

Ophir High Conviction Fund

ASX: OPH

www.ophiram.com

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INVESTMENT UPDATE AND NAV REPORT – SEPTEMBER 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.

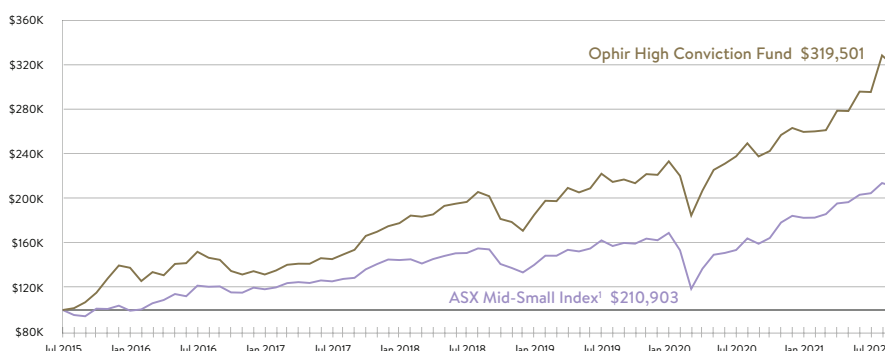
| ASX Code | Net Per Annum Return Since Inception (to 30 September 21) | Net Return Since Inception (to 30 September 21) | Fund Size (at 30 September 21) |
|----------------|--|--|-----------------------------------|
| ASX:OPH | 20.7% | 219.5% | \$760.0m |

SEPTEMBER 2021 PORTFOLIO SNAPSHOT

NET ASSET VALUE (NAV) PER UNIT

| As at 30 September 2021 | Amount |
|-----------------------------|--------|
| NAV | \$3.56 |
| Unit Price (ASX:OPH) | \$4.01 |

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.

¹ 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 | 25.3% | 20.3% | 20.1% | 37.2% | 9.1% | -2.4% |
| Benchmark | 12.9% | 11.7% | 10.9% | 32.3% | 3.7% | -1.4% |
| Value Add (Gross) | 12.4% | 8.6% | 9.2% | 4.9% | 5.4% | -1.0% |
| Fund Return (Net) | 20.7% | 17.1% | 16.5% | 34.4% | 8.0% | -2.7% |
| ASX:OPH Unit Price Return | n/a | n/a | n/a | 31.9% | -0.2% | 6.1% |

Performance figures are calculated using the Net Asset Value (NAV) of the Fund as at 30 September 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 September 2021)

| Company | Industry | ASX Code |
|-------------------------------------|---------------------------------|----------------|
| City Chic | Consumer Discretionary Services | CCX |
| Corporate Travel Management | Consumer Discretionary Services | CTD |
| Dominos | Consumer Services | DMP |
| Mainfreight | Industrials | MFT (NZX) |
| Uniti | Communications | UWL |
| Average Portfolio Market Cap | | \$9.4bn |

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 | \$760.0m |
| 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 30 September 2021)

| Sector | 30 September 2021 |
|------------------------|-------------------|
| Materials | 2.6% |
| Financials | 11.4% |
| Health Care | 8.3% |
| Communication Services | 13.8% |
| Consumer Staples | 3.9% |
| Information Technology | 18.6% |
| Industrials | 12.8% |
| Consumer Discretionary | 27.1% |
| Utilities | 0.0% |
| Real Estate | 0.0% |
| Energy | 0.0% |
| [Cash] | 1.5% |
| | 100% |

MARKET COMMENTARY

September has historically been a weak month for share markets around the world. Some refer to this phenomenon as the “September Effect”. While you can point the finger at different data points as evidence of this trend, there is often no consistent reason for this occurrence.

This year the September Effect was in full swing. During the month, the ASX Small Ords (-2.0%), ASX200 (-1.5%), S&P 500 (-4.7%), Nasdaq (-5.3%), MSCI Europe (-3.0%) and Russell 2000 (-3.0%) were all in the red.

One of the key reasons behind the pullback was the surge in bond yields towards the end of the month. This happened as the US Federal Reserve at its September committee meeting took a more hawkish turn, which was echoed by similar comments from the Bank of England. The Fed’s Powell signalled they’ll start tapering their quantitative easing program this year with a good probability of rates hikes start in 2022. This was helped along with peaking Delta variant waves in many developed countries. The most notable moves higher were in long term real government bond yields, with inflation expectation remaining around cyclical highs.

Other factors that likely contributed to the September market fall include concerns around the Chinese real estate market, US debt ceiling issues and soaring energy prices.

Domestically, the ASX held up much better than most other major stock exchanges for the month, with the ASX Small Ords and ASX200 returning -2.0% and -1.5% respectively as noted above. When looking at sector level returns though there was a massive divergence. In Australia the best performing sector was Energy, soaring +16.4%, while Materials, the worst performing sector, dropped -12.1%. The Energy sector surged

alongside thermal coal, natural gas and oil prices while Materials plunged with the iron ore price down -25.2%, continuing its fall. This occurred on the back of Chinese steel demand taking a backseat courtesy of government restrictions in the real estate sector and pollution concerns, particularly leading up to the Winter Olympics in early 2022.

PORTFOLIO COMMENTARY

During September, the Ophir High Conviction Fund’s investment portfolio returned -2.7% (net of fees) versus the index which returned -1.4%. Since its inception in August 2015, the Fund has returned +20.7% p.a. (net of fees) while the index has returned +12.9% p.a.

During September, the Ophir High Conviction Fund’s ASX listing provided a total return of +6.1% for the month.

Stability has been the name of the game in September with only one new stock entering the Fund and no material changes to weights across the entire portfolio.

The biggest detractor to performance during the month was Uniti Group (ASX:UWL). UWL is a company which sells fibre as a competing product to the National Broadband Network (NBN) for new apartments and housing developments. This company has been amongst the top contributors for the portfolio in recent months and fell from its all-time high share price at the end of August.

The biggest contributor to performance in September was IDP Education (ASX:IEL). IEL assists placement of students in educational institutions globally, is the co-owner of IELTS English language test and operates English teaching schools in Asia. In the absence of stock specific news, it rallied from investors looking for exposure to stocks that are positively leveraged to the reopening of economies.

Increasing interest rates impact market valuations, particularly for Growth style businesses where a big chunk of its valuation is derived from cashflows further out into the future. In a rising rate environment we continue to be more cautious on exposure to those high growth businesses with very high valuations. It’s worth noting that valuation is an imperative part of our analysis. This means we don’t expose our funds to growth companies whose valuations aren’t justified by their growth prospects. We also have a quality bias, meaning we look for companies with strong balance sheets, a strong management team and quality earnings.

In terms of our portfolio positioning, cash is relatively low, we have a modest bias towards businesses that are benefitting from economies reopening and we are underweight cyclical companies and interest rate sensitive stocks.

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 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.

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

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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 88 156 146 717 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 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.



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