

# Ophir High Conviction Fund



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

ASX Code OPH

## About The Fund

The Ophir High Conviction Fund (the Fund) seeks to provide investors with a concentrated exposure to a high quality portfolio of listed companies outside the S&P/ASX50. 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
OPH	+13.6%	\$708.4m

## 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 propriety 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

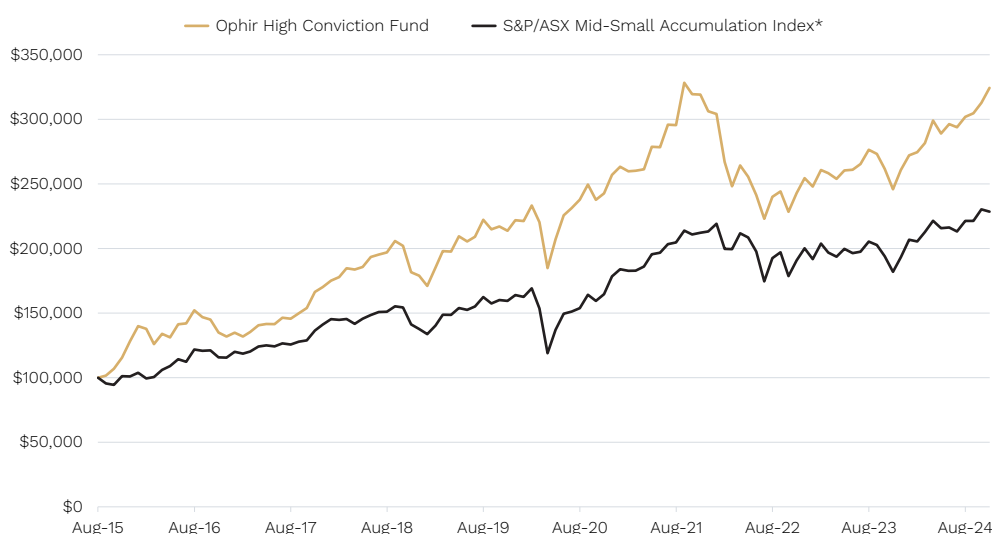


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance. Total returns have been calculated using NAV prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. \*The Fund's benchmark is the 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
<b>Fund Return (Net)</b>	<b>13.6%</b>	<b>8.7%</b>	<b>0.5%</b>	<b>31.9%</b>	<b>7.4%</b>	<b>3.7%</b>
Benchmark*	9.3%	7.5%	2.5%	25.6%	3.2%	-0.8%
ASX: OPH Unit Price Return	N/A	6.8%	-7.5%	25.4%	4.6%	0.0%

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 October 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 | Founder and Portfolio Manager  
20+ years experience in financial markets, previously Paradise Investment Management and Commonwealth Treasury Department.



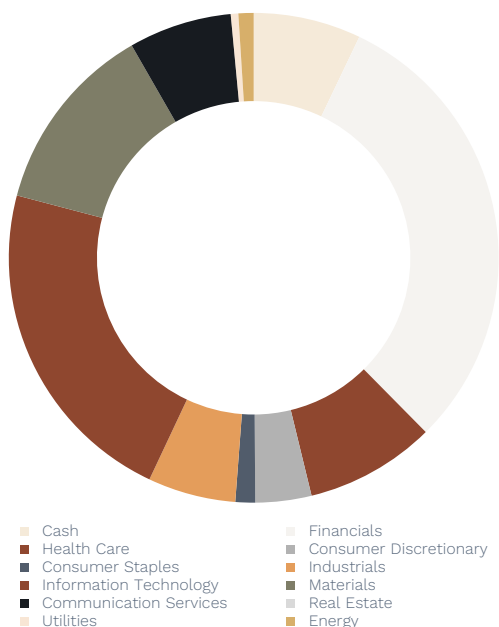
**Steven Ng**  
B Acc, CFA | Founder and Portfolio Manager  
23+ years experience in financial markets, previously Paradise Investment Management and ING.

## Key Information

<b>Responsible Entity</b>	The Trust Company (RE Services) Limited
<b>Investment Manager</b>	Ophir Asset Management Pty Ltd
<b>Fund Inception</b>	August 2015
<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



## Top 5 Portfolio Holdings

(Alphabetical) As at 30 September 2024

Company	Industry	ASX Code
AUB Group	Insurance	AUB
Infratil Ltd	Industrial	IFT
Life360 Inc	Software	360
NextDC Ltd	IT Services	NXT
Technology One	Software	TNE
Average Portfolio Market Cap		\$9.1bn

## Net Asset Value (NAV & Unit Price)

As at 31 October 2024

	Amount
NAV	\$3.18
Unit Price (ASX: OPH)	\$2.72

## 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.

Domestically, large-cap growth outperformed value as the MSCI Australia Growth Index fell -0.3% while the MSCI Australia Value Index fell -2.7%. Australian small-cap names also fell across the board with growth underperforming value, but it was a tighter race. Both the MSCI Australia Small Growth and Value indices fell -1.9% and -1.5%, respectively.

Australia's October YoY CPI figure was slightly lower than market expectations, coming in at 2.8% compared to expectations of 2.9%. Australia's unemployment rate for September was also slightly lower than expected, dropping from 4.2% to 4.1%. Inflation remaining above the RBA's target band, combined with continued hawkish rhetoric from the RBA, market pricing has extended the first RBA rate cut from February 2025 to May 2025.

Looking at the ASX Small Ords Index, Financials (+9.0%), Materials (+8.1%) and IT (+3.5%) were the best performing sectors whilst Consumer Discretionary (-9.3%), Real Estate (-4.6%) and Healthcare (-2.6%) were the worst performing sectors.

## Portfolio Commentary

During October, the Ophir High Conviction Fund's investment portfolio returned +3.7% (net of fees) versus the index which returned -0.8%. Since its inception in August 2015, the Fund has returned +13.6% p.a. (net of fees) while the index has returned +9.3% p.a. The Ophir High Conviction Fund's ASX listing provided a total return of 0.0% for the month.

In terms of portfolio positioning, the number of holdings decreased to 32 and cash levels increased to 7.1%. Majority of the portfolio attribution was driven by stock selection, highlighting that sticking to our process ensured we outperformed in October.

One of the largest contributors to performance for the month was Life360 (ASX:360). Life360 continues to contribute positively to the portfolio, and gain new supporters with its share price rising 16.0% over the month. One of the largest detractors to performance for the month was Mineral Resources (ASX: MIN). MIN fell -24.3% for the month, on news that Founder Chris Ellison was caught up in corporate governance and tax evasion issues.

With tighter monetary policy still in play, and the prospect of easing pushed to the middle of 2025, we are cautiously navigating this period of low forecasted economic growth. Though we do expect broader economic and corporate earnings growth to pick up in Australia in 2025.

## 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.

Australia is lagging most of the developed world in regard to cutting rates. At time of writing, the market is pricing a 0.25% first rate cut this cycle in May 2025. It is also forecasting lower wage growth, higher unemployment, and sticky inflation. While the probability of a recession has fallen below 30%, GDP forecasts remain low due to a combination of tighter for longer Australia monetary policy and weaker export demand from China.

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.

### Investor Services

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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 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