

7 February 2023

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

Dear Investor,

On Tuesday 7th February 2023, 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*

After an uncharacteristically bad December for stocks around the world, equity markets rose strongly in January. The Australian market provided robust returns with the ASX 200 and ASX Small Ords indices returning +6.2% and +6.6% respectively, whilst the U.S. market delivered even better returns with the Russell 2000, S&P 500 and Nasdaq returning +9.7%, +6.3% and +10.7% respectively.

Whilst Value or Growth orientated stocks didn’t materially outperform one another on balance, we witnessed riskier companies which are unprofitable or exhibit more debt outperform those profitable businesses with cleaner balance sheets. This created a headwind for the Fund’s relative performance given its overweight position in businesses we consider to be “defensive growers” (or businesses with resilient growth and low levels of debt) but we believe our positioning is the right call given the prevailing macroeconomic uncertainties.

In Australia, the cash rate has now increased to 3.1% with most economists expecting a further 25 basis point hike in February. In our view we are nearing the end of the tightening cycle as these rate hikes are beginning to weight more clearly on the economic growth backdrop with the unemployment rate no longer falling and retail sales growth declining in December.

For the month ending 31 January 2023, the Net Asset Value (NAV) of the Fund was up +5.2% (net of fees) with the OPH ASX returning +1.6%, compared to the benchmark which was up +6.3%.

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

2. OPH trading at a discount

We note the OPH share price traded at a discount to its Net Tangible Asset per share (NTA) for January 2023.

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 renewed the facility and will continued 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,

A handwritten signature in dark ink, appearing to read 'Andrew Mitchell & Steven Ng', with a stylized flourish at the end.

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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