

17 April 2020

## Ophir High Conviction Fund (ASX:OPH) – Monthly Webinar

Dear Investor,

On the 15th April 2020 we held a 30 minute investor webinar to provide an update on our funds, including the Ophir High Conviction Fund (ASX:OPH, “the Fund”).

Please find below the key points we conveyed at the webinar relating to the Fund.

### 1. Webinar monthly frequency

We indicated to investors that we would be holding a monthly webinar to update investors on financial markets and Fund performance and activity for the foreseeable future. This is one element of the heightened level of communication we are putting in place for investors given the increased uncertainty currently stemming from COVID-19.

### 2. COVID-19, markets and Fund performance

We note that many countries are “flattening the curve” when it comes to COVID-19 confirmed cases and deaths, though the outlook for the spread of virus and its impact on the global economy remains highly uncertain. Some countries such as China are re-emerging from lockdown, whilst others such as Singapore are putting in place even more restrictive social distancing measures as daily cases have started rising again. We remain alert to the potential for a second wave of infections as measures to contain the virus are loosened.

Global markets have reacted strongly over February and March, falling quickly and materially before partially rebounding through late March and early April. The Fund was down significantly for the month of March (-16.1% net of fees), though outperformed its market benchmark (-22.5%) by a clear margin. We are happy with the Fund’s ability to protect wealth materially more than the benchmark during March, this coming on the back of material outperformance (+29.3% net of fees v’s +21.6%) compared to the benchmark during the bull market of calendar year 2019.

### 3. Portfolio activity

We continue to focus on selecting well managed companies with modest levels of debt that we believe can grow over the long term. As a part of this process we continue to execute on the multi-step process we have been following during the COVID-19 crisis, which includes reducing exposure to those companies most at risk, and increasing exposure to those that are less, or at least not negatively exposed, that we believe have been unfairly sold off. We have recently also been selectively and modestly buying some quality “at risk” companies that we believe will make it through COVID-19 and re-emerge in a stronger competitive position. An example here is Webjet (ASX:WEB), the no. 1 online travel agency in Australia and New Zealand and the owner of the WebBeds business, the world’s no. 2 accommodation supplier to the travel industry. We recently participated in the capital raise for Webjet, which we believe sees the company being able to survive an extended (12+ month) period of little to no travel globally. Whilst we

believe it will likely be on the list of the First In, Last Out (FILO) companies in this crisis, its competitive position in its two key divisions, in which it has dominant positions, will likely only be strengthened as weaker competitors are hit harder.

The time ahead for the global economy is likely to be difficult over at least the next 3-6 months. Markets have already fallen a significant way (even taking into account the most recent rebound) in acknowledgement of this. We are continuing to find a large number of great secular growth ideas for the Fund. We are content to take a medium to longer term view with our core portfolio holdings, in recognition that no one can consistently pick the bottom of bear market downturns. We are seeing plenty of opportunities to incrementally invest our and our fellow investors' capital in the expectation of a high probability of making attractive risk adjusted returns on a 3-5 year horizon.

Your sincerely,

Andrew Mitchell & Steven Ng

Co-Founders & Senior Portfolio Managers  
Ophir Asset Management

For further information, please contact:

George Chirakis

Chief Executive

Ophir Asset Management

[george.chirakis@ophiram.com](mailto:george.chirakis@ophiram.com)

This information has been prepared by Ophir Asset Management (ABN: 88 156 146 717, AFSL 420082) the Investment Manager of the Ophir High Conviction Fund and is issued by The Trust Company (RE Services) Limited (ABN: 45 003 278 831, AFSL 235 150) as responsible entity and the issuer of units in the Trust. It is general information only and is not intended to provide you with financial advice and has been prepared without taking into account your objectives, financial situation or needs. You should consider the product disclosure statement (and any ASX Announcements) prior to making any investment decisions. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. We note past performance is not a reliable indicator of future performance.

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**Ophir Asset Management**  
Level 26, Governor Phillip Tower  
One Farrer Place  
SYDNEY NSW 2000  
**ophiram.com**