

Ophir Global Opportunities Fund



Figures as at 31 May 2024

Date of Issue: 17 June 2024

About The Fund

The Ophir Global Opportunities Fund seeks to provide investors with concentrated exposure to high quality small and mid-cap companies globally. 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 deliver ongoing positive earnings revisions. With a bias toward cash generative businesses with sound balance sheets and high quality management teams, the Fund seeks to identify those opportunities early in a Company's investment life cycle, when the listed equity is typically under-researched and under-valued by the broader investment market.



Unit Price

\$1.6218



Net Return Since Inception (p.a.)

+15.0%



Fund Status

Enquire

Ophir Asset Management

- Ophir Asset Management is a 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 all Ophir funds

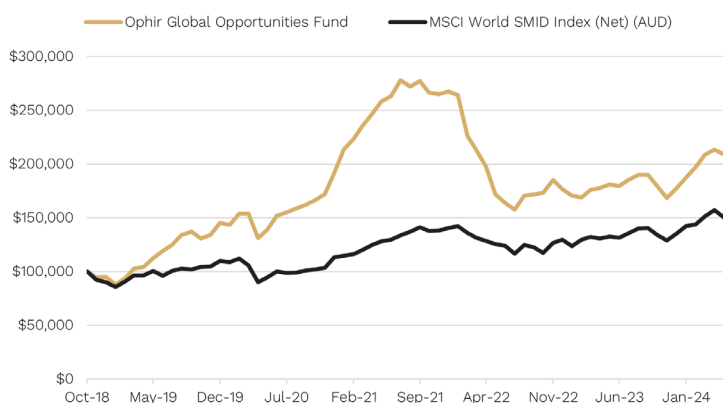


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance.

	Since Inception (p.a.)	5 Years (p.a.)	3 Years (p.a.)	1 Year	6 Months	3 Months	1 Month
Fund Return (Net)	15.0%	13.2%	-5.6%	23.2%	24.8%	6.1%	5.8%
Benchmark*	7.7%	9.7%	5.5%	15.8%	12.6%	0.5%	1.2%

The figures in the table above assume reinvestment of distributions. Past performance is not a reliable indicator of future performance.

*MSCI World SMID Index (Net) (AUD)

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.



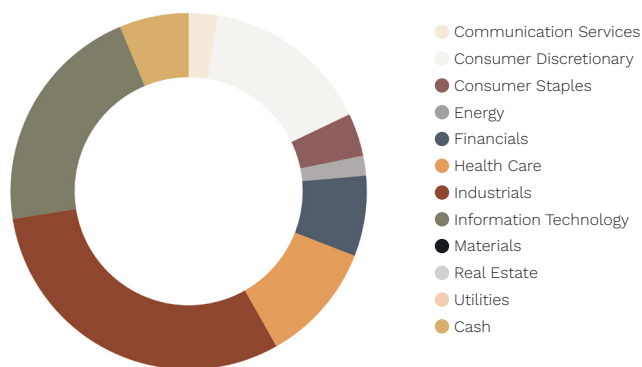
Steven Ng B Acc, CFA
Portfolio Manager
23+ years experience in financial markets, previously Paradise Investment Management and ING Investment Management

Key Information

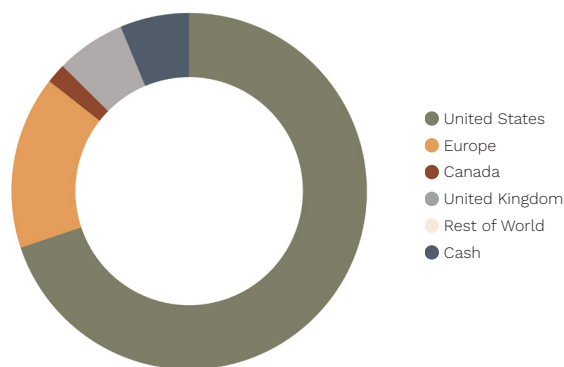
Responsible Entity:	The Trust Company (RE Services) Limited
Investment Manager:	Ophir Asset Management Pty Ltd
Fund Inception:	October 2018
Min Investment Amount:	\$100,000
Number of Stocks:	20-50
Cash Distributions:	Annually
Redemptions:	Monthly
Investment Objective:	Outperform benchmark (after fees) over long term (5+ yrs)

Allocation of Investments

Portfolio Sector Exposures



Geographic Exposures



Portfolio Characteristics

Number of Equity Holdings	43
Cash	6.3%
Weighted Average Market Cap	\$5.9bn

Portfolio Metrics

Price / Earnings	18.9x
EPS Growth	22.6%
Net Debt / EBITDA	0.6

*Numbers are sourced from Bloomberg. PE is weighted harmonic mean, EPS Growth is weighted average with a collar of 0 to 50 and Net Debt/EBITDA is weighted average with a collar of -10 to 10 and excludes companies with net cash and negative EBITDA. Leases have been removed from Net Debt.

Market Commentary

In May, global stock markets recovered, regaining some of their losses from April. Larger companies performed similarly to smaller ones during the month, with the ASX 100, S&P 500, and Nasdaq indices returning +11%, +5.0%, and +7.0%, while the ASX Small Ordinaries and Russell 2000 indices returned -0.04% and +5.0% respectively. European stocks (MSCI Europe) ended the month returning +3.4%, while Japan's Nikkei index added a marginal gain of +0.2%.

Growth outperformed Value for the month of May in the U.S. with the S&P 500 Growth index (+6.6%) outperforming its counterpart the S&P 500 Value index (+3.0%) by +3.6%. The Russell 2000 Growth index (+5.4%) outperformed its Value counterpart (+4.7%) by a modest +0.7%. Growth stocks continue to outperform value stocks in both the large (+9.0%) and small cap (+3.8%) part of the U.S. share market in 2024.

May is an important month as many companies in our global funds announce their March quarterly results. Some of the key themes we witnessed in this reporting season include (1) a high levels of earnings beats compared to history, (2) tailwinds in growth sectors, particularly during early May, (3) a greater focus on expense management than price increases

compared to recent quarters and (4) NVIDIA's strong result kept the focus on A.I. and its current and potential benefits across many businesses.

The market is currently pricing in almost two rate cuts for the U.S. in 2024 with the first being in either September or November at the time of writing. The Bank of Canada trimmed its key policy rate by 25 basis points to 4.75% in early June, in a widely expected move that marked its first cut in four years, and said more easing was likely if inflation continued to fall. The European Central Bank (ECB) could become the second major central bank this cycle to cut interest rates this week.

Looking at U.S. Small Cap companies, the Consumer Staples (+8.4%), Communication Services (+6.3%) and Materials (+6.3%) were the best performing sectors whilst Real Estate (+1.8%), Financials (+4.1%) and Healthcare (+4.5%) were the worst relative performers. All sectors in the Russell 2000 were positive for the month of May.

Portfolio Commentary

During May, the Ophir Global Opportunities Fund returned +5.8% (net of fees) versus the index which returned +1.2%. Since its inception in October 2018, the Fund has returned +15.0% p.a. (net of fees) while the index has returned +7.7% p.a.

In terms of currency movements, the AUD appreciated against the USD by +2.8% over the month which was a headwind for the absolute performance of the Fund.

In terms of portfolio positioning, the number of holdings remained the same at 43 and cash levels increased to 6.3% in May. Pleasingly, our top contributors to performance during the month were those that reported strong quarterly earnings results during reporting season, with the gains held on to throughout the month, helping the Fund outperform.

In this reporting season, 72% of the Fund beat expectations, 29% provided results in line with expectations and 8% missed expectations. In terms of guidance, 50% of the Fund raised, 34% maintained, 8% downgraded and 8% didn't provide guidance. These figures are reweighted to only include stocks that reported in the latest reporting season.

One of the largest stock contributors to performance during May was a \$3.3bn AUD biopharmaceutical company listed on the Nasdaq. The company reported strong quarterly earnings for the first quarter of 2024 where revenue exceeded analyst estimates, which caused the stock price to rise +46.5% for the month.

One of the largest detractors to performance during the month was a \$3.9bn AUD French digital solutions business listed on the Euronext Paris exchange. The company's share price drifted lower on no company specific data releases. The company's share price fell -5.6% in May.

Outlook

Economists' predictions of a recession in the U.S., which will have major implications for the global economy, has remained consistent in May with the current median probability at 30% (Bloomberg economist survey). It's also worth noting that although the recession probability has fallen materially, it still remains elevated with the unconditional recession probability being around 15% in any random year.

Generally positive U.S. Q1 company earnings results in May, healthy corporate balance sheets, still mostly strong U.S. employment data and slowing albeit sticky inflation, is lifting hopes of a "no landing" scenario that is likely to keep interest rates higher for longer in the U.S. We remain attuned though to risks this could change as economic growth slows in the second half of this year.

Market pricing (Bloomberg) indicates the first interest rate cut in the U.S. is likely to occur in September and is currently pricing in almost two rate cuts for 2024, but this expectation can change very quickly if (1) there is a recession in the U.S. or (2) inflation stays stubbornly high.

The portfolio remains balanced in terms of cyclical vs. defensive growth companies which we believe is appropriate given the still elevated probability of a recession. Smaller growth companies still remain cheap relative to large caps, particularly in the U.S., and mean reversion in valuations should materially benefit share prices for the types of companies we invest in over time.

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.

The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235150 (Responsible Entity) is the responsible entity of Ophir Global Opportunities 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 issued 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.

Key Investor Contacts

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