

6 December 2022

Ophir High Conviction Fund (ASX:OPH) – Investor Update

Dear Investor,

On Tuesday 6th December 2022, we will be providing a video update on our Funds, including the Ophir High Conviction (ASX:OPH, “the Fund”).

Please find below the key points we will convey in the update relating to the Fund.

1. Market insights & Fund performance*

Equity markets rallied strongly for the second month in a row. Larger companies in Australia outperformed smaller companies with the ASX 200 and ASX Small Ordinaries indices returning +6.8% and +5.0% respectively in November. The same theme played out in U.S. markets with the large cap S&P 500 and small cap Russell 2000 indices returning +5.6% and +2.3% respectively.

Value stocks continued to outperform Growth stocks in Australia with the MSCI Australia Growth Index underperforming the MSCI Australia Value Index by 0.9% for the month. Over the last quarter, the Value index has returned +12.8% compared to the Growth index which returned +3.1%.

At the start of November, the Federal Reserve hiked interest rates by 75 basis points for the fourth consecutive time, increasing the federal funds target range to 3.75% to 4%. With a better than expected November Consumer Price Index Report it is widely expected that the interest rate hikes in the near future will slow. However, the minutes from the Federal Reserve’s November meeting noted that the ultimate federal funds rate will probably be higher than previously thought.

During the month the Reserve Bank of Australia’s (“RBA”) Governor, Phil Lowe, outlined why he expects the end of low and stable inflation. Governor Lowe made it clear it is important to have a firm anchor for inflation between 2-3%, but he suggested actual inflation may spend longer periods outside of this band.

For the month ending 30 November 2022, the Net Asset Value (NAV) of the Fund was up +4.8% (net of fees) with the OPH ASX returning -7.1%, compared to the Fund’s benchmark which was up +5.0%.

*We note past performance is not a reliable indicator of future performance.

2. OPH trading at a discount

We note that during November 2022 the OPH share price traded at a discount to its Net Tangible Asset per share.

3. OPH buy-back facility

We commenced utilising the buy-back facility for OPH during March 2020 as markets sold off during the early stages of COVID-19. We have consistently renewed the facility and will continue to utilise it where we see good value on offer in the OPH unit price. We have a process and rules in place for when we use the facility in the market to buy back OPH units. We remain committed to this facility and process and will continue to use this mechanism where we believe it is in the best interests of all unitholders and accretive to the performance of the Fund over the long term.

We remain as hard working as ever to find and allocate to those small and mid-cap businesses listed in Australia that we believe can significantly grow earnings and provide attractive risk-adjusted returns over the medium to long term.

Your sincerely,

The image shows two handwritten signatures in black ink. The first signature on the left is 'Andrew Mitchell' and the second signature on the right is 'Steven Ng'.

Andrew Mitchell & Steven Ng

Co-Founders & Senior Portfolio Managers
Ophir Asset Management

For further information, please contact:

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This information has been prepared by Ophir Asset Management (ABN: 88 156 146 717, AFSL 420082) the Investment Manager of the Ophir High Conviction Fund and is authorised for release by The Trust Company (RE Services) Limited (ABN: 45 003 278 831, AFSL 235 150) as responsible entity and the issuer of units in the Trust. It is general information only and is not intended to provide you with financial advice and has been prepared without taking into account your objectives, financial situation or needs. You should consider the product disclosure statement (and any ASX Announcements) prior to making any investment decisions. If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS and target market determination can be obtained by calling +612 8188 0397 or visiting our website ophiram.com.au.

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