

6 March 2024

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

Dear Investor,

On Wednesday 6th March 2024, 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*

The Australian share market continued its march forward in February. In a risk on tape, smaller companies in the ASX Small Ordinaries (+1.8%) outperformed its larger counterpart in the ASX 100 (+1.1%) by 0.7% and Growth (MSCI Australia Growth, +3.0%) outperformed Value (MSCI Australia Value, -0.8%) companies by 3.8%.

For the month ending 29 February 2024, the Net Asset Value (NAV) of the Fund was up +2.6% (net of fees) with the OPH ASX returning -4.4%, compared to the benchmark which was up +3.5%.

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

2. Reporting Season

In the half-yearly Australian reporting season, 74% of the Fund beat expectations, 21% provided results in line with expectations and 6% missed expectations. In terms of guidance, 26% of the Fund raised, 62% maintained, 11% downgraded and 0% didn't provide guidance. These figures have been reweighted to only include stocks that reported in the latest reporting season.

3. Stocks in focus

Top contributors:

NextDC (ASX:NXT) – NXT continues to benefit from a surge in demand from Cloud service providers. NXT's stock price rose +25.9% in February.

Life360 (ASX:360) – 360 did not report in February but its share price rose +5.3% as the market continues to get excited about its ability to monetise a large proportion of its user base into new verticals.

Top detractors:

Kelsian Group (ASX:KLS) – Reported during the month and whilst KLS delivered a solid operating result, it missed its numbers due to high interest charges. KLS's stock price fell -15.9% in February.

Webjet (ASX:WEB) – WEB experienced weakness in February due to peers reporting weaker numbers overseas due to the war in the Middle East. WEB's stock price fell -7.1% during the month.

4. OPH trading at a discount

We note the OPH share price traded at a discount to its Net Tangible Asset per share (NTA) for February 2024.

We like the opportunity to buy low throughout the cycle, whether that is stocks in our own Funds, or OPH itself with our own personal investments.

We note that given the size of the discount to Net Asset Value (NAV) that the ASX listed High Conviction Fund (ASX:OPH) has recently been trading on (circa -15%) we (Andrew & Steven) have recently been personally buying units in OPH given the opportunity we see on offer.

5. 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 renewed the facility and will continue to utilise this 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 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,



Andrew Mitchell & Steven Ng

Co-Founders & Senior Portfolio Managers
Ophir Asset Management

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