

Ophir High Conviction Fund

ASX: OPH

www.ophiram.com

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INVESTMENT UPDATE AND NAV REPORT – JUNE 2020

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.

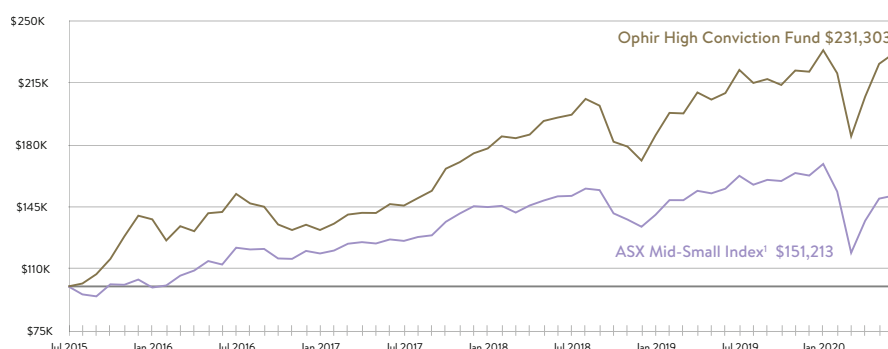
ASX Code	Net Per Annum Return Since Inception (to 30 Jun 20)	Net Return Since Inception (to 30 Jun 20)	Fund Size (at 30 Jun 20)
ASX:OPH	18.6%	131.3%	\$574.8m

JUNE 2020 PORTFOLIO SNAPSHOT

NET ASSET VALUE (NAV) PER UNIT

As at 30 June 2020	Amount
NAV	\$2.88
Unit Price (ASX:OPH)	\$2.67

To access NAV prices for the Ophir High Conviction Fund (ASX:OPH), historical ASX announcements and performance history, please visit www.ophiram.com



* Chart represents the value of \$100,000 invested since inception after all fees and before tax and assuming distributions are reinvested in the Fund. Performance of the Fund is calculated using Net Asset Value (NAV), not the market price. Please note past performance is not a reliable indicator of future performance.

¹ 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.

INVESTMENT PERFORMANCE

	Since Inception (p.a.)	3 Years p.a.	1 Year	6 Month	3 Month	1 Month
Ophir High Conviction Fund	23.7%	20.4%	16.5%	9.2%	24.8%	2.9%
Benchmark	8.8%	6.1%	-2.6%	-7.0%	27.1%	1.1%
Value Add (Gross)	14.9%	14.3%	19.1%	16.2%	-2.3%	1.8%
Fund Return (Net)	18.6%	16.4%	10.6%	4.5%	25.2%	2.5%
ASX:OPH Unit Price Return	n/a	n/a	7.7%	7.2%	34.2%	7.7%

Performance figures are calculated using the Net Asset Value (NAV) of the Fund as at 30 June 2020, not the market price. Benchmark is the ASX Mid-Small Accumulation Index. Inception date of the Fund is 4 August 2015. Past performance is not a reliable indicator of future performance.

TOP 5 PORTFOLIO HOLDINGS (ALPHABETICAL)

Company	Industry	ASX Code
The A2 Milk Company	Consumer Staples	A2M
NEXTDC Limited	Information Technology	NXT
Resmed	Health Care	RMD
Dominos Pizza Enterprises	Consumer Discretionary	DMP
Apen Limited	Software & Services	APX
Average Portfolio Market Cap		\$7.8bn

KEY INFORMATION

Responsible Entity	The Trust Company (RE Services) Limited
Manager	Ophir Asset Management Pty Ltd
Portfolio Managers	Andrew Mitchell & Steven Ng
Fund Inception	4 August 2015
Fund Size	\$574.8m
Number of Stocks	15-30
Cash Distributions	Annually
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS

PORTFOLIO SECTOR EXPOSURES (as at 30 June 2020)

Sector	30 June 20
Materials	8.6%
Financials	14.4%
Health Care	8.5%
Communication Services	6.0%
Consumer Staples	8.3%
Information Technology	21.5%
Industrials	7.9%
Consumer Discretionary	9.7%
Utilities	0.0%
Real Estate	0.0%
Energy	3.0%
[Cash]	12.3%
	100%

MARKET COMMENTARY

If you fell asleep on New Year's Eve 2019, woke up on 30 June 2020, then read the headlines in the newspapers, you might be very surprised at how little the value of your investment portfolio had changed.

Though we are in the midst of the deepest global recession since World War II, many key equity markets are not much changed from the start of the year, and some are even higher. This has all occurred despite one of the fastest bear markets in February and March being followed up by one of the fastest bull markets in April and May as a once in a century pandemic continues to change the way we live.

This year, despite a slow start, gold has reasserted its typical risk off characteristics, whilst the NASDAQ and the FAANGs continue to reach news highs. China, where it all began for COVID-19, has seen its share market actually increase this year, whilst the world's largest sharemarket in the US has eeked out a small loss. Australia on the other hand continues to lag with financials and the big banks seeing headwinds with big dividend cuts, and local Real Estate Investment Trusts (A-REITs) are bearing the brunt of the pain as tenants of all description, but mostly of the retail variety, have pushed back on paying rents.

The financial year ended on a positive note with gains in most sharemarkets in June with the ASX300 up 2.4% and the MSCI World up 2.7% (in USD).

This occurred despite June seeing second waves of COVID-19 in the US and Australia and an acceleration of cases in emerging economies, particularly Brazil and India.

Share markets have continued to look past the hard economic data where in hindsight the biggest damage will likely be seen in the June quarter just gone, towards

improving leading indicators of activity as some normality resumes in the major economic centres. Whilst risk of further waves is present, the bar to jump for reinstituting major broad based lockdowns remains high, with smaller, targeted (and more economically friendly) actions more likely.

PORTFOLIO COMMENTARY

During June, the Ophir High Conviction Fund's investment portfolio rose 2.5% (net of fees) versus the index which rose 1.1%. Since its inception in August 2015, the Fund has returned 18.6% p.a. (net of fees) while the index has returned 8.8% p.a. since inception.

During June the Ophir High Conviction Fund's ASX listing provided a total return of +7.7% for the month.

In key stock news for the Fund, Afterpay (ASX: APT) (28.6%) and Resmed (ASX:RMD) (16.1%) were two of the strongest contributors.

Afterpay, added a little over \$13 in June to end the financial year at \$60.99, right near its all-time highs. During the month the company announced it had reached 1 million active customers in the UK through its Clearpay brand, after launching there a year ago. This latest geography Afterpay has entered is seeing customer purchase frequency outstrip the US at the same stage of its lifecycle, with customers transacting 8 times per year compared to 6 in the US. Early in July Afterpay inked a deal with Qantas to allow Qantas Frequent Flyers to earn Qantas Points when they use the Afterpay platform.

Resmed continued to benefit during the month from being a structural growth business in a defensive industry. It is also seeing the benefits of skyrocketing demand for its ventilators to assist in COVID-19 treatment, despite a drop off in its core revenue from sleep apnoea treatment as patients delay doctor visits.

We continue to take a balanced approach to portfolio positioning and are not making any big calls on whether re-openings post COVID-19 lockdowns will progress faster or slower than is generally expected. We have a number of companies that are defensive that we believe can do well regardless of reopening status, balanced with some growth companies that will see their tailwinds accelerated as activity normalises. This approach has served us well to date this year and we continue to believe it remains the appropriate stance at present.

Looking out into the second half of 2020, we watch with interest how the Australian Federal Government approaches the issue of any further targeted stimulus as the JobKeeper program nears its end. There is no doubt this stimulus is a key reason consumer spending has held up as well as it has to date.

INVESTMENT PHILOSOPHY

INVESTMENT OBJECTIVE

The Fund seeks to provide Unitholders 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. The Fund aims to generate long-term returns in excess of the Benchmark (after fees and before tax) and provide consistent, sustainable returns for Unitholders.

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 \$1.3bn in capital across two investment strategies on behalf of institutional superannuation funds, family offices, private wealth groups and individual investors. The investment team comprises 9 investment professionals drawn from a diverse range of backgrounds working across all Ophir funds.

ABOUT THE PORTFOLIO MANAGERS

Senior Portfolio Managers Andrew Mitchell and Steven Ng co-founded Ophir Asset Management in 2012 after previously managing capital together at Paradise Investment Management. Under their stewardship, the fund managed by Andrew and Steven at Paradise was the top performing equities fund in Australia from 2007-2011 versus the fund manager surveys (inclusive of the GFC). At Ophir, Andrew and Steven are Senior Portfolio Managers for the Ophir Opportunities Fund, Ophir High Conviction Fund and Ophir Global Opportunities Fund.

KEY INVESTOR CONTACTS

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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 issued by the Responsible Entity as the issuer of units in the Fund. The information is of general nature only and has been prepared without taking into 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 report constitute judgements of Ophir as at the date of the report 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.



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