higher.

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. We see our recent incremental increase in allocation to cyclical growth companies as appropriate though as it appears policy rates in major economies are likely at their peak with cuts the likely next move.

## 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

#### Automic Group

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### Investment Enquiries

#### George Chirakis (Chief Executive)

☎ 02 8006 5476 @ george.chirakis@ophiram.com

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.