

6 February 2024

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

Dear Investor,

On Tuesday 6th February 2024, 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*

The Australian share market continued its rally to kick off 2024. The ASX 100 and ASX Small Ordinaries indices returned +1.1% and +0.9% in total return terms respectively over January. For the quarter ending 31 January 2024, the ASX 100 and ASX Small Ordinaries indices returned +13.9% and +15.8% respectively.

For the month ending 31 January 2024, the Net Asset Value (NAV) of the Fund was up +0.9% (net of fees) with the OPH ASX returning +3.3%, compared to the benchmark which was down -0.6%.

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

2. Stocks in focus

Top contributors:

Resmed (ASX:RMD) – reported 2nd quarter results which beat on sales and gross margins due to increasing pricing and improving manufacturing efficiencies. Earlier in the month RMD released a detailed study on its product against weight loss drugs and RMD identified that despite using weight loss drugs, consumers actually increased using RMD’s product. RMD’s share price rose +14.8% over the month.

AUB Group (ASX:AUB) – no news during the month. AUB’s share price rose +10.5% in January.

Top detractors:

Seven Group Holdings (ASX:SVW) – no news during the month. SVW’s share price fell -2.1% in January.

Mineral Resources (ASX:MIN) – reported its quarterly results and delivered good results in its iron ore division and improved efficiencies in its lithium division. One of its larger projects will be live soon which should significantly improve the economics of this business. MIN’s share price fell -14.4% alongside the declining lithium price in January.

3. 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 2024.

We like the opportunity to buy low throughout the cycle, whether that is stocks in our own Funds, or OPH itself with our own personal investments.

4. 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,



Andrew Mitchell & Steven Ng

Co-Founders & Senior Portfolio Managers
Ophir Asset Management

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