

Ophir High Conviction Fund

ASX: OPH



Figures as at 30 April 2023

Date of Issue: 11 May 2023

About The Fund

The Ophir High Conviction Fund seeks to provide investors with a concentrated exposure to a high quality portfolio of listed companies outside the S&P/ASX 50. Employing an extensive investment process that combines a rigorous company visitation schedule and fundamental bottom-up analysis, the Fund aims to identify businesses operating within structural growth sectors with the ability to meaningfully grow and compound earnings over time. Typically, the majority of businesses within the portfolio will already have well-established business models with large or growing end markets and a clearly identifiable pipeline of future growth opportunities. As a concentrated portfolio, the Fund seeks to identify the very best of these opportunities in order to ensure each portfolio position delivers a meaningful impact on overall portfolio returns.



ASX Code

ASX: OPH



Net Return Since Inception (p.a.)

+13.2%



Fund Size

\$599.6m

Ophir Asset Management

- Privately owned investment management business established by founders Andrew Mitchell and Steven Ng in 2012
- Fundamental bottom-up research approach combining rigorous company visitation and detailed proprietary analysis
- Strict management of Fund capacity in order to protect performance
- Highly experienced investment team with extensive track record of high performance through all market cycles
- Complete alignment of interests - Senior Portfolio Managers are substantial investors in the Fund

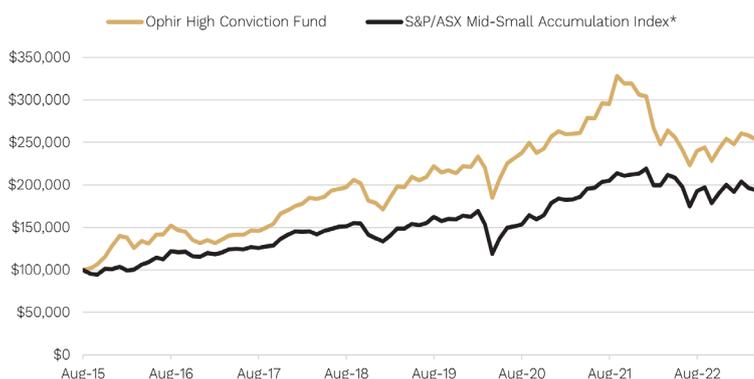


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

*The Fund's benchmark is the S&P/ASX Mid-Small Index, being the composite benchmark of 50% of the S&P/ASX MidCap 50 Accumulation Index and 50% of the S&P/ASX Small Ordinaries Accumulation Index.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	3 Months	1 Month
Fund Return (Net)	13.2%	7.0%	7.9%	1.9%	-0.2%	2.6%
Benchmark*	9.3%	6.5%	13.4%	-4.2%	-2.0%	3.1%
ASX: OPH Unit Price Return	N/A	N/A	7.6%	-7.5%	-0.8%	8.7%

The figures in the table above assume reinvestment of distributions. Performance figures are calculated using the Net Asset Value (NAV) of the Fund as at 30 April 2023, not the market price. Past performance is not a reliable indicator of future performance.

*ASX Mid-Small Accumulation Index (Net) (AUD), 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.

Senior Portfolio Managers



Andrew Mitchell B Ec (Hons), MAppFin
Portfolio Manager

20+ years experience in financial markets, previously Paradise Investment Management and Commonwealth Treasury Department.



Steven Ng B Acc, CFA
Portfolio Manager

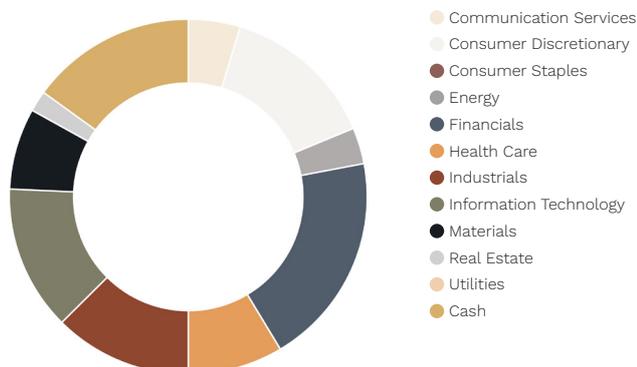
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

Responsible Entity & Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	August 2015
Number of Stocks:	15-30
Cash Distributions:	Annually
Redemptions:	Daily
Investment Objective:	Outperform benchmark (after fees) over long term (5+ yrs)

Allocation of Investments

Portfolio Sector Exposures



Top 5 Portfolio Holdings (Alphabetical) (as at 31 March 2023)

Company	Industry	ASX Code
AUB Group	Insurance	AUB
IDP Education Ltd	Consumer Discretionary	IEL
NIB Holdings	Insurance	NHF
Resmed	Healthcare	RMD
Seven Group Holdings	Industrials	SVW
Average Portfolio Market Cap		\$8.0bn

Net Asset Value (NAV) & Unit Price

As at 30 April 2023	Amount
NAV	\$2.73
Unit Price (ASX:OPH)	\$2.51

Market Commentary

Most global equity markets took a step forward in April. The Japanese and European markets delivered strong results with the Nikkei and MSCI Europe returning +2.9% and +2.6% respectively. The Australian market also delivered strong returns with the ASX 100 and ASX Small Ords indices returning +1.7% and +2.8% respectively. It was more of a mixed bag of results for the U.S. market, with the S&P 500 generating +1.6% in returns whilst smaller companies in the Russell 2000 retraced by -1.8%. The Nasdaq rose marginally, returning +0.1% for the month.

Whilst smaller companies outperformed their larger counterparts in Australia over the month, the ASX Small Ordinaries index still lags the ASX 100 by 14.2% over the last year. The MSCI Australia Growth Index beat its Value counterpart by 3.4% over the month but over the last year has underperformed by 5.8%.

At the time of writing, the Reserve Bank of Australia ("RBA") hiked interest rates to 3.85% for the 11th time this cycle after a brief pause in its prior

Portfolio Commentary

During April, the Ophir High Conviction Fund's investment portfolio returned +2.6% (net of fees) versus the index which returned +3.1%. Since its inception in August 2015, the Fund has returned +13.2% p.a. (net of fees) while the index has returned +9.3% p.a.

The Ophir High Conviction Fund's ASX listing provided a total return of +8.7% for the month.

In terms of portfolio positioning, the number of holdings remained stable at 28 and cash levels increased to 14.9%. We remain overexposed to growing companies with earnings that are less correlated to the broader economy and have a raft of stocks sitting on our watchlist to invest in when investors start focusing back on company fundamentals and the macroeconomic picture becomes clearer.

One of the largest stock contributors to performance for the month was NIB Holdings (ASX:NHF). NHF underwrites and distributes private health insurance to Australian and New Zealand residents. NHF was the top contributor to performance for the month as its stock price rebounded after being sold off on the back of a small miss from its earnings report released in mid-February. NHF's stock price rose +9.5% over April.

meeting. The May meeting statement highlighted weakness in global growth, continued risks around consumer spending and slower goods inflation. On the flip side they noted inflation still being too high with continued price increases in services inflation and a resumption of housing price gains.

Q1 reporting season kicked off in the U.S. during the last week of April which is a great barometer of trends with relevance for different parts of the Australian market. Some of the key insights we've gathered so far include (1) a material deterioration in enterprise software and hardware spend towards the end of the quarter with lumpy project spending getting deferred, (2) demand for old world businesses including transport falling and (3) consumers are still spending but using funds on more affordable alternatives.

Looking at the ASX Small Ords Index, the Financials (+4.2%), Health Care (+4.1%) and Consumer Discretionary (+4.1%) sectors were the best performers whilst the Materials (+1.0%), Consumer Staples (+1.1%) and Industrials (+2.5%) sectors were the worst relative performers.

One of the largest stock detractors to performance for the month was Omni Bridgeway (ASX:OBL). OBL is a litigation funding business that provides financing for legal cases to plaintiffs in which it either receives a fee and/or a share of settlement amounts for any cases it is able to resolve. OBL was the top detractor to performance for the month as its soft quarterly result continued to weigh on sentiment. We continue to own OBL given its defensive earnings characteristics and upside potential in the case of a recession. OBL's stock price fell -13.9% over April. At the time of writing in early May almost all of the April fall had been recovered as its March quarter report was released highlighting significant settlement and secondary transactions likely to land in Q4 FY23 and early FY24.

Outlook

As economic activity slows, we expect more companies will miss their earnings guidance. Although finding companies that surprise on the upside will become more difficult, we still maintain our style and continue to look for companies that can grow during any economic condition. We expect management to be more conservative with guidance which can impact share price returns, but this is to be expected at this point in the cycle.

The volatility that has ensued in small cap stocks should continue as the economy slows and this volatility should continue to bring forward opportunities to invest in great businesses at cheaper valuations. To this end we are working our hardest to find the next gem that will help propel the Fund's performance over the long term.

We continue to focus on identifying good businesses in our areas of expertise and remain comfortable with the diversification of stocks owned in the portfolio and their more resilient earnings characteristics.

Investment Philosophy

Investment Process

Ophir employs a fundamental, bottom-up research approach aimed at identifying businesses with the ability to meaningfully grow and compound earnings over time. Typically, the investment process will look to uncover businesses that are operating within, or about to enter, a period of structural growth and are generating cash or have a clearly identifiable pathway toward free cash flow generation. In order to identify these opportunities, the Ophir investment team spend a considerable amount of time understanding the quality of the business and the environment in which it operates.

About Ophir Asset Management

Ophir Asset Management is a specialist small and mid-cap equities investment manager established by founders Andrew Mitchell and Steven Ng in 2012. The business currently manages approximately \$2.0bn in capital on behalf of institutional superannuation funds, family offices, private wealth groups and individual investors.

The investment team comprises 11 investment professionals drawn from a diverse range of backgrounds working across all Ophir funds.

Key Investor Contacts

Investor Services

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Investment Enquiries

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The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235150 (Responsible Entity) is the responsible entity of Ophir High Conviction Fund (the Fund). This document has been prepared by Ophir Asset Management Pty Ltd ABN 88 156 146 717 AFSL 420 082 (Ophir), the investment manager of the Fund and is authorised for release by The Trust Company (RE Services) Limited as responsible entity and the issuer of units in the Trust. The information is of general nature only and has been prepared without taking into your account your objectives, financial situation or needs. Before making an investment decision, you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current product disclosure statement (PDS) of the Fund. Neither the Responsible Entity nor Ophir guarantees repayment of capital or any particular rate of return from the Fund. All opinions and estimates included in this document constitute judgements of Ophir as at the date of the document and are subject to change without notice. Past performance is not a reliable indicator of future performance. Ophir accepts no liability for any inaccurate, incomplete or omitted information of any kind or any losses by using this information.