

Ophir High Conviction Fund



ASX: OPH

www.ophiram.com

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INVESTMENT UPDATE AND NAV REPORT – JULY 2021

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.

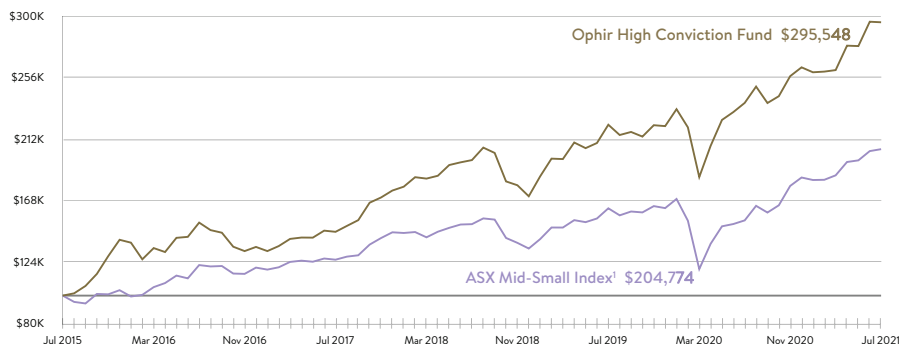
ASX Code	Net Per Annum Return Since Inception (to 31 July 21)	Net Return Since Inception (to 31 July 21)	Fund Size (at 31 July 21)
ASX:OPH	19.8%	195.5%	\$703.0m

JULY 2021 PORTFOLIO SNAPSHOT

NET ASSET VALUE (NAV) PER UNIT

As at 31 July 2021	Amount
NAV	\$3.30
Unit Price (ASX:OPH)	\$3.77

To access NAV prices for the Ophir High Conviction Fund (ASX:OPH), historical ASX announcements and performance history, please visit www.ophiram.com



* Chart represents the value of \$100,000 invested since inception after all fees and before tax and assuming distributions are reinvested in the Fund. Performance of the Fund is calculated using Net Asset Value (NAV), not the market price. 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.

INVESTMENT PERFORMANCE

	Since Inception (p.a)	5 Years p.a.	3 Years p.a.	1 Year	3 Month	1 Month
Ophir High Conviction Fund	24.3%	17.2%	17.8%	25.6%	6.3%	0.0%
Benchmark	12.7%	10.9%	10.6%	33.1%	4.7%	0.7%
Value Add (Gross)	11.6%	6.3%	7.2%	-7.5%	1.7%	-0.7%
Fund Return (Net)	19.8%	14.2%	14.5%	24.2%	6.0%	-0.1%
ASX:OPH Unit Price Return	n/a	n/a	n/a	42.3%	-1.3%	-6.2%

Performance figures are calculated using the Net Asset Value (NAV) of the Fund as at 31 July 2021, not the market price. Benchmark is the ASX Mid-Small Accumulation Index. Inception date of the Fund is 4 August 2015. Past performance is not a reliable indicator of future performance.

TOP 5 PORTFOLIO HOLDINGS (Alphabetical) (as at 30 June 2021)

Company	Industry	ASX Code
Afterpay Touch Group	Information Technology	APT
Corporate Travel Management	Consumer Discretionary Services	CTD
Dominos	Consumer Services	DMP
Resmed	Health Care	RMD
Seek	Communications	SEK
Average Portfolio Market Cap		\$9.0bn

KEY INFORMATION

Responsible Entity	The Trust Company (RE Services) Limited
Manager	Ophir Asset Management Pty Ltd
Portfolio Managers	Andrew Mitchell & Steven Ng
Fund Inception	4 August 2015
Fund Size	\$703.0M
Number of Stocks	15-30
Cash Distributions	Annually
Investment Objective	Outperform benchmark (after fees) over long term (5+ yrs)

ALLOCATION OF INVESTMENTS

PORTFOLIO SECTOR EXPOSURES (as at 31 July 2021)

Sector	31 July 2021
Materials	4.8%
Financials	14.3%
Health Care	7.9%
Communication Services	13.2%
Consumer Staples	4.2%
Information Technology	18.2%
Industrials	11.7%
Consumer Discretionary	24.2%
Utilities	0.0%
Real Estate	0.5%
Energy	0.0%
[Cash]	1.0%
	100%

MARKET COMMENTARY

July is typically a quieter month on the news front as companies go into 'black out' to prepare earnings announcements and this year was no exception. The lack of stock specific news however didn't seem to slow market participants, with most equity markets around the world taking another step forward to start the 2021/2022 Financial Year.

During July, the ASX Small Ords (+0.7%), ASX200 (+1.1%), S&P 500 (+2.4%), Nasdaq (+1.2%) and MSCI Europe (1.9%) generated positive returns while the Russell 2000 (-3.6%), which tracks small-cap companies in the US, took a noticeable step back. The laggards in the Russell 2000 were predominantly from the Energy sector (-12.8%), falling with the oil price driven by expectations of supply outstripping demand.

Domestically, the large cap part of the market outperformed small caps, up +1.2% versus +0.7% respectively. The month saw a continuation of Growth style outperformance over Value. In the small cap segment of the ASX, the Materials sector (5.8%) provided one of the strongest gains whilst the Health Care sector (-3.6%) was the biggest detractor.

The rapid spread of the delta variant of Covid-19 also weighed on investor sentiment, as countries around the world continued struggling to control the spread of the more contagious strain. The uncertainty surrounding the road to normalcy was the key concern which was somewhat offset by ongoing vaccine rollouts around the world.

Market spectators and participants are likely to be more forgiving around the uncertainty caused by the delta variant in the upcoming reporting season compared to this time last year, a time when the world was scurrying to create a vaccine and better understand Covid-19. We are comfortable with our portfolio holdings heading into reporting season and look forward to the outcomes.

PORTFOLIO COMMENTARY

During July, the Ophir High Conviction Fund's investment portfolio returned -0.1% (net of fees) versus the index which returned +0.7%. Since its inception in August 2015, the Fund has returned 19.8% p.a. (net of fees) while the index has returned 12.7% p.a. since inception.

During July, the Ophir High Conviction Fund's ASX listing provided a total return of -6.2% for the month.

The biggest contributor to performance over the month was Mineral Resources (+17.3%, ASX:MIN). It continued to rally alongside rising iron ore and lithium prices. Resmed (+10.3%, ASX:RMD), one of our top holdings in recent months, was also a significant contributor in July. Resmed continued to benefit from a product recall from competitor Philips of their DreamStation CPAP device in June.

The biggest detractor to performance during July was Afterpay (-18.2%, ASX:APT). Afterpay was featured in our prior update as the top contributor. At the time of writing, Square Inc. (NYSE:SQ) announced its intention to acquire Afterpay and its fall during July has more than fully reversed month to date in August. We had always anticipated consolidation in the Buy Now Pay Later (BNPL) sector, but it began earlier than expected. We think this is recognition that BNPL will be an enduring payment method and the bigger players in the payments space are ensuring they have exposure. Afterpay's share price has rallied strongly since the announcement.

Through all the noise in financial markets, particularly over the last 18 months, we have been reminded to stick to our knitting. This involves finding companies with a growth profile that we believe is underappreciated by the market, trading at an attractive or fair price and preferably holding more cash than debt. In the current environment of circa 0% interest rates and seemingly unlimited liquidity, we continue to be diligent about the price we pay for assets.

INVESTMENT PHILOSOPHY

INVESTMENT OBJECTIVE

The Fund seeks to provide Unitholders 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. The Fund aims to generate long-term returns in excess of the Benchmark (after fees and before tax) and provide consistent, sustainable returns for Unitholders.

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 across two investment strategies on behalf of institutional superannuation funds, family offices, private wealth groups and individual investors. The investment team comprises 12 investment professionals drawn from a diverse range of backgrounds working across all Ophir funds.

ABOUT THE PORTFOLIO MANAGERS

Senior Portfolio Managers Andrew Mitchell and Steven Ng co-founded Ophir Asset Management in 2012 after previously managing capital together at Paradise Investment Management. Under their stewardship, the fund managed by Andrew and Steven at Paradise was the top performing equities fund in Australia from 2007-2011 versus the fund manager surveys (inclusive of the GFC). At Ophir, Andrew and Steven are Senior Portfolio Managers for the Ophir Opportunities Fund, Ophir High Conviction Fund and Ophir Global Opportunities Fund.

KEY INVESTOR CONTACTS

INVESTOR ADMIN QUERIES

Boardroom Pty Limited (Registry)
T: 1300 737 760
E: enquiries@boardroomlimited.com.au

INVESTOR & ADVISER INFORMATION

George Chirakis (Chief Executive)
T: 02 8006 5476
E: george.chirakis@ophiram.com

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.



CONTACT DETAILS

George Chirakis (Chief Executive)
T: 02 8006 5476
E: george.chirakis@ophiram.com