

# Ophir Global High Conviction Fund (Class B)



Figures as at 31 December 2024  
Date of Issue 16 January 2024

Prepared for Platforms Only  
APIR Code PIM9456AU

## About The Fund

The Ophir Global High Conviction Fund (the 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. This fund is appropriate for investors with "High to Very High" risk and return profiles. A suitable investor for this fund is prepared to accept high to very high risk in the pursuit of capital growth with a medium to long investment timeframe. Investors should refer to the Target Market Determination (TMD) for further information.

Unit Price	Net Return Since Inception (p.a.)	Fund Status
\$1.4487	+26.3%	Open

## 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, with Senior Portfolio Managers substantial investors in the Fund

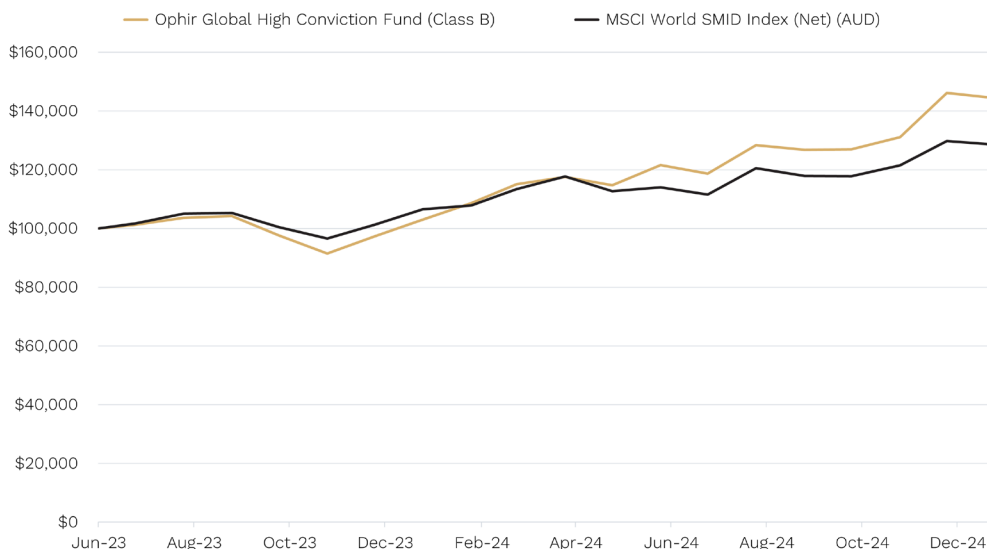


Chart represents net value of \$100,000 invested since inception and assumes distributions reinvested. Please note past performance is not a reliable indicator of future performance. Total returns have been calculated using NAV prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. \*The Fund's benchmark is the MSCI World SMID Index (Net) (AUD).

	Since Inception (p.a)	5 Years (p.a)	3 Years (p.a)	1 Year	3 Months	1 Month
<b>Fund Return - Class B (Net)</b>	<b>26.3%</b>	<b>N/A</b>	<b>N/A</b>	<b>40.2%</b>	<b>13.7%</b>	<b>-1.2%</b>
Benchmark*	17.4%	N/A	N/A	20.7%	9.1%	-0.9%

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 31 October 2024, not the market price. 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 | Founder and Portfolio Manager  
20+ years experience in financial markets, previously Paradise Investment Management and Commonwealth Treasury Department.



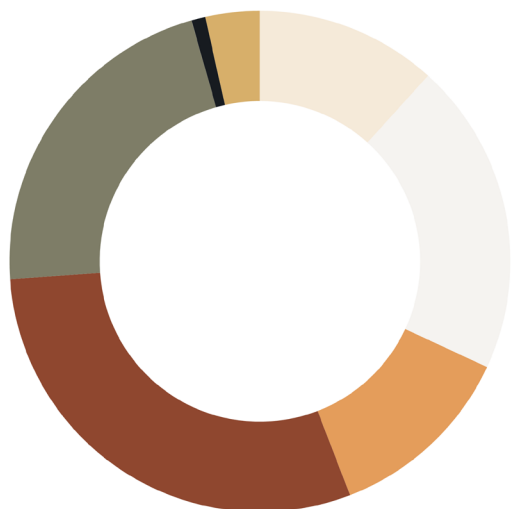
**Steven Ng**  
B Acc, CFA | Founder and Portfolio Manager  
23+ years experience in financial markets, previously Paradise Investment Management and ING.

## Key Information

<b>Responsible Entity</b>	The Trust Company (RE Services) Limited
<b>Investment Manager</b>	Ophir Asset Management Pty Ltd
<b>Class Inception</b>	June 2023
<b>Number of Stocks</b>	20 - 40
<b>Cash Distributions</b>	Annually
<b>Redemptions</b>	Daily
<b>Investment Objective</b>	Outperform benchmark (after fees) over the long term (5+ years)

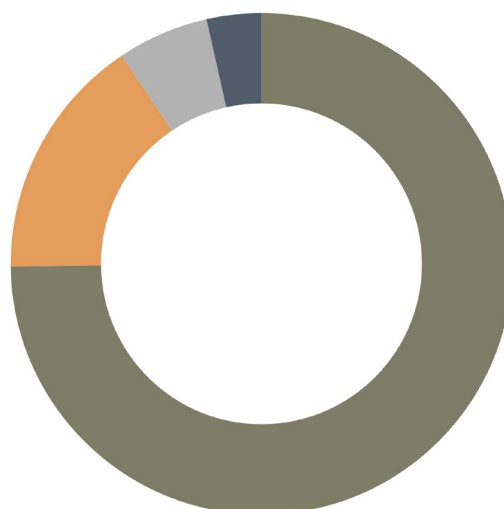
## Allocation of Investments

Portfolio Sector Exposures



- Communication Services
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Information Technology
- Materials
- Real Estate
- Utilities
- Cash

Portfolio Geographic Exposures



- United States
- Europe
- Canada
- United Kingdom
- Rest of World
- Cash

## Portfolio Characteristics

<b>Number of Equity Holdings</b>	34
<b>Cash</b>	3.5%
<b>Weighted Average Market Cap</b>	\$5.5bn

## Portfolio Metrics

<b>Price / Earnings</b>	18.9x
<b>EPS Growth</b>	28.3%
<b>Net Debt / EBITDA</b>	0.3x

\*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

December saw the U.S. electoral college finalise vote counting. The new House of Reps will consist of 220 Republicans and 215 Democrats. President Trump has also been filling his cabinet positions throughout the month, naming pro-crypto Paul Atkins as SEC chair. The Bitcoin price briefly breached USD \$100,000 during December.

Most share market indices were down over the period with a more hawkish Fed disrupting the usual Santa rally. The Russell 2000 lost ground after nearing its all-time high from November 2021. Small-caps underperformed large-caps on a relative basis, with both the Russell 2000 Index and S&P 500 losing -8.3% and -2.4% respectively. This was the 5th worst monthly underperformance by U.S. small caps to U.S. large caps this century.

Small-cap growth and value performed similarly, with the Russell 2000 Growth falling -8.2% and the Russell 2000 Value dropping -8.3%. An outlier was the S&P 500 Growth Index, which delivered a modest gain of +0.7%, led by the “Magnificent Seven” stocks. The index of these seven stocks rose by +6.3%. Meanwhile the S&P 500 Value Index plummeted -6.8%.

At a sector level (in USD), global small/mid cap Consumer Discretionary (-3.3%), Information Technology (-3.6%), and Communication Services (-3.7%) were the best relative performers, while Materials (-8.0%), Energy (-7.3%) and Real Estate (-6.8%) were the worst.

In international markets, China and Europe indices gained, with the MSCI China and DAX Index returning +2.5% and +1.4%, respectively in local currency terms. Closer to home, the Australian market ended the month lower, with the ASX 200 and ASX Small Ordinaries losing -3.1% each.

In policy news, the Federal Reserve and European Central Bank both reduced their target interest rates by 25 basis points, bringing them to 4.25% and 3.00% respectively. Meanwhile, the Reserve Bank of Australia (RBA) continues to hold the cash rate steady at 4.35% for the ninth consecutive meeting. Fed rate cut expectations were dialed back over December from four more 0.25% cuts this cycle to two.

## Portfolio Commentary

During December, the Ophir Global High Conviction Fund – Class B returned -1.2% (net of fees) versus the index which returned -0.9%. Since its inception in June 2023, the Fund has returned +26.3% p.a. (net of fees) while the index has returned +17.4% p.a.

The number of holdings decreased to 34 and cash levels decreased to 3.5%. In terms of currency movements, the AUD depreciated -5.0% against the USD over the month, assisting the AUD performance of the global funds. Virtually all of the portfolio outperformance over the last year continues to be driven by stock selection, highlighting that sticking to our process is providing rewards recently.

One of the largest stock contributors to performance during the month was a \$2.5bn AUD luxury watch retailer. The company's share price rallied +20.3% over the month after signs of improving demand and a positive outlook in their 2025 guidance. This is a stock that rallies on with the consumer discretionary sector.

One of the largest detractors to performance during the month was a \$7.2bn AUD electrical contracting and maintenance company, which provides data communication services. The stock was down -35.1% following some insiders selling and the completion of an acquisition, though is still one of our strongest performers of the year. The stock is now trading at 21x earnings which increases the value optionality of the stock.

## Outlook

December was an uncharacteristically soft month for equities, as a more hawkish U.S. Fed disrupted the Santa rally. While U.S. economic growth is still expected to outperform other developed economies—driven by robust consumer spending and a stronger-than-expected labour market—higher for longer interest rates have seen many investors question whether already very high U.S. share market valuations can continue to drive the U.S. market, and indeed global shares higher.

As 2025 begins, the portfolio remains balanced, comprising a mix of cyclical and defensive growth companies. A new U.S. Trump administration and its nationalist policies could be a net benefit or headwind to U.S. and global economic growth depending on the ultimate policy make up and any foreign policy response. The most likely outcome we see is incrementally higher U.S. economic growth, inflation and interest rates. We continue to focus on businesses with resilient earnings and believe the positioning of the Fund is appropriate to the current market environment. Additionally, smaller growth companies continue to trade at a discount relative to large caps, presenting attractive opportunities for the portfolio.

## 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.

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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 717AFSL 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 judgments 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. The Product Disclosure Statement (PDS) and Target Market Determination (TMD) can be obtained by calling 02 8188 0397. The TMD is also available via the FE Fundinfo link [here](#).