

# Ophir Global High Conviction Fund (Class B)



Figures as at 31 October 2024  
Date of Issue 18 November 2024

Prepared for Platforms Only  
APIR Code PIM9456AU

## About The Fund

The Ophir Global High Conviction Fund (the 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. This fund is appropriate for investors with "High to Very High" risk and return profiles. A suitable investor for this fund is prepared to accept high to very high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the Target Market Determination (TMD) for further information.

Unit Price	Net Return Since Inception (p.a.)	Fund Status
\$1.3154	+21.3%	Enquire

## 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, with Senior Portfolio Managers substantial investors in the Fund

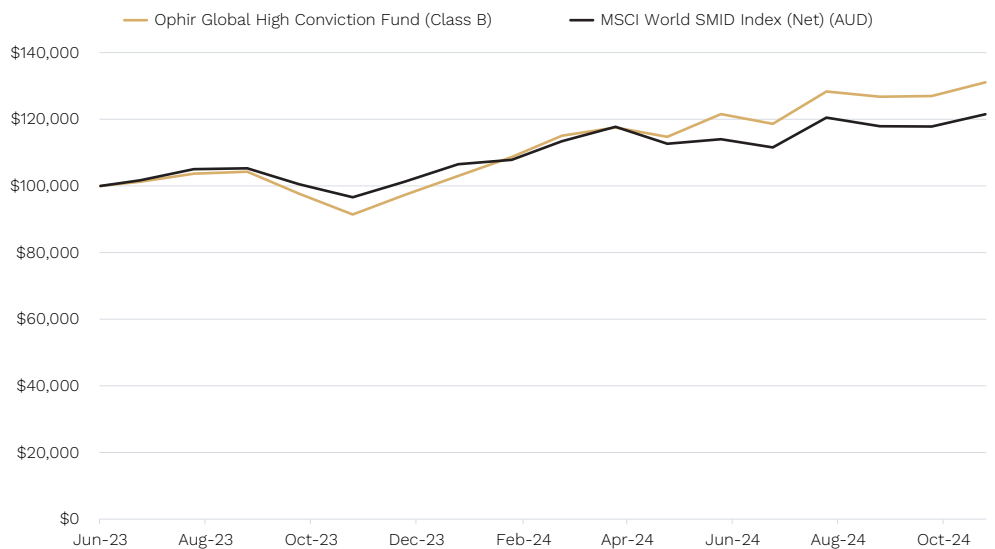


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance. Total returns have been calculated using NAV prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. \*The Fund's benchmark is the MSCI World SMID Index (Net) (AUD).

	Since Inception (p.a)	5 Years (p.a)	3 Years (p.a)	1 Year	3 Months	1 Month
<b>Fund Return - Class B (Net)</b>	<b>21.3%</b>	<b>N/A</b>	<b>N/A</b>	<b>43.3%</b>	<b>2.1%</b>	<b>3.2%</b>
Benchmark*	14.9%	N/A	N/A	25.8%	0.9%	3.1%

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 October 2024, not the market price. 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 | Founder and Portfolio Manager  
20+ years experience in financial markets, previously Paradise Investment Management and Commonwealth Treasury Department.



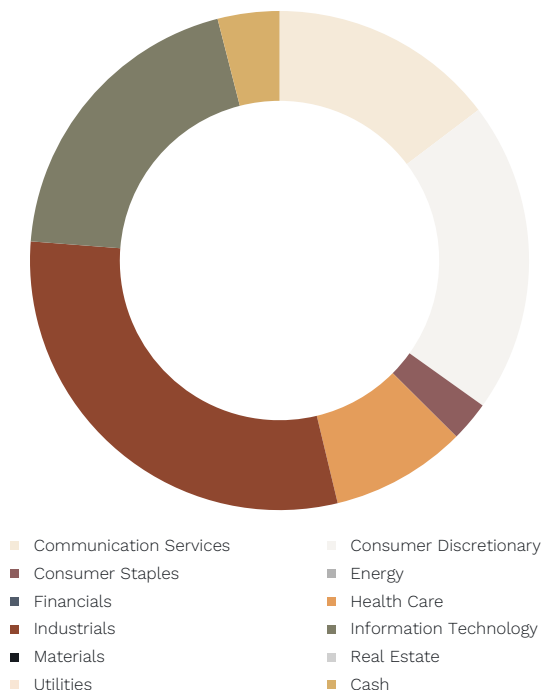
**Steven Ng**  
B Acc, CFA | Founder and Portfolio Manager  
23+ years experience in financial markets, previously Paradise Investment Management and ING.

## Key Information

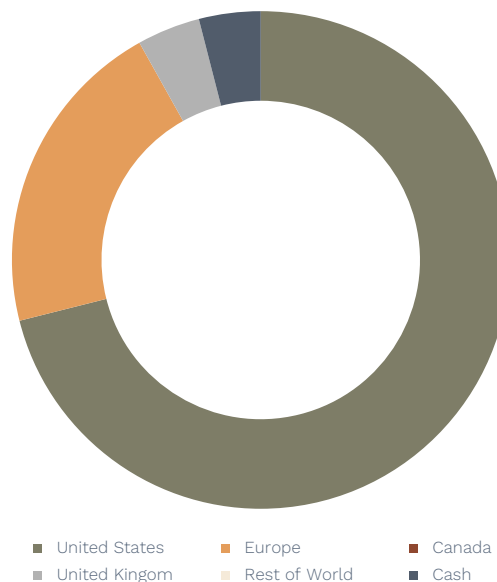
<b>Responsible Entity</b>	The Trust Company (RE Services) Limited
<b>Investment Manager</b>	Ophir Asset Management Pty Ltd
<b>Class Inception</b>	June 2023
<b>Number of Stocks</b>	20 - 40
<b>Cash Distributions</b>	Annually
<b>Redemptions</b>	Daily
<b>Investment Objective</b>	Outperform benchmark (after fees) over the long term (5+ years)

## Allocation of Investments

Portfolio Sector Exposures



Portfolio Geographic Exposures



## Portfolio Characteristics

Number of Equity Holdings	33
Cash	4.0%
Weighted Average Market Cap	\$5.6bn

## Portfolio Metrics

Price / Earnings	16.4x
EPS Growth	21.5x
Net Debt / EBITDA	0.7x

\*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 October, the price of gold reached new highs, Japanese indices (Nikkei, Topix, & MSCI Japan) rallied on the back of their election result, but the U.S. share market ended its streak of monthly gains, which had lasted since April. The Australian share market also ended down with the ASX 200 falling -1.3%. U.S. small caps lagged large caps with the Russell 2000 Index finishing down -1.4% while the S&P 500 fell -0.9%. Chinese equities (MSCI China) fell -5.8% from the lack of further fiscal stimulus and the risk of higher tariffs from a forecasted Trump presidency.

Growth names outperformed value with the S&P 500 Growth Index down -0.6%, while the S&P 500 Value Index fell -1.3%. The same occurred in small cap land, with the Russell 2000 Growth index down -1.3%, while its value counterpart fell -1.6%.

Economic data continued to surprise in the U.S. during the month which has seen U.S. Treasury Yields surge 0.50% in October. Recession probabilities have continued to fall, with "Trump Trade" sectors and themes outperforming as momentum appeared to build for the former President at the November election.

It was a month of rate cuts as the European Central Bank and the Bank of Canada cut their policy rates by 25bps and 50bps (to 3.25% and 3.75%), respectively. Rate cut expectations in the U.S. have been dialed back as over the last month as it became clearer that the U.S. consumer is proving resilient, and a faster normalisation of monetary policy may not be required.

Sector wise, small-cap Consumer Staples +0.8% and Financials (+1.3%) were the best performing, whilst Consumer Discretionary (-3.9%), and Energy (-3.1%) were the worst relative performers.

## Portfolio Commentary

During October, the Ophir Global High Conviction Fund (Class B) returned +3.2% (net of fees) versus the index which returned 3.1%. Since its inception in June 2023, Class B has returned +21.3% p.a. (net of fees) while the index has returned +14.9% p.a.

In terms of currency movements, the AUD depreciated -4.8% against the USD over the month which was a tailwind for the performance of the Fund. In terms of portfolio positioning, the number of holdings increased to 33 and cash levels decreased to 4.0% in October.

One of the largest stock contributors to performance during the month was a \$4.3bn AUD well-known publishing company that remains a top holding in the fund. The company's share price rallied +2.2% over the month without any additional news. The company's growth pipeline remains robust and consistently meeting our expectations.

One of the largest detractors to performance during the month was a \$3.4bn AUD vertically integrated designer and manufacturer of specialised electronic systems for homeland security, healthcare, defense, and aerospace industries. Despite a positive earnings result, the stock was down -12.9% due to disappointing cash generation. However, during periods of large product delivery, the company builds working capital, which is paid in subsequent periods. We are expecting a meaningful step-up in cash generation in the second half of FY25 and into FY26.

## Outlook

The market focus is on the U.S. election result and U.S. earnings season. The market is pricing in 1 more rate cut from the Fed (at a minimum) for the rest of the year. At time of writing, if betting markets are correct in predicting Trump winning the election, further rate cuts are likely to be pushed back as Republican policies are seen as more inflationary.

At time of writing, market pricing has another almost 0.5% of Fed Funds Rate (FFR) cuts priced in by the end of 2025 taking the FFR to about 4.4%. The FOMC meeting takes place days after the U.S. election, so result is bound to be front of mind for the Fed. This aside, economic surprise measures turned positive, indicating higher growth. While the probability of a recession has dropped, the rise in the U.S. government 10-year yield gives us pause. This will likely limit the degree of valuation expansion further in the U.S., particularly in the already stretched large cap part of the market.

The portfolio remains a mix of cyclical and defensive growth companies, with a continued focus on companies with more resilient earnings. We believe this is appropriate given the current market environment. Given our focus on earnings growth, our portfolio is poised to benefit from positive market news. Smaller growth companies remain cheap relative to large cap companies which provides opportunity for the portfolio.

## 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.

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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 judgments 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. The Product Disclosure Statement (PDS) and Target Market Determination (TMD) can be obtained by calling 02 8188 0397. The TMD is also available via the FE Fundinfo link [here](#).