

Ophir High Conviction Fund

ARSN 620 920 201

Appendix 4E

For the year ended 30 June 2022

Preliminary Final Report

This preliminary final report is for the year ended 30 June 2022. The previous corresponding year end was 30 June 2021.

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of Ophir High Conviction Fund (the "Fund"), announce the audited results of the Fund for the year ended 30 June 2022 as follows:

Results for announcement to the market

	Year ended 30 June 2022 \$'000	Year ended 30 June 2021 \$'000	Increase/(decrease) over corresponding period \$'000 %	
Net assets attributable to unitholders	498,138	658,663	(160,525)	(24.37%)
Total investment income/(loss)	(162,732)	170,801	(333,533)	(195.28%)
Operating profit/(loss) for the year	(173,447)	160,581	(334,028)	(208.01%)

Brief explanation of results

The operating loss for the year of \$173,447,000 represented a large decrease from the \$160,581,000 operating profit in the prior year. The decrease in investment income and operating profit were a function of negative portfolio performance of the Fund compared to the year ended 30 June 2021. Net portfolio performance for the period of (24.6%) was lower than the 27.9% return for the previous corresponding year.

As of 30 June 2022, the net assets of the Fund were \$498,138,000, a 24.37% decrease from the balance as at 30 June 2021. Refer to Investment manager's report for further details of the fund performance during the year.

Distribution information

The distributions for the year were as follows:

	Cents per unit*	Total amount \$'000	Record date	Date of payment
June 2022	15.19	32,384	01/07/2022	20/07/2022
June 2021	38.47	76,758	01/07/2021	16/07/2021

* Distribution is expressed as cents per unit amount in the Australian Dollar.

Distribution Reinvestment Plan (DRP)

The Responsible Entity has established a Distribution Reinvestment Plan ("DRP") in relation to distributions. The Responsible Entity expects to make distributions on an annual basis. For such distributions, it is expected the record date will be the first ASX trading day of each month and the last day for electing into the DRP will be 5.00pm (Sydney time) on the first business day after the record date.

Units under the DRP are currently issued at the net asset value of a unit as determined in accordance with the Fund's Constitution on the record date.

Ophir High Conviction Fund
Appendix 4E
For the year ended 30 June 2022
(continued)

Net tangible assets

	As at 30 June 2022	As at 30 June 2021
Net tangible asset per security	\$2.3359	\$3.3011

Control gained or lost over entities during the year

There was no gain or loss of control of entities during the current year.

Details of associates and joint venture entities

The Fund did not have any interest in associates and joint venture entities during the current year.

Other information

The Fund is not a foreign entity.

Independent audit report

This Appendix 4E is based on the year end financial statements which have been audited by the Fund's Auditors - Ernst & Young.

Ophir High Conviction Fund

ARSN 620 920 201

Annual report

For the year ended 30 June 2022

Ophir High Conviction Fund

ARSN 620 920 201

Annual report

For the year ended 30 June 2022

Contents

	Page
Directors' report	2
Investment manager's report	6
Fund holdings	8
Corporate governance statement	9
Auditor's independence declaration	18
Statement of comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Statement of cash flows	22
Notes to the financial statements	23
Directors' declaration	43
Independent auditor's report to the unitholders of Ophir High Conviction Fund	44

These financial statements cover Ophir High Conviction Fund as an individual entity.

The Responsible Entity of Ophir High Conviction Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235 150). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity (the "Responsible Entity") of Ophir High Conviction Fund ("OPH" or the "Fund"). The directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Fund for the year ended 30 June 2022.

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund principally invests in a concentrated exposure to a high-quality portfolio of Australian listed companies outside the S&P/ASX50. The Fund may also invest in international equities such as listed securities in New Zealand in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund was constituted on 23 July 2015 and commenced operations on 31 August 2015.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The Fund is currently listed on the Australian Securities Exchange ("ASX") under the ASX code OPH.

Directors

The Directors of The Trust Company (RE Services) Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

Glenn Foster
Simone Mosse
Vicki Riggio
Phillip Blackmore (Alternate Director for Vicki Riggio)
Richard McCarthy (Resigned as Director on 1 February 2022)

Units on Issue

Units on issue in the Fund at year end are set out below:

	As at	
	30 June 2022	30 June 2021
	No. '000	No. '000
Units on issue	213,249	199,526

Review and results of operations

During the year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution.

Ophir High Conviction Fund
Directors' report
For the year ended 30 June 2022
(continued)

Review and results of operations (continued)

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June	30 June
	2022	2021
Operating profit/(loss) (\$'000)	(173,447)	160,581
Distributions paid and payable (\$'000)	32,384	76,758
Distributions (cents per unit)	15.19	38.47

Financial position

As at 30 June 2022, the Fund's total assets amounted to \$532,594,000 (30 June 2021: \$736,812,000).

Net Tangible Assets ("NTA") per unit as disclosed to the ASX were as follows:

	As at	
	30 June	30 June
	2022	2021
	\$	\$
At reporting period *	2.49	3.69
High during the period	3.69	3.69
Low during the period	2.43	2.91

* The above NTA per unit was the cum-price which includes 15.19 cents per unit distribution (2021: 38.47 cents).

Significant changes in state of affairs

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the rising Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

On 13 December 2021, the Fund completed transition of its unit registry from Boardroom Pty Limited to Automic Group.

On 13 January 2022, the Fund announced a 12-month on-market buy-back program. No units were bought back during the year ended 30 June 2022.

On 1 February 2022, Richard McCarthy resigned as a Director.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Fund's property during the year are disclosed in Note 12 to the financial statements.

No fees were paid out of Fund's property to the Directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 to the financial statements.

Units in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

Ophir High Conviction Fund
Directors' report
For the year ended 30 June 2022
(continued)

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.

A handwritten signature in black ink, appearing to be 'V. Hughes', written in a cursive style.

Director
The Trust Company (RE Services) Limited

Sydney
29 August 2022

Investment Manager's Report

Performance Summary

The Net Asset Value (“NAV”) of the Ophir High Conviction Fund (ASX:OPH, the “Fund”) delivered a return of -24.6% (net of fees) for the financial year ended 30 June 2022. The Fund underperformed its benchmark by 10.4%, which returned -14.2% over the same period. The ASX listed unit price for ASX:OPH provided a total return of -36.4% for the financial year ended 30 June 2022.

Negative returns were accentuated when viewed from the perspective of the ASX unit price (ASX:OPH) as the vehicle moved from trading at a material premium to Net Asset Value (NAV) at the start of the financial year to a slight discount at the end.

The performance from the investment portfolio during the financial year trailed that of the benchmark. The year saw significant changes to company valuations due to macroeconomic factors. This started towards the end of 2021, when the US Federal Reserve pivoted their stance on inflation with Chairman Jerome Powell stating that it was time to retire the term “transitory” when talking about inflation. Subsequently, interest rate hike expectations were brought forward in many advanced economies including Australia, and longer term interest rate also generally moved higher.

With investors anticipating significant hikes in interest rates, Value orientated stocks started outperforming Growth orientated stocks which did not bode well for the Fund's performance given it predominantly invests in Growth style business.

A few months later towards the end of February 2022, tensions between Russia and Ukraine boiled over and Russian troops invaded Ukraine. Prices surged for key exports from the region including oil, gas and grain as a result which caused inflation globally to move even higher. At the time of writing, inflation in Australia rose to 6.1%, its highest level in over 20 years.

These ongoing macroeconomic issues have resulted in: (1) capital rotating out of small cap companies; (2) “value” stocks outperforming “growth” stocks (as noted above); and (3) interest rate sensitive/bond proxy and resources/energy sectors relatively outperforming. The combination of these three factors were the key reasons behind the Fund's underperformance over the financial year.

Ultimately, we do not try to time when different styles of investing are in favour – a task we find is very difficult, if not impossible, to accomplish successfully. Rather, we focus on identifying high quality businesses with large and growing end markets that we believe can grow in the current environment. From time to time this may see underperformance during a period when one style, such as value orientated investing, outperforms significantly like during the last financial year.

Over the long term however, we believe stock prices follow earnings growth so if we continue to find companies growing strongly and outperforming the market's expectations, strong share price performance will follow. To this end, we are pleased the Fund's earnings growth in aggregate of underlying portfolio companies has not deteriorated over the last year.

The top three contributors to the Fund's NAV return for the year were Uniti Group Limited, Elders Limited and ARB Corporation Limited. The bottom three contributors to the Fund's NAV return were Tyro Payments Limited, Life360 Limited and City Chic Limited.

Outlook and portfolio positioning

We believe there are two broad scenarios that could play out from here driving global equity markets over the next year:

Soft Landing: The Federal Reserve in the US is able to take enough demand out of the economy and supply side issues resolves sufficiently to tame inflation without tipping the US economy into a deep recession and instead no or a mild recession in the US ensues. In this instance, any cuts to global earnings growth should be more moderate and a nearer term recovery in markets seems more likely.

Hard Landing: The Fed is not able to take enough demand out of the economy and supply side issues continue to put upward pressure on inflation, forcing the Fed to continue to hike rates even further than expected. In this scenario, it is likely the US economy would enter a deeper recession and corporate earnings would be more materially impacted. If this is to eventuate, we believe the recent changes we have made to the portfolio will help protect against deeper contractions in earnings and hence portfolio performance.

In terms of portfolio positioning, we upgraded the liquidity and defensiveness of the Fund with the ultimate goal of navigating market volatility and preserving capital during the year. This was achieved by decreasing our exposure to consumer discretionary businesses and increasing our exposure to “defensive growers”, that is, growing companies with earnings less reliant on strong macroeconomic growth. We remain underweight in interest rate sensitive and bond proxy sectors (Real Estate, Utilities, Infrastructure).

We continue to focus on identifying good businesses in our areas of expertise and do not make large bets on the direction of markets. Whilst this period of underperformance has been painful, our experience tells us that vicious sell offs create the best opportunities and ultimately leads to significant future returns when the market starts focusing back on company fundamentals.

Distribution

There was a 15.19 cents per unit cash distribution for the financial year ending 30 June 2022. The Fund’s investment process looks to identify businesses that can grow and compound earnings over time. These companies typically reinvest free cash flow as opposed to paying dividends to shareholders, an action we generally encourage these businesses to do if it is the best use of their capital. As a result, the Fund’s distributions are heavily skewed towards realised capital gains as opposed to dividends, such as was the case in the last financial year.

ASX:OPH unit price to NAV

The ASX:OPH unit price traded at a material premium compared to the NAV of the Fund for most of the financial year ending 30 June 2022. Towards the very end of the financial year however, the Fund traded for a short period of time at a slight discount to its NAV. We have been pleased though that at the time of writing, the Fund has returned to trading back at a premium to its NAV.

Fund holdings as at 30 June 2022 in alphabetical order

- ALS LIMITED
- AUB GROUP LIMITED
- CAPRICORN METALS LIMITED
- CITY CHIC COLLECTIVE LIMITED
- CODAN LIMITED
- CORPORATE TRAVEL MANAGEMENT LIMITED
- DEVELOP GLOBAL LIMITED
- EBOS GROUP LIMITED
- ELDERS LIMITED
- GOLD ROAD RESOURCES LIMITED
- HUB24 LIMITED
- IDP EDUCATION LIMITED
- IGO LIMITED
- IPH LIMITED
- KELSIAN GROUP LIMITED
- LIFE360 INC
- LOVISA HOLDINGS LIMITED
- MAINFREIGHT LIMITED
- MINERAL RESOURCES LIMITED
- NEXTDC LIMITED
- NIB HOLDINGS LIMITED
- OMNI BRIDGEWAY LIMITED
- RESMED INC
- SEEK LIMITED
- SEVEN GROUP HOLDINGS LIMITED
- SITEMINDER LIMITED
- STEADFAST GROUP LIMITED
- TECHNOLOGY ONE LIMITED
- UNITI GROUP LIMITED
- VIVA ENERGY GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

OPHIR HIGH CONVICTION FUND 620 920 201

As at 30 June 2022

BACKGROUND

The Trust Company (RE Services) Limited ("**Responsible Entity**") is the responsible entity for the Ophir High Conviction Fund ("**Trust**"), a registered managed investment scheme that is listed on the Australian Securities Exchange ("**ASX**").

The Responsible Entity is a wholly owned subsidiary of Perpetual Limited (ASX: PPT) ("**Perpetual**").

The Responsible Entity is reliant on Perpetual for access to adequate resources including directors, management, staff, functional support (such as company secretarial, responsible managers, legal, compliance, risk and finance) and financial resources. As at the date of this Corporate Governance Statement, Perpetual has at all times made such resources available to the Responsible Entity.

In operating the Trust, the Responsible Entity's overarching principle is to always act in good faith and in the best interests of the Trust's unitholders, in accordance with our fiduciary duty. The Responsible Entity's duties and obligations in relation to the Trust principally arise from: the Constitution of the Trust; the Compliance Plan for the Trust; the Corporations Act 2001 ("**Act**"); the ASX Listing Rules; the Responsible Entity's Australian Financial Services Licence; relevant regulatory guidance; relevant contractual arrangements; and other applicable laws and regulations.

CORPORATE GOVERNANCE

At Perpetual, good corporate governance includes a genuine commitment to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 4th Edition ("**Principles**").

The directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Trust and, to the extent applicable to registered managed investment schemes, are guided by the values and principles set out in Perpetual's Corporate Responsibility Statement and the Principles. The Responsible Entity is pleased to advise that, to the extent the Principles are applicable to registered managed investment schemes, its practices are largely consistent with the Principles.

As a leading responsible entity, the Responsible Entity operates a number of registered managed investment schemes ("**Schemes**"). The Schemes include the Trust as well as other schemes that are listed on the ASX. The Responsible Entity's approach in relation to corporate governance in operating the Trust is consistent with its approach in relation to the Schemes generally.

The Responsible Entity addresses each of the Principles that are applicable to externally managed listed entities in relation to the Schemes, including the Trust, as at the date of this Corporate Governance Statement.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The role of the Responsible Entity's Board is generally to set objectives and goals for the operation of the Responsible Entity and the Schemes, to oversee the Responsible Entity's management, to regularly review performance and to monitor the Responsible Entity's affairs and act in the best interests of the unitholders of the Trust. The Responsible Entity's Board is accountable to the unitholders of the Trust, and is responsible for approving the Responsible Entity's overall objectives and overseeing their implementation in discharging their duties and obligations and operating the Trust.

Directors, management and staff are guided by Perpetual's Code of Conduct and Perpetual's Risk Appetite Statement which is designed to assist them in making ethical business decisions.

The role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Trust. The Responsible Entity Board delegates to management all matters not reserved to the Responsible Entity's Board, including the day-to-day management of the Responsible Entity and the operation of the Trust.

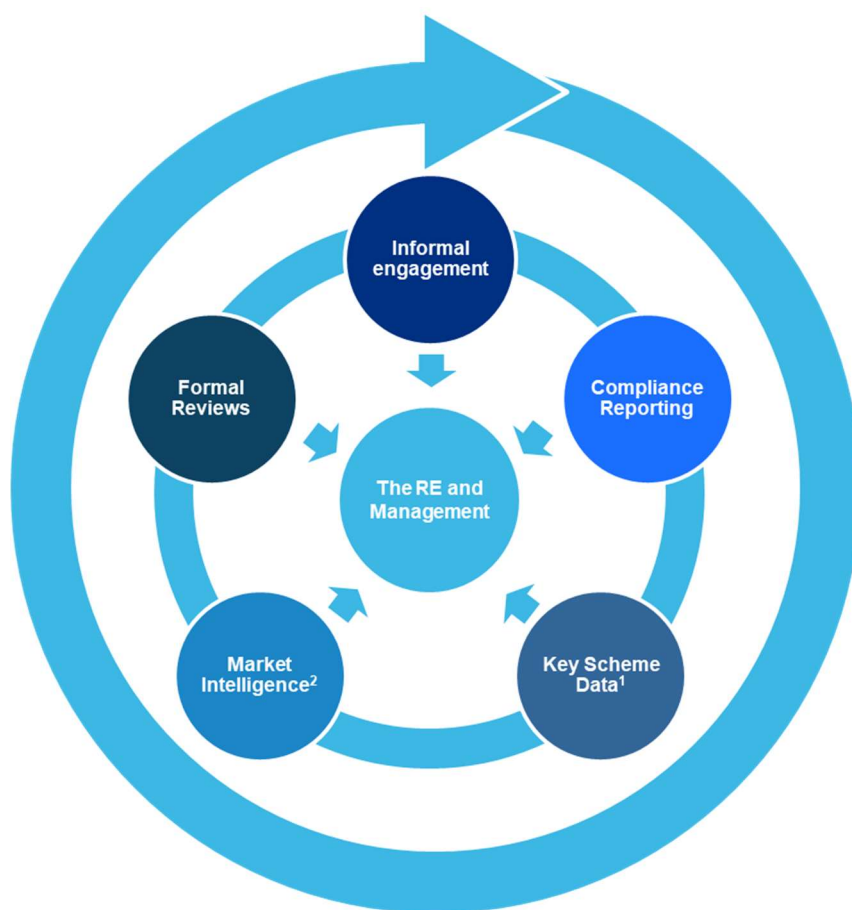
The Responsible Entity appoints agents ("**Service Providers**") to manage the key operations of the Trust which include investment management, administration, custody and other specialist services and functions as required depending on the nature of the Trust. The RE obtains relevant services from third party service providers under outsourcing agreements.

Effective processes for monitoring Service Providers are integral to the Responsible Entity's operations, given that substantial operational activities are outsourced to third parties. The Management of the Responsible Entity ensure a systematic and rigorous approach is applied with respect to monitoring the performance of outsourced Service Providers to the Trust.

The Responsible Entity views all interactions with Service Providers as a monitoring opportunity, from the informal discussions that regularly occur with Service Providers, to more formalised monitoring reviews. The outcomes of all interactions with Service Providers inform the Responsible Entity's view as to the extent to which the Service Provider is complying with their operational obligations to the Responsible Entity.

Prior to appointment, all Service Providers are subject to operational due diligence, to verify that the Service Provider can deliver the outsourced services in an efficient, effective and compliant manner. All Service Providers are assigned an initial operational risk rating.

The Responsible Entity's approach to Service Provider monitoring is outlined in the diagram below. In addition to the continuous monitoring that occurs through day to day interactions with Service Providers in the regular course of business, all Service Providers are required to periodically report to the Responsible Entity as to the extent to which they have met their obligations. Periodically, the Service Provider's risk rating is reviewed by the stakeholders within the business, based on the outcomes of all interactions that have occurred with the Service Provider during the review period.



1. Includes information regarding investment performance, actual versus strategic asset allocation, liquidity where applicable and complaints, incidents and issues arising with respect to the operation of the Trust
2. Information from secondary sources, including the media and analysts and rating house reports.

The Responsible Entity maintains policy, procedure and program documents that determine the nature and frequency of formal service provider monitoring reviews. Service providers are typically subject to reviews every 18 months.

The Service Provider risk rating dictates any additional monitoring measures required to be put in place – for example a Service Provider assessed as ‘low to medium risk’ will be subject to the standard monitoring measures the Responsible Entity utilises under the Service Provider Monitoring Framework. Service Providers risk rated ‘high to very high’ may be subject to additional oversight measures to deal with the factors that caused the Service Providers risk rating to be high or very high. In addition, management and stakeholders utilise the risk assessment rating in determining if any action is required when considering information and the outcomes of all interactions that have occurred with the Service Provider during the review period.

PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

At present the Responsible Entity Board consists of three executive directors, one non-executive director and one alternate director. The names of the current directors and year of appointment is provided below:

The Trust Company (RE Services) Limited

Name of Director	Year of Appointment
Glenn Foster	2021 as a Non-executive Director
Simone Mosse	2019
Vicki Riggio	2018
Richard McCarthy	Resigned 1 February 2022
Phillip Blackmore (Alternate for Vicki Riggio)	2018

As the Responsible Entity's Board consists of a majority of executive directors, a Compliance Committee is appointed in relation to the Trust (refer to Principle 7). None of the directors of the Responsible Entity are independent and they are not remunerated by the Responsible Entity. The Compliance Committee comprises a majority of external members and is chaired by an external member.

PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

The Responsible Entity relies on a variety of mechanisms to monitor and maintain a culture of acting lawfully, ethically and responsibly:

- policies and procedures: a Code of Conduct which articulates and discloses Perpetual's values, cyclical mandatory training, a Whistleblowing Policy and a Gifts, Political Donations, Bribery and Corrupt Practices Policy (further details noted below);
- Perpetual's Enterprise Behaviours framework, and risk ratings that are intertwined into its annual performance, remuneration and hiring processes; and
- a regular feedback mechanism in place to assess employee sentiment, with actions implemented in response to results.

These apply to all directors and employees of Perpetual, and the Responsible Entity. The Code of Conduct, The Way We Work and core values supports all aspects of the way the Responsible Entity conducts its business and is embedded into Perpetual's performance management process.

The Code of Conduct draws from and expands on Perpetual's Core Values of integrity, partnership and excellence. The Code of Conduct underpins Perpetual's culture. The Responsible Entity Board and the Compliance Committee are informed of material breaches of the Code of Conduct which relate to the Schemes and the Responsible Entity.

Additional policies deal with a range of issues such as the obligation to maintain client confidentiality and to protect confidential information, the need to make full and timely disclosure of any price sensitive information and to provide a safe workplace for employees, which is free from discrimination. Compliance with Perpetual's Code of Conduct is mandatory for all employees. A breach is considered to be a serious matter that may impact an employee's performance and reward outcomes and may result in disciplinary action, including dismissal.

A full copy of the Code of Conduct is available on Perpetual's website:

(<https://www.perpetual.com.au/about/corporate-governance/code-of-conduct>).

Perpetual also has a Whistleblowing Policy to protect directors, executives, employees (including current and former), contractors and suppliers (and relatives and dependants of any of these people) who report misconduct, including:

- conduct that breaches any law, regulation, regulatory licence or code that applies to Perpetual;
- fraud, corrupt practices or unethical behaviour;
- bribery;
- unethical behaviour which breaches Perpetual's Code of Conduct or policies;
- inappropriate accounting, control or audit activity; including the irregular use of Perpetual or client monies;
- any conduct that amounts to modern slavery, such as debt bondage and human trafficking of employees; and
- any other conduct which could cause loss to, or be detrimental to the interests or reputation of, Perpetual or its clients.

As part of Perpetual's Whistleblowing Policy, a third party has been engaged to provide an independent and confidential hotline for whistle-blowers who prefer to raise their concern with an external organisation.

A full copy of the Whistleblowing Policy is available on Perpetual's website:

(<https://www.perpetual.com.au/about/corporate-governance/code-of-conduct>).

As part of Perpetual's commitment to promoting good corporate conduct and to conducting business in accordance with the highest ethical and legal standards, bribery and corrupt practices will not be tolerated by Perpetual under any circumstances. Perpetual's Gifts, Political Donations, Bribery and Corrupt Practices Policy supports Perpetual's commitment by:

- prohibiting the payment of political donations;
- instituting proper procedures regarding the exchange of gifts;
- clearly outlining Perpetual's zero tolerance for bribery and corruption; and
- including avenues where concerns may be raised.

Material breaches of the Code of Conduct or the Gifts, Political Donations, Bribery and Corrupt Practice policy are managed in accordance with Perpetual's usual issues management process which would include reporting to the Responsible Entity Board and Compliance Committee where the breach relates to a product or service offered by the Responsible Entity.

A full copy of the Gifts, Political Donations, Bribery and Corrupt Practices Policy is available on

Perpetual's website: (<https://www.perpetual.com.au/about/corporate-governance/code-of-conduct>).

Mechanisms are in place to ensure the Responsible Entity Board and the Compliance Committee are informed of material breaches which impact the Trust and the Responsible Entity which would include material breaches of the Code of Conduct and material incidences reported under the Whistleblowing Policy.

PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

The functions of an audit committee are undertaken by the full Responsible Entity Board with assistance from management. The Responsible Entity has policies and procedures designed to ensure that the Trust's:

- financial reports are true and fair and meet high standards of disclosure and audit integrity; and
- other reports released on ASX are materially accurate and balanced.

This includes policies relating to the preparation, review and sign off process required for the Trust's financial reports, the engagement of the Trust's independent auditors and the review and release of certain reports on the ASX.

The declarations under section 295A of the *Corporations Act 2001* provide formal statements to the Responsible Entity Board in relation to the Trust (refer to Principle 7). The declarations confirm the matters required by the Corporations Act in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Investment Manager. These confirmations together with the Responsible Entity's Risk and Compliance Framework which includes the service provider oversight framework, assist its staff in making the declarations provided under section 295A of the Corporations Act. The Responsible Entity manages the engagement and monitoring of independent 'external' auditors for the Trust. The Responsible Entity Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plans for the Trust.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Responsible Entity has a continuous disclosure policy to ensure compliance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules in relation to the Trust. This policy sets out the processes to review and authorise market announcements and is periodically reviewed to ensure that it is operating effectively. The Responsible Entity requires service providers, including the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust.

The Responsible Entity board has appointed a Continuous Disclosure Committee to assist in meeting its continuous disclosure obligations. The Committee is comprised of the Company Secretary (who is also the Continuous Disclosure Officer), General Manager Managed Fund Services Perpetual Corporate Trust, and General Manager Corporate Affairs & Investor Relations. The Responsible Entity's management is required to notify the Continuous Disclosure Officer or Continuous Disclosure Committee of any information a reasonable person would expect to have a material effect on the unit price or would influence an investment decision in relation to the Trust, to determine if immediate disclosure to ASX is required.

The Responsible Entity board also considers its continuous disclosure obligations as a standing item at each scheduled board meeting.

PRINCIPLE 6 – RESPECT THE RIGHTS OF UNITHOLDERS

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to security holders via the Trust's website. All ASX announcements are promptly posted on the Trust's website: <https://www.ophira.com.au/funds/high-conviction-fund/>. The annual and half year results financial statements and other communication materials are also published on the website.

In addition to the continuous disclosure obligations, the Responsible Entity receives and responds to formal and informal communications from unitholders and convenes formal and informal meetings of unitholders as requested or required. The meetings are held in accordance with the requirements of the Corporations Act that apply to a registered managed investment scheme. The Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Trust.

The Responsible Entity is ultimately responsible for ensuring that any complaints received from unitholders are handled in accordance with its policy settings and regulatory requirements. The Responsible Entity has adopted Perpetual's Complaints Handling Policy, which is available at [Making a complaint | Perpetual](#).

The Responsible Entity is a member of the Australian Financial Complaints Authority ("AFCA") external dispute resolution scheme. If unitholders are dissatisfied with the Responsible Entity's handling of their complaint, AFCA may be able to assist unitholders achieve resolution to their complaint.

The Responsible Entity is also committed to communicating with shareholders electronically in relation to communications from the unit registry. Shareholders may elect to receive information from the Company's share registry electronically.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Responsible Entity has established a Compliance Committee, comprised of Johanna Turner ("Chair"), Penni James and Simone Mosse. A majority of the Responsible Entity Compliance Committee is comprised of external members, including an external independent Chair.

The Compliance Committee meets at least quarterly. The Compliance Committee Terms of Reference sets out its role and responsibilities, which is available upon request. The Compliance Committee is responsible for monitoring compliance by the Responsible Entity of the Compliance Plan for the Trust, Trust Constitution and the Corporations Act. It is also responsible for assessing the adequacy of the Compliance Plan for the Trust and making recommendations to the Responsible Entity board.

The Responsible Entity values the importance of robust risk and compliance management. The Responsible Entity operates under the Perpetual Limited ("Perpetual") Risk Management Framework ("RMF") which applies to all the activities Perpetual undertakes as Responsible Entity. The RMF aligns to International Standard ISO 31000:2018 'Risk Management Guidelines' and consists of supporting frameworks, programs and policies which have been developed, implemented and are regularly assessed for effectiveness to support the management of the following risk categories considered material to Perpetual: Strategic, People, Financial, Investment, Operational, IT & Cyber Security, Outsourcing, Environmental, Social & Governance, Compliance & Legal and Conduct Risk.

At Perpetual a current risk register is maintained as part of our formal risk management program. The systems supporting the business have been designed to ensure risks are managed within the boundaries of the Perpetual Risk Appetite Statement ("RAS") which articulates the expected behaviours, measures and tolerances that management are to take into account when setting and implementing strategy and running their day-day areas of responsibility.

Perpetual's RMF is reviewed annually and was last updated and approved by the Perpetual Board in June 2021, with the 2022 annual review currently underway and due to be completed in September 2022. Additionally, other programs and policies supporting the RMF regularly reviewed to ensure they remain fit-for purpose and effective.

The Perpetual Board sets a clear tone from the top regarding its commitment to effective risk management by promoting an effective risk culture where all Group Executives are accountable for managing risk, embedding risk management into business processes within their area of responsibility and creating an environment of risk awareness and ownership by all Perpetual employees. The Board's commitment is reflected through the establishment of, and investment in the Perpetual Group Risk, Group Compliance and Internal Audit functions, led by the Chief Risk Officer (CRO).

The RMF is underpinned by the "Three Lines of Defence" model to implement best practice risk management. This model sees the first line, being business unit management, accountable for the day to day identification, ownership and management of risks. The Group Risk, Compliance and Client Advocacy functions represent the second line and consists of risk and compliance management professionals who provide the framework, tools, advice and assistance to enable management to effectively identify, assess, manage and monitor risk and meet their compliance obligations, and is responsible for overseeing and monitoring first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the Audit, Risk and Compliance Committee ("**ARCC**").

Internal Audit is an integral part of Perpetual's governance and risk management culture and aims to protect Perpetual's earnings, reputation and customers. Perpetual's Internal Audit function reports functionality to the Perpetual Limited Audit, Risk & Compliance Committee, and for administrative purposes, through the Perpetual Chief Risk Officer and is independent from the External Auditor and from Perpetual Executive Management. Internal Audit provides independent and objective assurance, a disciplined approach to the assessment and improvement of risk management and monitoring and reporting on audit findings and recommendations. The Internal Audit Plan (**Plan**) is approved formally by the ARCC each year and re-assessed quarterly to ensure it is dynamic and continues to address the key risks faced by the Group. Progress against the Plan, changes to the Plan and results of audit activity are reported quarterly to the ARCC.

Perpetual's ARCC is responsible for oversight and monitoring of the Perpetual's RAS, Compliance and Risk Management Frameworks and internal control systems, and risk culture. The ARCC is also responsible for monitoring overall legal and regulatory compliance across Perpetual including the Responsible Entity. The ARCC is comprised of Ian Hammond (Chair), Nancy Fox, Craig Ueland and Gregory Cooper. The ARCC Terms of Reference sets out its role and responsibilities. This can be obtained on the Perpetual website.

In respect of social and ethical considerations, the Investment Manager applies these considerations when selecting, retaining or realising investments. Specifically, any actual, potential or perceived ESG risk is noted in the investment thesis document of any portfolio inclusion and forms part of the investment's 'balance' risk score. This measure is designed to highlight any ESG risk (real or perceived) that may impact the business or underlying investment thesis. If ESG risks are excessive in relation to long term earnings sustainability, then the Investment Manager may screen out the company entirely. Otherwise, adjustments to valuation multiples or discount rates may be made to reflect this risk. More specifically under the ESG section of the 'balance' risk score the Investment Manager completes, each company is rated from 1 (best) to 5 (worst). If a company rates 5 on ESG then they are generally ruled out. If they are rated 4 then generally the Investment Manager must see a path to the company being a 3 and also the valuation model is adjusted to reflect the risk which means the Investment Manager is less likely to invest in the business.

Currently any companies that generate revenue (zero revenue threshold) from the production or manufacture of tobacco related products are screened out.

Due to the Investment Manager searching for companies that are structurally growing revenues and taking market share, this by its nature generally rules out many of the areas that screen poorly under ESG filters (armaments, tobacco, coal etc).

PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

The RE does not have a Remuneration Committee. The fees and expenses which the Responsible Entity is permitted to pay out of the assets of the Trust are set out in the Trust constitution. The Trust financial statements provide details of all fees and expenses paid by the Trust during a financial period.

Auditor's independence declaration to the directors of The Trust Company (RE Services) Limited as Responsible Entity for Ophir High Conviction Fund

As lead auditor for the audit of the financial report of Ophir High Conviction Fund for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. no contraventions of any applicable code of professional conduct in relation to the audit; and
- c. no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.



Ernst & Young



Rita Da Silva
Partner
29 August 2022

Ophir High Conviction Fund
Statement of comprehensive income
For the year ended 30 June 2022

Statement of comprehensive income

		Year ended	
		30 June	30 June
		2022	2021
	Notes	\$'000	\$'000
Investment income			
Interest income from financial assets at amortised cost		1	-
Dividend income		7,189	8,282
Trust distributions income		-	223
Net gains/(losses) on financial instruments at fair value through profit or loss	5	(169,825)	162,296
Net foreign exchange loss		(108)	-
Other income		11	-
Total investment income/(loss)		(162,732)	170,801
Expenses			
Responsible Entity's fees	12	454	404
Management fees	12	8,239	7,971
Administration and custody fees		204	247
Remuneration of auditors	11	57	55
Transaction costs		1,343	1,228
Registry fees		82	50
Other operating expenses		336	265
Total operating expenses		10,715	10,220
Operating profit/(loss)		(173,447)	160,581
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(173,447)	160,581
Earnings/(loss) per unit for profit attributable to unitholders of the Fund			
Basic earnings/(loss) per unit in cents	16	(81.67)	80.48
Diluted earnings/(loss) per unit in cents	16	(81.67)	80.48

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Ophir High Conviction Fund
Statement of financial position
As at 30 June 2022

Statement of financial position

		As at	
		30 June	30 June
		2022	2021
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents	9	83,314	40,394
Due from brokers - receivable for securities sold		2,652	4,158
Dividends receivable		381	302
Interest receivable		2	1
GST receivable		973	2,136
Financial assets at fair value through profit or loss	6	445,272	689,821
Total assets		532,594	736,812
Liabilities			
Distributions payable	8	32,384	76,758
Due to brokers - payable for securities purchased		1,024	-
Responsible Entity's fees payable	12	95	302
Management fees payable	12	588	779
Administration and custody fees payable		41	76
Other payables		324	234
Total liabilities		34,456	78,149
Net assets attributable to unitholders - equity	7	498,138	658,663

The above Statement of financial position should be read in conjunction with the accompanying notes.

Ophir High Conviction Fund
Statement of changes in equity
For the year ended 30 June 2022

Statement of changes in equity

	Year ended	
	30 June	30 June
	2022	2021
Notes	\$'000	\$'000
Total equity at the beginning of the year	658,663	574,840
Comprehensive income/(loss) for the year		
Profit/(loss) for the year	(173,447)	160,581
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss) for the year	(173,447)	160,581
Transactions with unitholders		
Units issued upon reinvestment of distributions	10(b) 45,306	-
Distributions paid and payable	7 (32,384)	(76,758)
Total transactions with unitholders	12,922	(76,758)
Total equity at the end of the year	498,138	658,663

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Ophir High Conviction Fund
Statement of cash flows
For the year ended 30 June 2022

Statement of cash flows

	Year ended	
	30 June	30 June
	2022	2021
Notes	\$'000	\$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	694,005	606,865
Payments for purchase of financial instruments at fair value through profit or loss	(616,225)	(618,184)
Interest income received from financial assets at amortised cost	-	1
Dividends received	6,584	8,584
Distributions received	-	223
Other income received	11	-
Net GST refunded	1,163	186
Responsible Entity's fees paid	(661)	(372)
Management fees paid	(8,473)	(7,820)
Performance fees paid	-	(18,295)
Administration and custody fees paid	(239)	(222)
Transaction costs paid	(1,343)	(1,228)
Other operating expenses paid	(342)	(276)
Net cash inflow/(outflow) from operating activities	10(a) 74,480	(30,538)
Cash flows from financing activities		
Distributions paid	(31,452)	-
Net cash inflow/(outflow) from financing activities	(31,452)	-
Net increase/(decrease) in cash and cash equivalents	43,028	(30,538)
Cash and cash equivalents at the beginning of the year	40,394	70,932
Effects of foreign currency exchange rate changes on cash and cash equivalents	(108)	-
Cash and cash equivalents at the end of the year	9 83,314	40,394
Non-cash financing activities	10(b) 45,306	-

The above Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Contents

	Page
1 General information	24
2 Summary of significant accounting policies	24
3 Financial risk management	29
4 Fair value measurement	34
5 Net gains/(losses) on financial instruments at fair value through profit or loss	36
6 Financial assets at fair value through profit or loss	36
7 Net assets attributable to unitholders	36
8 Distributions to unitholders	37
9 Cash and cash equivalents	37
10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	38
11 Remuneration of auditors	38
12 Related party transactions	39
13 Significant events during the year	41
14 Events occurring after year end	42
15 Contingent assets and liabilities and commitments	42
16 Earnings/(loss) per unit	42
17 Segment information	42

1 General information

These financial statements cover Ophir High Conviction Fund (the "Fund") as an individual entity. The Fund was constituted on 23 July 2015, commenced operations on 31 August 2015 and admitted to the Australian Securities and Exchange ("ASX") on 19 December 2018. The Fund will terminate on 30 August 2095 unless terminated earlier in accordance with the provisions of the Fund's Constitution or by law.

The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150) is the responsible entity of the Fund (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The investment manager of the Fund is Ophir Asset Management Pty Limited (the "Investment Manager").

The Fund principally invests in a concentrated exposure to a high-quality portfolio of Australian listed companies outside the S&P/ASX 50. The Fund may also invest in international equities such as listed securities in New Zealand in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The financial statements of the Fund are for the year ended 30 June 2022. The financial statements are presented in the Australian dollars, which is the functional currency of the Fund.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on 29 August 2022. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit or loss.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however, an estimate of that amount cannot be determined as at year end.

(i) Compliance with International Financial Reporting Standards

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

The financial assets at amortised cost are subject to the expected credit loss ("ECL") impairment model under AASB 9.

- Financial liabilities

For financial liabilities that are not classified and measure at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, Responsible Entity's fees payable, management fees payable, performance fees payable, administration and custody fees payable and other payables).

(ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled, expired or when there is substantial modification.

(iii) Measurement

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Further details on how the fair values of financial instruments are determined are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of financial position.

(v) Impairment

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash and cash equivalents, due from brokers and receivables) at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(c) Net assets attributable to unitholders

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

The Fund is a closed-end Fund and is not subject to applications and redemptions from the date of listing on the ASX.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The Fund's units have been classified as equity as they satisfied all the above criteria. This has been consistently applied during the year.

(d) Cash and cash equivalents

Cash comprises deposits held at custodian banks. Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

2 Summary of significant accounting policies (continued)

(e) Investment income

Interest income from financial assets at amortised cost is recognised on an accrual basis using the effective interest method and includes interest from cash and cash equivalents.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the Statement of comprehensive income within dividend and distribution income when the Fund's right to receive payments is established.

Dividend and distribution income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an offset to dividend income. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Statement of comprehensive income.

Other changes in fair value for financial instruments at fair value through profit and loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

Other income is recognised on an accruals basis.

(f) Expenses

All expenses, including management fees, performance fees, Responsible Entity's fees, administration and custody fees, remuneration of auditors, transactions costs, registry fees and other operating expenses, are recognised in the Statement of comprehensive income on an accruals basis.

(g) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

(h) Distributions

Distributions are payable as set out in the Fund's offering document. Such distributions are determined by the Responsible Entity of the Fund. Distributable income includes capital gains arising from the disposal of financial instruments. Unrealised gains and losses on financial instruments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised losses are not distributed to unitholders but are retained in the Fund to be offset against any future realised capital gains. If realised capital gains exceed realised losses, the excess is distributed to the unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

(i) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equity, movements in net assets attributable to unitholders are recognised in the Statement of changes in equity.

(j) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

2 Summary of significant accounting policies (continued)

(k) Receivables

Receivables may include amounts for interest and trust distributions. Interest is accrued at each dealing date in accordance with policy set out in Note 2(e) above. Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables also include such items as Reduced Input Tax Credits ("RITC").

Receivables are recognised at amortised cost using the effective interest method, less any allowance for ECL. To measure the ECL, receivables have been grouped based on days overdue.

The amount of the impairment loss, if any, is recognised as impairment loss in the Statement of comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against impairment loss in the Statement of comprehensive income.

(l) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting year.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the Statement of financial position.

Distributions declared effective 30 June in relation to unitholders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

(m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodian services and management fees have been passed onto the Fund. The Fund qualifies for RITC at a rate of at least 55%, hence management fees, administration and custody fees and other expenses have been recognised in the Statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

(n) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available.

For certain other balances reported on Statement of financial position, including amounts due from/to brokers, receivables and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(o) Rounding of amounts

The Fund is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission ("ASIC") relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

(p) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

(a) Overview

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Fund; and
- Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls which the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

(b) Market risk

Market risk is the risk that changes in market price factors, such as equity prices, foreign exchange rates, interest rates and other market prices will affect the Fund's income or the carrying value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Investment Manager mitigates this price risk and related concentration risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Product Disclosure Statement. Between 75% and 100% of the net assets attributable to unitholders are invested in Australian shares. The Australian shares (being primarily smaller companies) are listed on the ASX. The Fund has not invested in any derivatives during the financial year (2021: nil).

The Fund is exposed, particularly through its equity portfolio, to concentration and market risks influencing investment valuations. These include Australian economic factors, changes in a company's internal operations or management, and also relate to changes in taxation policy, monetary policy, interest rates and statutory requirements.

3 Financial risk management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

As at year end, the overall market exposures were as follows:

	Fair value attributable to \$'000	% of net asset unitholders
As at 30 June 2022		
Financial assets		
Listed equity securities	445,272	89.387%
Total financial assets	<u>445,272</u>	<u>89.387%</u>

	Fair value attributable to \$'000	% of net asset unitholders
As at 30 June 2021		
Financial assets		
Listed equity securities	666,833	101.240%
Listed property trusts	22,988	3.490%
Total financial assets	<u>689,821</u>	<u>104.730%</u>

The table in Note 3(c) summarises the impact of an increase/decrease of underlying investment prices on the Fund's operating profit/(loss) and net assets attributable to unitholders. The analysis is based on the assumption that the underlying investment prices changed by +/- 10% (2021: +/- 5%) from the year end prices with all other variables held constant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's main interest rate risk arises from its investment in cash holdings. Interest income from cash holdings is earned at variable interest rates.

Compliance with the Fund's policy is reported to the Responsible Entity on a monthly basis. Exceptions to compliance are reported to management on a regular basis.

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risk.

As at 30 June 2022

	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	1,407	81,907	83,314
Due from brokers - receivable for securities sold	-	2,652	2,652
Dividends receivable	-	381	381
Interest receivable	-	2	2
GST receivable	-	973	973
Financial assets at fair value through profit or loss	-	445,272	445,272
Total financial assets	1,407	531,187	532,594
Financial liabilities			
Due to brokers - payable for securities purchased	-	(1,024)	(1,024)
Distributions payable	-	(32,384)	(32,384)
Responsible Entity's fees payable	-	(95)	(95)
Management fees payable	-	(588)	(588)
Administration and custody fees payable	-	(41)	(41)
Other payables	-	(324)	(324)
Total financial liabilities	-	(34,456)	(34,456)
Net exposure	1,407	496,731	498,138

3 Financial risk management (continued)

(b) Market risk (continued)

(ii) Interest rate risk (continued)

As at 30 June 2021

	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	1,051	39,343	40,394
Due from brokers - receivable for securities sold	-	4,158	4,158
Dividends receivable	-	302	302
Interest receivable	-	1	1
GST receivable	-	2,136	2,136
Financial assets at fair value through profit or loss	-	689,821	689,821
Total financial assets	1,051	735,761	736,812
Financial liabilities			
Distributions payable	-	(76,758)	(76,758)
Responsible Entity's fees payable	-	(302)	(302)
Management fees payable	-	(779)	(779)
Administration and custody fees payable	-	(76)	(76)
Other payables	-	(234)	(234)
Total financial liabilities	-	(78,149)	(78,149)
Net exposure	1,051	657,612	658,663

The table in Note 3(c) below summarises the impact of an increase/decrease of interest rates on the Fund's operating profit/(loss) and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 100 basis points (2021: +/- 75 basis points) from the year end rates with all other variables held constant.

3 Financial risk management (continued)

(c) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit/(loss) and net assets attributable to unitholders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate having regard to a number of factors, including historical levels of changes in interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variances in the risk variables.

	Impact on operating profit/(loss)/ net assets attributable to unitholders			
	Price risk		Interest rate risk	
	-10%	+10%	-100bps	+100bps
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2022	(44,527)	44,527	(14)	14

	Impact on operating profit/(loss)/ net assets attributable to unitholders			
	Price risk		Interest rate risk	
	-5%	+5%	-75bps	+75bps
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2021	(34,491)	34,491	(8)	8

(d) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The maximum exposure to credit risk at the end of the reporting year is the carrying amount of the financial assets.

(i) Bank deposits, amounts due from brokers and assets held with the custodian

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits, amounts due from brokers and assets held with the custodian.

The table below summarises these assets as at 30 June 2022 and 30 June 2021:

As at 30 June 2022

Bank, Brokers and Custodian	\$'000	Credit Rating	Source of credit rating
Australia and New Zealand Banking Group Ltd	1,407	AA-	Standard and Poor's
JP Morgan Chase Bank N.A. (Sydney Branch)	529,831	A+	Standard and Poor's

The custody balance with JP Morgan Chase N.A. (Sydney Branch) includes investments in equities totalling \$445,272,000 and due from brokers totalling \$2,652,000.

3 Financial risk management (continued)

(d) Credit risk (continued)

As at 30 June 2021

Bank, Brokers and Custodian	\$'000	Credit Rating	Source of credit rating
Australia and New Zealand Banking Group Ltd	1,051	AA-	Standard and Poor's
JP Morgan Chase Bank N.A. (Sydney Branch)	733,322	A+	Standard and Poor's

The custody balance with JP Morgan Chase N.A. (Sydney Branch) includes investments in equities totalling \$689,821,000 and due from brokers totalling \$4,158,000.

(e) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due and can only do so on terms that are materially disadvantageous.

The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The majority of the Fund's assets are held in listed equities (>95%). Hence, the Fund is not exposed to significant liquidity risk.

(i) *Maturities of non-derivative financial liabilities*

All non-derivative liabilities of the Fund in the current and prior year have maturities of less than one month.

4 Fair value measurement

The Fund measures and recognises the following assets at fair value on a recurring basis.

- Financial assets at fair value through profit or loss ("FVTPL") (see Note 6)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting year.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(a) *Fair value in an active market (level 1)*

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) is based on their quoted market prices at the close of trading at the end of the reporting year without any deduction for estimated future selling costs.

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets held by the Fund is the last-traded prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

4 Fair value measurement (continued)

(b) Recognised fair value measurements

The following table presents the Fund's financial assets measured and recognised at fair value as at 30 June 2022 and 30 June 2021.

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Listed equity securities	445,272	-	-	445,272
Total	445,272	-	-	445,272
As at 30 June 2021				
Financial assets at fair value through profit or loss				
Listed equity securities	666,833	-	-	666,833
Listed property trusts	22,988	-	-	22,988
Total	689,821	-	-	689,821

(c) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

There were no transfers between levels in the fair value hierarchy for the year ended 30 June 2022.

(d) Fair value measurements using significant unobservable inputs (level 3)

The Fund did not hold any financial instruments with fair value measurements using significant unobservable inputs during the year ended 30 June 2022 or year ended 30 June 2021.

(e) Valuation processes

Portfolio reviews are undertaken regularly by Investment Manager to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, Investment Manager performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting year.

(f) Fair values of other financial instruments

The Fund did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

5 Net gains/(losses) on financial instruments at fair value through profit or loss

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Financial assets		
Net realised gains on financial assets at fair value through profit or loss	43,366	89,970
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	(213,191)	72,326
Total net gains/(losses) on financial instruments at fair value through profit or loss	(169,825)	162,296

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Financial assets at fair value through profit or loss		
Listed equity securities	445,272	666,833
Listed property trusts	-	22,988
Total financial assets at fair value through profit and loss	445,272	689,821

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in Note 3.

7 Net assets attributable to unitholders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund has elected into the Attribution Managed Investment Trust ("AMIT") tax regime and consequently the Fund's constitution has been amended. The Fund does not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Year ended			
	30 June 2022 No. '000	30 June 2022 \$'000	30 June 2021 No. '000	30 June 2021 \$'000
Opening balance	199,526	658,663	199,526	574,840
Units issued upon reinvestment of distributions	13,723	45,306	-	-
Distributions paid and payable	-	(32,384)	-	(76,758)
Profit/(loss) for the year	-	(173,447)	-	160,581
Closing balance	213,249	498,138	199,526	658,663

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

7 Net assets attributable to unitholders (continued)

(a) Units buy-back

On 13 January 2021, the Fund announced a 12-month on-market buy-back program. At the end of the buy-back period, no units were bought back.

On 13 January 2022, the Fund announced a 12-month on-market buy-back program. No units were bought back during the year ended 30 June 2022.

Capital risk management

The Fund classifies its net assets attributable to unitholders as equity.

The Fund is a closed-end Fund and is not subject to applications and redemptions from the date of listing on the ASX. The movements in the number of units during the year were as a result of units buy-back.

Generally, the Fund's strategy is to hold liquid investments. Liquid assets include cash and cash equivalents and listed investments.

8 Distributions to unitholders

Distributions are payable at the end of each financial period. Such distributions are determined by reference to the net taxable income of the Fund.

The distributions for the year were as follows:

	Year ended			
	30 June 2022 \$'000	30 June 2022 CPU*	30 June 2021 \$'000	30 June 2021 CPU*
Distributions payable	32,384	15.19	76,758	38.47
Total distributions payable	32,384	15.19	76,758	38.47

* Distribution is expressed as cents per unit amount in Australian dollar.

9 Cash and cash equivalents

	As at	
	30 June 2022 \$'000	30 June 2021 \$'000
Cash	83,314	40,394
Total cash and cash equivalents	83,314	40,394

10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Profit/(loss) for the year	(173,447)	160,581
Proceeds from sale of financial instruments at fair value through profit or loss	694,005	606,865
Payments for purchase of financial instruments at fair value through profit or loss	(616,225)	(618,184)
Net (gains)/losses on financial instruments at fair value through profit or loss	169,825	(162,296)
Effects of foreign currency exchange rate changes on cash and cash equivalents	108	-
Dividend income reinvested	(526)	-
Net change in receivables	1,083	489
Net change in payables	(343)	(17,993)
Net cash inflow/(outflow) from operating activities	74,480	(30,538)

(b) Non-cash financing activities

The following distribution payments to unitholders were satisfied by the issue of units under the distribution reinvestment plan

	45,306	-
Total non-cash financing activities	45,306	-

11 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors of the Fund:

	Year ended	
	30 June 2022 \$	30 June 2021 \$
Ernst & Young		
Audit and other assurance services		
Audit and review of financial statements	44,100	42,000
Total auditor remuneration and other assurance services	44,100	42,000
Taxation services		
Tax compliance services	10,500	10,700
Total remuneration for taxation services	10,500	10,700
Total remuneration of Ernst & Young	54,600	52,700

11 Remuneration of auditors (continued)

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
PricewaterhouseCoopers		
Audit and other assurance services		
Audit of compliance plan	<u>2,412</u>	2,350
Total auditor remuneration and other assurance services	<u>2,412</u>	2,350
Total remuneration of PricewaterhouseCoopers	<u>2,412</u>	2,350

The remuneration of auditors is borne by the Fund. Fees are stated exclusive of GST.

12 Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

Responsible Entity

The Responsible Entity of Ophir High Conviction Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235150).

Key management personnel

(a) Directors

Key management personnel include persons who were Directors of the Responsible Entity at any time during the financial year as follows:

Glenn Foster
 Simone Mosse
 Vicki Riggio
 Phillip Blackmore (Alternate Director for Vicki Riggio)
 Richard McCarthy (Resigned as Director on 1 February 2022)

(b) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Key management personnel unitholdings

During or since the end of the year, none of the Directors or Director related entities held units in the Fund either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Fund at the end of the year.

12 Related party transactions (continued)

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

Responsible Entity's/Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution, the Responsible Entity is entitled to receive a fee per annum calculated as a percentage of the gross asset value of the Fund. The Investment Manager of the Fund is Ophir Asset Management Pty Limited. For the year ended 30 June 2022, in accordance with the Fund's Product Disclosure Statement, the management fee was capped at 1.23% p.a. (inclusive of GST, net of RITC) of the value of the Fund's net assets on a monthly basis. Unless separately agreed, the Investment Manager was also entitled to a performance fee of 20.5% of the amount by which the Fund (after fees and expenses) outperformed the benchmark (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) provided the high water mark has been exceeded. Calculation periods end at 30 June and 31 December each year.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Fund and the Responsible Entity and the Investment Manager were as follows:

	Year ended	
	30 June 2022	30 June 2021
	\$	\$
Management fees for the year paid and payable to the Investment Manager	8,238,900	7,970,954
Aggregate amounts payable to the Investment Manager at reporting date	587,586	778,959
Responsible Entity fees for the year paid and payable to the Responsible Entity	453,655	403,891
Aggregate amounts payable to the Responsible Entity at reporting date	94,944	302,325

Related party unitholdings

Parties related to the Fund (including The Trust Company (RE Services) Limited, its related parties and other schemes managed by The Trust Company (RE Services) Limited), held no units in the Fund as at 30 June 2022 (30 June 2021: nil).

12 Related party transactions (continued)

Related party unitholdings (continued)

Parties related to the Fund (including Ophir Asset Management Pty Limited, its related parties and other schemes managed by Ophir Asset Management Pty Limited) held units in the Fund as follows:

As at 30 June 2022

Unitholder	No. of units held opening	No. of units held closing	Fair value of investment (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
HDD Pty Ltd	2,102,316	2,347,315	5,483,191	1.10	244,999	-	356,459
Uncas Pty Ltd ATF Chingachgook Trust	2,102,316	2,347,313	5,483,186	1.10	244,997	-	356,459

As at 30 June 2021

Unitholder	No. of units held opening	No. of units held closing	Fair value of investment (\$)	Interest held (%)	No. of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
HDD Pty Ltd	1,822,316	2,102,316	6,939,955	1.05	280,000	-	808,766
Uncas Pty Ltd ATF Chingachgook Trust	1,822,316	2,102,316	6,939,955	1.05	280,000	-	808,766

Investments

The Fund did not hold any investments in The Trust Company (RE Services) Limited or of its affiliates or funds managed by Ophir Asset Management Pty Limited during the year (2021: nil).

13 Significant events during the year

The Directors continue to assess the potential financial and other impacts of COVID-19 outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the rising Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

On 13 December 2021, the Fund completed transition of its unit registry from Boardroom Pty Limited to Automic Group.

On 13 January 2022, the Fund announced a further 12-month on-market buy-back program. No units were bought back during the year ended 30 June 2022.

On 1 February 2022, Richard McCarthy resigned as a Director.

There were no other significant events during the year.

14 Events occurring after year end

The Directors are not aware of any event or circumstance since the end of the financial year not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2022 and 30 June 2021.

16 Earnings/(loss) per unit

Basic earnings/(loss) per unit amounts are calculated by dividing operating profit/(loss) before distributions by the weighted average number of units outstanding during the year.

Diluted earnings/(loss) per unit are the same as basic earnings/(loss) per unit.

	Year ended	
	30 June 2022	30 June 2021
Operating profit/(loss) for the year (\$'000)	(173,447)	160,581
Weighted average number of units in issue ('000)	212,384	199,526
Basic and diluted earnings/(loss) per unit in cents	(81.67)	80.48

17 Segment information

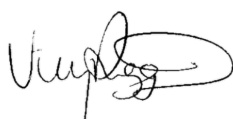
The Fund has only one reportable segment. The Fund operates predominantly in Australia and is engaged solely in investment activities, deriving revenue from dividend and distribution income, interest income and from the sale of its investment portfolio.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 19 to 42 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date,
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
29 August 2022



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Unitholders of Ophir High Conviction Fund

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ophir High Conviction Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Ophir High Conviction Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



**Building a better
working world**

1. Investment Existence and Valuation

Why significant

The Fund has a significant investment portfolio consisting primarily of listed equity securities. As at 30 June 2022, the value of these financial assets, was \$445,272,000 which represented 84% of the total assets of the Fund.

As disclosed in the Fund's accounting policy Note 2(b) to the financial statements, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.

Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report.

Accordingly, existence and valuation of the investment portfolio was considered a key audit matter.

How our audit addressed the key audit matter

We assessed the effectiveness of the controls relating to the existence and valuation of investments.

We obtained and considered the assurance report on the controls of the Fund's administrator in relation to the fund administration services for the year ended 30 June 2022 and considered the auditor's competence, their objectivity and the results of their procedures.

We agreed all investment holdings, including cash accounts, to third party confirmations at 30 June 2022.

We assessed the fair value of all investments in the portfolio held at 30 June 2022. For listed equity securities, the values were verified against independently sourced market prices.

We assessed the adequacy of the disclosures in Note 4 of the financial statements.

2. Management and Performance Fees

Why significant

For the year ended 30 June 2022, the management fees totalled \$8,239,000 which represented 77% of the total expenses of the Fund.

Management and performance fees, paid to the Investment Manager, Ophir Asset Management Pty Limited, are the most significant operating expenses for the Fund.

Performance fees are recognised in the financial report if the performance hurdles for the Fund have been met at the end of the relevant measurement period, which is the date that the performance criteria are met and the obligation has crystallised. All expenses are recognised on an accruals basis.

How our audit addressed the key audit matter

We assessed the effectiveness of the controls in relation to the calculation of management and performance fees of the Fund's administrator, who has responsibility for the calculations.

We recalculated management fees in accordance with the Fund's Product Disclosure Statement and the Fund's Constitution, including verifying the fee rate to such agreements.

We assessed the performance fee calculation, including testing the inputs into the calculation model and assessed whether the calculation was in line with the Fund's Product Disclosure Statement and the Fund's



**Building a better
working world**

2. Management and Performance Fees (continued)

Why significant

The assessment of the recognition of expenses relating to performance fee arrangements can be complex. For the year ended 30 June 2022, the Fund had nil performance fees.

Accordingly, the recognition of management and performance fees was considered a key audit matter.

How our audit addressed the key audit matter

Constitution, including verifying the fee rate to such agreements.

We also assessed whether the criteria for accrual of a performance fee liability were met at 30 June 2022.

We assessed the adequacy of the disclosures in Note 12 to the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's 2022 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors of the Responsible Entity for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



**Building a better
working world**

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Responsible Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



**Building a better
working world**

From the matters communicated to the Directors of the Responsible Entity, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Rita Da Silva
Partner
Sydney
29 August 2022

Ophir High Conviction Fund Unitholder and Other Information

The information set out below was applicable as at 31 July 2022.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below.

(a) Distribution of Unitholders

Analysis of numbers of unitholders by size of holding:

Size of holding	Number of unitholders	Number of units	% of units issued
Ranges			
1 to 1,000	636	293,168	0.13
1,001 to 5,000	1,486	4,287,825	1.95
5,001 to 10,000	1,104	7,984,403	3.63
10,001 to 100,000	1,546	45,141,456	20.54
100,001 and over	235	162,104,304	73.75
Total	5,007	219,811,156	100.00

The number of unitholders holding less than a marketable parcel of \$500 worth of units is 122 and they hold a total of 10,032 units.

(b) Largest Unitholders

Twenty largest unitholders

The names of the twenty largest holders of quoted units are listed below:

Name of unitholder	Number of units	% of units issued
HSBC Custody Nominees (Australia) Limited	33,207,506	15.11
Cambooya Pty Ltd	28,160,429	12.81
Victorian Legal Services Board <Public Purpose Fund A/C>	12,408,422	5.65
Citicorp Nominees Pty Limited	5,680,004	2.58
National Nominees Limited	4,397,240	2.00
Netwealth Investments Limited <Wrap Services A/C>	4,042,692	1.84
BNP Paribas Nominees Pty Ltd Hub24 Custodial Services Ltd	3,359,127	1.53
Mutual Trust Pty Ltd	3,032,977	1.38
Mr Peter Mark Carr & Mrs Esther Jeanette Carr	2,547,098	1.16
HDD Pty Ltd	2,499,915	1.14
Mr William Henry Alexander	2,079,597	0.95
Uncas Pty Ltd <Chingachgook Trust>	1,709,147	0.78
Wittig Super Pty Ltd <Wittig Super Fund A/C>	1,641,980	0.75
Devlin Dog Pty Limited <William & Patrick Fund A/C>	1,262,891	0.57
Netwealth Investments Limited <Super Services A/C>	981,645	0.45
Dirdot Pty Limited <Griffith Super Fund A/C>	965,607	0.44
Mr Johnathon Matthews & Prof Colin Matthews	964,275	0.44
PHG & LRG Pty Ltd <PHG & LRG Super Fund A/C>	932,495	0.42
Reindeer Investments Pty Limited	914,776	0.42
Invia Custodian Pty Limited <Gardiner Hill Pty Ltd A/C>	794,899	0.36
Total	111,582,722	50.78

(c) Substantial Holders

There are no substantial unitholders.

(d) Voting Rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

- (a) On a show of hands every unitholder present will have 1 vote; and
- (b) On a poll every unitholder present will have 1 vote for each dollar of the value of the total interests they have in the Fund.

(e) Investment Transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 1,326. Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was \$3,245,504.

(f) Securities Exchange Listing

The Fund's units are listed on the ASX and are traded under the code "OPH".

(g) Unquoted Units

There are no unquoted units on issue.

(h) Voluntary Escrow

There are no restricted units in the Fund or units subject to voluntary escrow.

(i) On-Market Buy-Back

On 13 January 2021, the Fund announced a 12-month on-market buy-back program. At the end of the buy-back period, no units were bought back.

On 13 January 2022, the Fund announced a 12-month on-market buy-back program. No units were bought back during the year ended 30 June 2022.

(j) Registered Office of the Responsible Entity

The Trust Company (RE Services) Limited
Level 18 Angel Place
123 Pitt Street
Sydney NSW 2000
Telephone: 02 9229 9000

(k) Unit Registry

Name:	Automic Registry Services
Address:	Level 5, 126 Phillip Street Sydney NSW 2000
Phone:	02 9698 5414

(l) Responsible Entity Company Secretaries

Sylvie Dimarco
Gananatha Minithantri