

Ophir Global Opportunities Fund



FIGURES AS AT 31 OCTOBER 2019

This information has been prepared for wholesale clients only.

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.

Net Return Since Inception

34.6%

Value Add (Gross) Since Inception

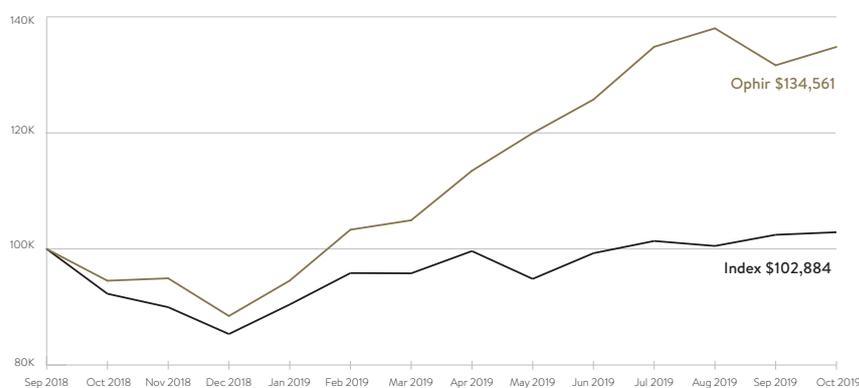
42.7%

Fund Status

Enquire

OPHIR ASSET MANAGEMENT

- Privately owned investment management businesses co-founded by Senior Portfolio Managers in March 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 the Fund



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

**All monthly performance figures since inception have been audited figures except Oct 2019 which are unaudited estimates.

	1 month	3 Months	6 Months	1 Year	Since inception p.a.
Ophir Global Opportunities Fund [^]	2.6%	-0.1%	23.4%	53.0%	41.5%
Benchmark*	0.4%	1.5%	3.3%	11.5%	2.7%
Value Add (Gross)	2.2%	-1.6%	20.1%	41.5%	38.9%
Fund Return (Net) ^{^^}	2.4%	0.0%	18.8%	42.3%	31.6%

* MSCI World SMID Index (Net) (AUD) ^Gross Performance (pre all fees) assuming all distributions re-invested from inception. ^^ Net Return after all Fees

SENIOR PORTFOLIO MANAGERS



Andrew Mitchell B Ec (Hons), MAAppFin

Portfolio Manager

15+ years experience in financial markets, previously Paradice Investment Management and Commonwealth Treasury Department



Steven Ng B Acc, CFA

Portfolio Manager

20+ years experience in financial markets, previously Paradice Investment Management and ING Investment Management

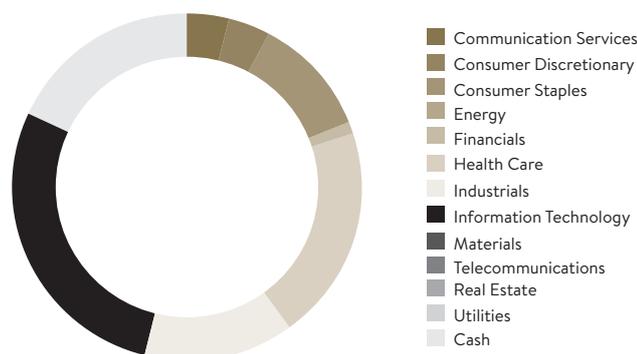
KEY INFORMATION

Responsible Entity & 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

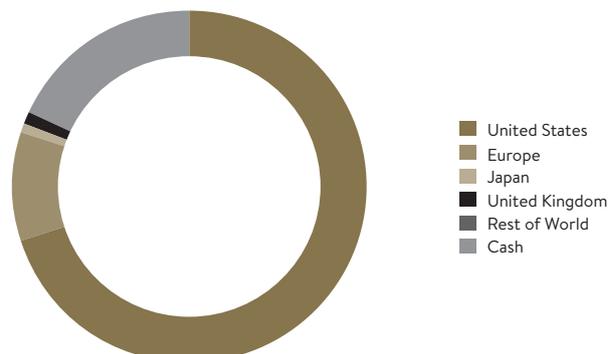
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ALLOCATION OF INVESTMENTS (as at 31 October 2019)

PORTFOLIO SECTOR EXPOSURES



GEOGRAPHIC EXPOSURES



PORTFOLIO CHARACTERISTICS (as at 31 October 2019)

Number of Equity Holdings	26
Cash	18.00%
Avg. Market Cap	\$931m

PORTFOLIO METRICS (as at 31 October 2019)

Price / Earnings	19.0
EPS Growth	25%
Net Debt / EBITDA	-0.3

PORTFOLIO COMMENTARY

During October, the Ophir Global Opportunities Fund rose 2.4% net of fees versus the index which rose 0.4%. Since its inception in October 2018, the Fund has returned 34.6% (net of fees).

The Fund continues to look for opportunities across the globe that provide attractive risk-adjusted returns for our investors. As always, we focus on cash generative businesses with structural or secular growth opportunities and strong balance sheets that trade on reasonable valuations.

The month of October saw the start of a busy reporting season for the Fund with a handful of stocks reporting earnings late in the month. Our process of extensive due diligence helped deliver a solid start to earnings season from our portfolio companies with all reporting stocks beating consensus earnings estimates, an encouraging sign for the operational momentum within the portfolio.

While we were happy to deliver investors positive returns in a relatively flat market, we attribute a partial amount of this to a bounce back of several stocks that underperformed in September. This highlights why month to month performance is never going to give a true indication of the fund's momentum. Internally we judge ourselves on those things we can control, like the consistency of our decision making and commitment to deep due diligence. This focus allows us to try and position the fund to outperform over the medium to longer term no matter the day to day gyrations of the market.

We came away from our interactions with companies during the month with an expectation of slower growth from more cyclically exposed companies, albeit still not deteriorating to a dramatic extent, which is now starting to be reflected in the less bearish headlines by mainstream media. Despite this, we continue to be conservatively positioned in companies we believe can grow through a weak economic cycle.

STOCK COMMENTARY

Investors rarely ask, "how do you plan on benefitting from the astonishing power of Google and Facebook?"

With the S&P 500 hitting all-time highs, it probably need not be at the front of people's minds. But if they did, we have several companies in the portfolio we could point to.

In recent years, we have watched in awe as these two tech behemoths wreaked havoc on smaller internet marketing companies. These smaller companies initially rely on Google and Facebook's reach and power to grow rapidly, but ultimately are cast aside like an Oxpecker from a Rhino's back through search algorithm changes and price rises or, if the end market is attractive enough, direct competition. Expedia (NASDAQ:EXPE) is the most recent victim with Google's emphasis of Google Flights causing a blow out in marketing expense as Expedia search results were both more costly and relegated to the bottom of the search page. Therefore, the Google channel became both more expensive and less effective, wiping out \$6 billion of Expedia's \$20 billion market valuation in a single day. We recently met with Zooplus Ag, a German online pet and supplies company down 50% since its highs in 2018. After combatting the initial onslaught of Amazon's launch into the European market, they are now battling price increases and search algorithm changes from Google.

These anti-competitive actions highlight a typical maturing of monopolistic power, and although painful for many, a small group of fast growing marketing based technology companies have been forged that are delivering unique ways to acquire customers for advertisers outside of Google and Facebook. One of which is the most recent addition to our portfolio: Cardlytics (NASDAQ:CDLX).

CDLX is a cloud-based marketing platform, partnering with major banks to facilitate rewards program to their customers.

CDLX delivers reward offerings to over 130 million banking customers through the provision of discounts (through a coupon) from advertisers, like Starbucks or AT&T, who bid onto their platform to gain access to these targeted customers. Imagine if you logged onto your online CBA account, and at the top of the screen it showed “CBA Rewards”. This may include 10% off a Qantas flight, 15% off Marriot hotels, \$45 off your first Telstra bill, 10% off Netflix or 10% off your local coffee store. Imagine you could select any of those offers with a simple tap of your finger with no obligation, no additional information, no catches. Simply select a deal and when your bank card registers a purchase associated with that deal you receive a credit into your CBA account for the offered discount within 7 days.

Customers win as they get discounts on everyday things (food, clothing, services). Banks win as they create loyalty by delivering discount/rewards of relevant products and services to their customers.

Most of Cardlytics’ initial bank partners have reinvested their revenue share from the platform to increase the discounts offered to customers, forgoing profit to drive higher customer retention. This reinvestment strengthens corporate relationships as well. For example, if Qantas is a CBA customer, CBA may match the Qantas discount understanding it will help drive passengers to Qantas. Advertisers win as they can target customers outside of Facebook and Google and deliver marketing campaigns that return meaningfully higher return on invested capital.

The long-term value in CDLX lies in their access to their bank customer’s unidentified purchasing data. With the upcoming roll-out of Wells Fargo, they will see the data and behaviour behind 1 out of every 2 card swipes in the USA. This allows for powerful marketing campaigns. For instance, Qantas could curate a campaign to offer 20% off flights but target only people who have bought a Virgin flight in the past 180 days, or even more specifically, offer 30% off, but only to people who have bought a Virgin flight in the past 60 days but had previously bought Qantas, potentially stopping a customer from switching loyalties in a targeted manner.

We’ve spoken with several US marketing firms and Chief Marketing Officers to confirm the power of the platform. We believe it will only get stronger as more banks join and more customers are added, allowing larger scale and more targeted campaigns which we expect will deliver long term returns for our investors.

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 \$1.2bn in capital across three investment strategies on behalf of institutional superannuation funds, family offices, private wealth groups and individual investors.

The investment team comprises 9 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 Paradice Investment Management. Under their stewardship, the fund managed by Andrew and Steven at Paradice 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 (having returned 26.7% p.a. since inception after fees) and the Ophir High Conviction Fund (returning 20.5% p.a. since inception after fees).

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