

An aerial, top-down view of a city, likely London, showing a large stadium-like structure with a curved roof on the left side. The rest of the image is filled with a dense grid of buildings and streets. The overall color scheme is dark and monochromatic, with a slight greenish-grey tint.

# Ophir Asset Management

December 2020



For Wholesale Clients/Advisor use only

## CO-FOUNDERS & SENIOR PORTFOLIO MANAGERS



**Andrew Mitchell**

CO-FOUNDER, DIRECTOR AND SENIOR PORTFOLIO MANAGER

- 17+ years' experience in financial markets
- B.Ec (Hons), MAppFin
- Previously Portfolio Manager, Paradice Investment Management
- Previously Commonwealth Bank, Federal Treasury



**Steven Ng**

CO-FOUNDER, DIRECTOR AND SENIOR PORTFOLIO MANAGER

- 22+ years' experience in financial markets
- B.Acc, CFA
- Previously Portfolio Manager, Paradice Investment Management
- Previously Bain & Co, ING Investment Management, Credit Suisse Asset Management

# VALUE PROPOSITION



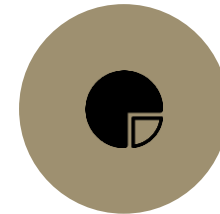
## TRACK RECORD

Senior Portfolio Managers have >10 years experience co-managing capital through various market cycles delivering exceptional returns.



## COMPLETE ALIGNMENT

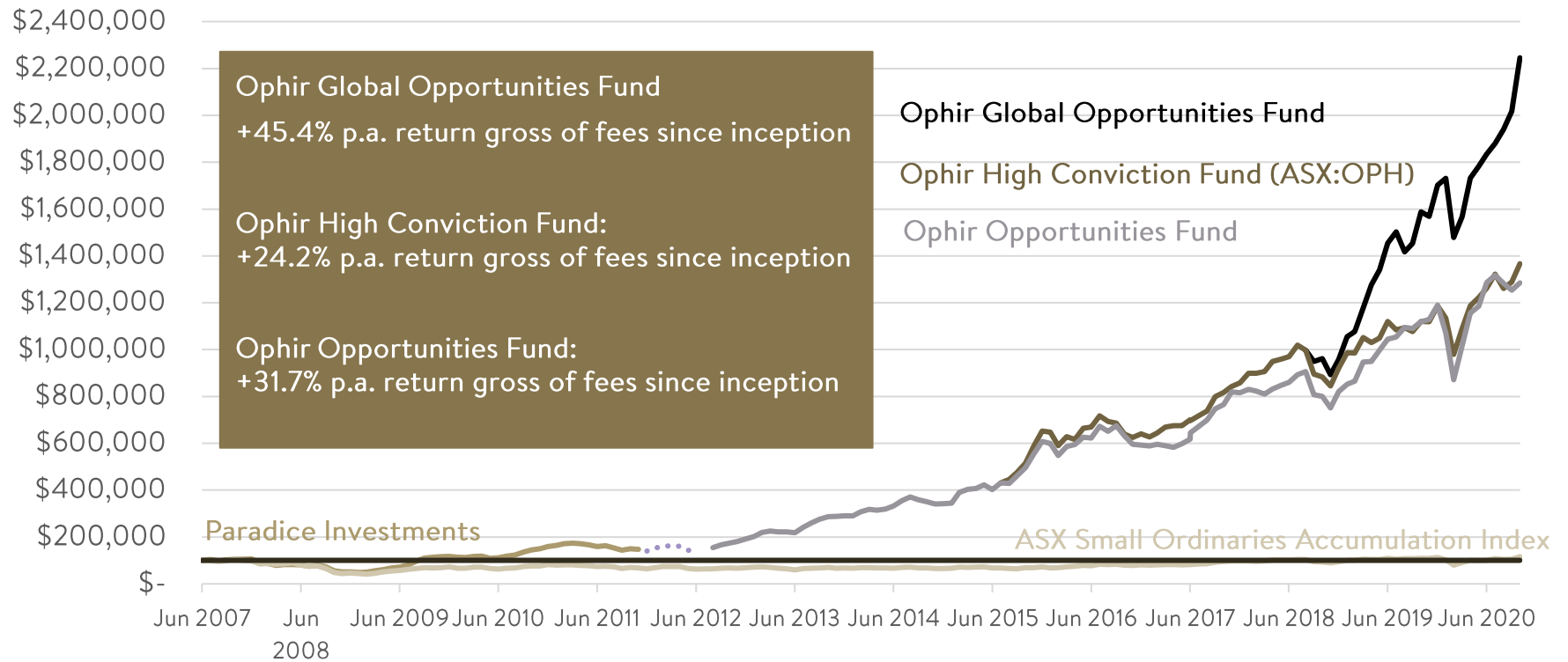
Senior Portfolio Managers have the entirety of their liquid personal investments within the Ophir Funds.



## CONSTRAINED CAPACITY

All Ophir Funds are limited in size to ensure the best possible environment for long term outperformance.

# TRACK RECORD SINCE INCEPTION



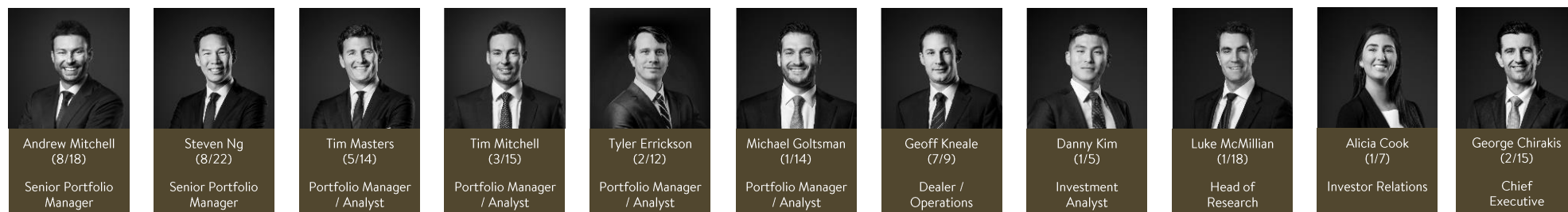
Data as at 30 November 2020. Ophir performance is gross of fees. Chart above represents the gross return on \$100,000 invested in the Paradise Investments Micro Investment Fund from June 2007 to November 2011. The dotted line assumes from December 2011 until July 2012 that the capital was invested in the ASX Small Ordinaries Accumulation Index and was subsequently transitioned into the Ophir Opportunities Fund when it was established in August 2012 until 30 June 2019. For illustrative purposes, the Ophir High Conviction Fund has been added to illustrate the gross performance of the High Conviction Fund assuming an investment of equal size as the Opportunities Fund investment at the Fund's inception date (August 2015). For illustrative purposes, the Ophir Global Opportunities Fund has been added to illustrate the gross performance of the Global Opportunities Fund assuming an investment of equal size as the High Conviction Fund investment at the Fund's inception date (October 2018). It is noted that past performance is not a reliable indicator of future performance.

# OPHIR TEAM STRUCTURE



## INVESTMENT TEAM

## DISTRIBUTION TEAM



\*(years at Ophir/years in industry)

# PERFORMANCE IN BULL AND BEAR MARKETS - 30 NOV 2020

	Since Inception p.a.	CY2020	1 Month	CY2019
<b>Ophir Global Opportunities Fund<sup>^‡</sup></b>	<b>45.4%</b>	<b>43.1%</b>	<b>11.3%</b>	<b>75.7%</b>
Benchmark*	5.9%	4.1%	9.4%	24.9%
Value Add (Gross)	39.5%	39.0%	1.9%	50.8%
Fund Return (Net) <sup>^^</sup>	28.9%	33.1%	10.8%	62.7%
<b>Ophir Opportunities Fund<sup>^†</sup></b>	<b>31.7%</b>	<b>20.1%</b>	<b>2.5%</b>	<b>50.3%</b>
Benchmark*	7.4%	6.3%	10.3%	21.4%
Value Add (Gross)	24.3%	13.8%	-7.8%	28.9%
Fund Return (Net) <sup>^^</sup>	25.1%	15.5%	3.2%	43.3%
<b>Ophir High Conviction Fund<sup>^‡</sup></b>	<b>24.2%</b>	<b>22.1%</b>	<b>6.0%</b>	<b>32.5%</b>
Benchmark*	11.5%	9.8%	8.4%	21.6%
Value Add (Gross)	12.7%	12.3%	-2.4%	10.8%
Fund Return (Net) <sup>^^</sup>	19.4%	16.2%	5.9%	29.3%
ASX:OPH Unit Price Return	n/a	42.6%	6.0%	11.2%

Bear market outperformance
Bull market out-performance

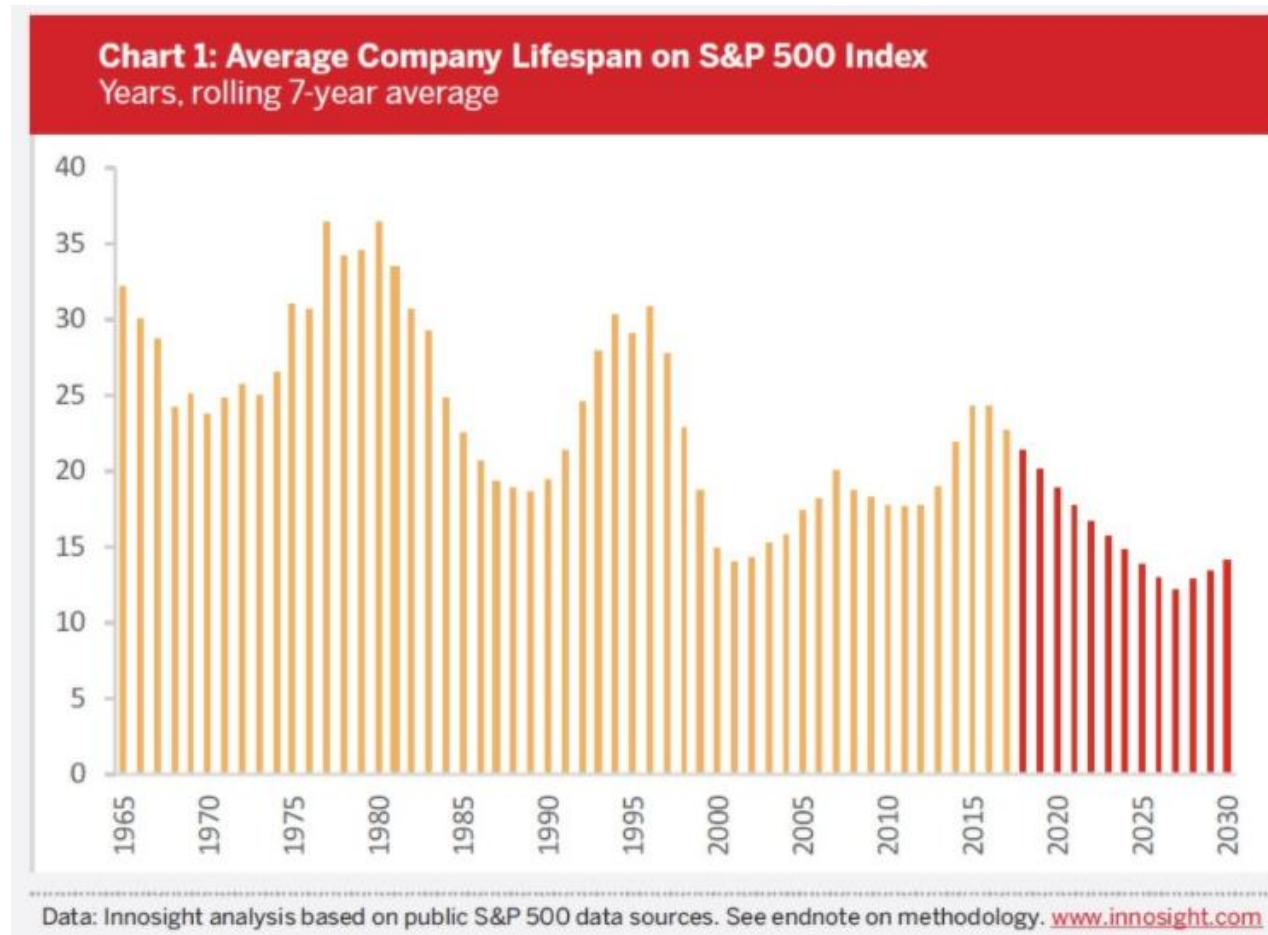
Source: Ophir. Data as at 30 November 2020. <sup>^</sup>Gross performance before fees and including reinvestment of distributions. \*Benchmarks: Ophir Opportunities Fund – S&P/ASX Small Ordinaries Accumulation Index, Ophir High Conviction Fund – ASX Mid-Small Accumulation Index, Ophir Global Opportunities Fund – MSCI World SMID Index TR (Net) (AUD). <sup>^^</sup>Net performance after fees and including reinvestment of distributions calculated using the net asset value of the fund. Inception dates: Ophir Opportunities Fund – August 2012, Ophir High Conviction Fund – August 2015, Ophir Global Opportunities Fund – October 2018. Past performance is not a reliable indicator of future performance. †The trustee and manager of the fund is Ophir Asset Management Pty Ltd (ABN 88 156 146 717). ‡The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) is the responsible entity of, and issuer of units in, the fund. Ophir Asset Management Pty Ltd (ABN 88 156 146 717) (Ophir) is the manager of the fund.

# INVESTMENT PHILOSOPHY AND PORTFOLIO CONSTRUCTION

- We believe the best value in global share markets is found in **smaller, less researched stocks**.
- We look for companies that are:
  1. In, or about to enter, a **structural growth phase**
  2. **Cash generative**
  3. We can **understand and value**
  4. Operate with **sound capital structures**
  5. **High quality leadership teams**
  6. **Under-researched, under-appreciated** or broadly **misunderstood**.
- Portfolio weightings of individual stocks reflect:
  1. The **valuation gap** between the current market price and our assessed value
  2. Our level of **conviction** and **views on appropriate investment timing**
  3. **Liquidity** and **market capitalization** of the company
- The fund will generally **not hold more than 25% of the fund in cash** and will seek to **minimize geographic under or overweight** versus the benchmark.

# INVEST IN THE DISRUPTORS

## LIFESPAN FORECAST TO SHINK TO 12 YRS BY 2027





## PROCESS IN ACTION – STOCK EXAMPLE



Source: Company presentations.

## THE OPHIR FUNDS – GLOBAL EQUITIES

	<u>Ophir Global Opportunities Fund</u>	<u>Ophir Global High Conviction Fund</u>
<u>Portfolio</u>	Diversified portfolio of 20 - 50 positions	Concentrated “best ideas” portfolio of 15-30 positions
<u>Universe</u>	Small & mid-cap growth companies globally	Small & mid-cap growth companies globally
<u>Status</u>	<u>Soft Closed</u>	<u>Incubation</u>
<u>Rating</u>	Highly Recommended (Zenith)	Pending Jan/Feb 2021 (Zenith)
<u>Platforms</u>	MacWrap, BT, Netwealth, Hub24, Powerwrap, WealthO2 & CFS FirstWrap	Pending H1 2021
<u>Capacity</u>	\$600m-\$800m	\$1bn-\$1.5bn

## GLOBAL OPPORTUNITIES FUND – OVERVIEW

<u>Investment Objective</u>	The objective of the Fund is to generate consistent and sustainable long-term returns significantly in excess of the Benchmark
<u>Structure</u>	Unlisted Wholesale Unit Trust
<u>Internal Investment Target</u>	15% pa gross of fees over rolling 5 year periods
<u>Benchmark</u>	MSCI World SMID Index (Net) (AUD) – 20 times the size of Australian SMID universe
<u>Risk Constraints</u>	20-50 stocks, 10% max position size, 25% max cash
<u>Universe</u>	Small & mid-cap companies globally
<u>Company Size</u>	Between \$100 million and \$10bil (AUD) market cap
<u>Capacity</u>	\$600m-\$800m FUM
<u>Unit Price</u>	Monthly
<u>Fees</u>	1.23%pa + 20.5% performance fee (any underperformance made up, paid semi-annually)



## COLLECTORS UNIVERSE (CLCT US)

Founded	1986
Exchange	NASDAQ, US
Industry	Consumer Discretionary
Market Capitalisation	AUD\$751m
Employees	594

### Company overview

- Global leader in third-party grading and authentication services for high-value collectibles (coins, cards & autographs).
- Given the prominence of the brand, their grades are the market standard and is required when trading valuable collectibles.
- 82.8m collectibles certified as of 30 Sep 2020.
- Tiered pricing – time and value based.

### Investment Thesis

- Monopoly in card grading and duopoly in coin grading.
- Card business growing phenomenally while at the same time margins expanding.
- Zero analyst coverage.
- Card backlog increasing.

# HELLO FRESH (HFG GR)



Founded	2011
Exchange	Xetra, Germany
Industry	Food & Drug Stores
Market Capitalisation	AUD\$13.3bn
Employees	4,477

## Company overview

- Largest meal kit provider in the world.
- Operates in 13 markets. Rev split 55%/45% U.S./Int'l.
- 4m+ active customers, 280m+ meals delivered (2019).
- Brands: HelloFresh, EveryPlate, Chefs Plate and Green Chef.

## Investment Thesis

- Structurally growing business into a big underpenetrated market.
- Tracking ahead of guidance/market pre-COVID-19: asymmetric payoff.
- Reduced marketing seeing margin boost.

## PORTFOLIO CHARACTERISTICS – GLOBAL OPPORTUNITIES FUND

### Portfolio Characteristics at 30 November 2020

Number of Equity Holdings	46
Cash	6.9%
Weighted Av. Market Cap	\$1.7bn
Overlap with GHCF (no. of stocks)	21
Overlap with GHCF (weight)	40.1%

### Portfolio Metrics at 30 November 2020 (FY21)

Price/Earnings	26.4x
EPS Growth	38.4%
Net Debt/EBITDA	0.2x

Data as at 30 November 2020. PE, EPS Growth and Debt/EBITDA is median.

## GOF PORTFOLIO - COUNTRY & SECTOR WEIGHTS

### Global Opportunities Fund

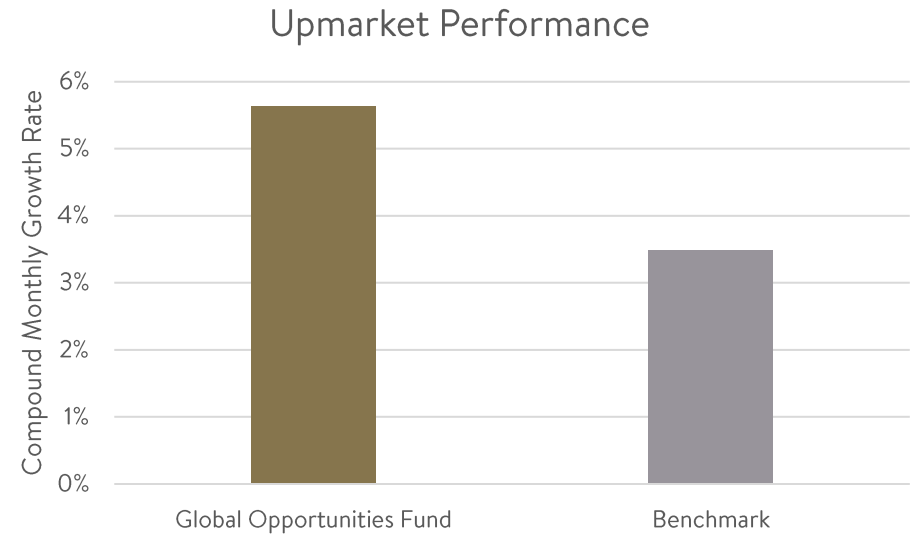
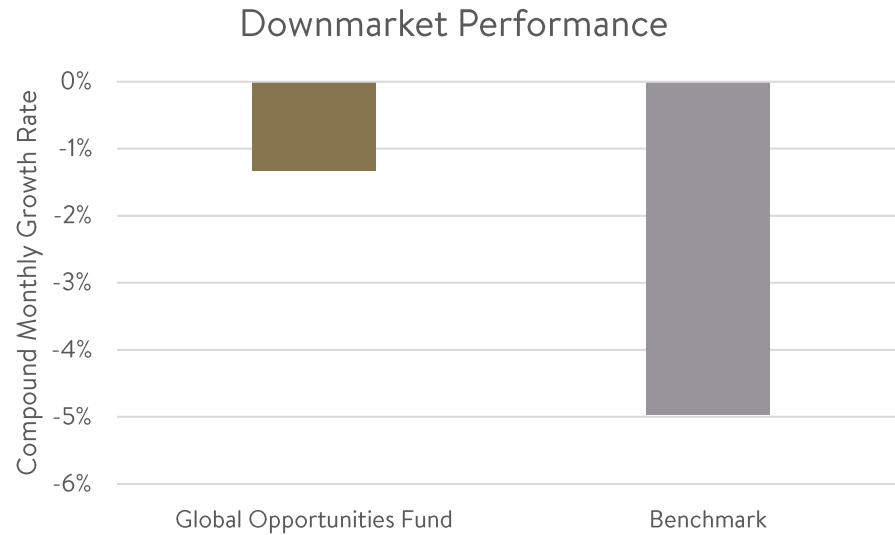
United States	60.5%
United Kingdom	8.8%
Europe	10.1%
Other	15.5%
Cash	5.1%

### Global Opportunities Fund

Information Technology	29.0%
Consumer Discretionary	37.8%
Health Care	8.5%
Industrials	7.0%
Consumer Staples	2.6%
Financials	6.3%
Communication Services	2.6%
Materials	1.1%
Cash	5.1%

Data as at 31 October 2020.

# STRONG DOWNMARKET AND UPMARKET PERFORMANCE - OUTPERFORM MORE IN DOWNMARKETS



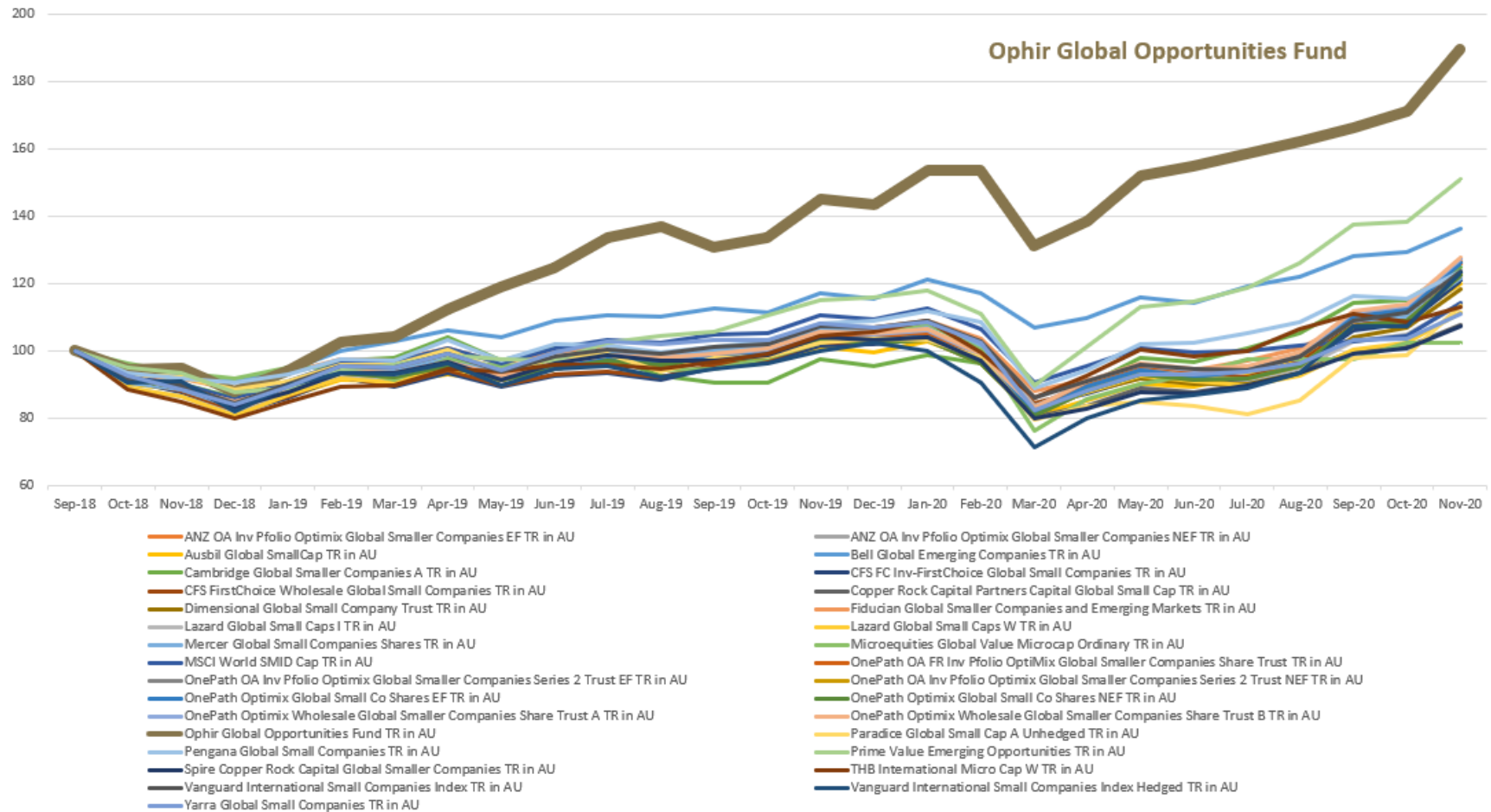
Data as at 30 November 2020. Benchmark is MSCI World SMID Index (Net) AUD  
Note performance for the Ophir Global Opportunities Fund is gross of fees



# PERFORMANCE – PEER COMPARISON

Indexed Returns - post fees, since inception

Ophir Global Opportunities Fund



Data as at 30 November 2020 from inception October 2018. Financial Express.

## THE OPHIR FUNDS – GLOBAL EQUITIES

	<u>Ophir Global Opportunities Fund</u>	<u>Ophir Global High Conviction Fund</u>
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<u>Platforms</u>	MacWrap, BT, Netwealth, Hub24, Powerwrap, WealthO2 & CFS FirstWrap	Pending H1 2021
<u>Capacity</u>	\$600m-\$800m	\$1bn-\$1.5bn

# GLOBAL HIGH CONVICTION FUND – OVERVIEW

<u>Investment Objective</u>	The objective of the Fund is to generate consistent and sustainable long-term returns significantly in excess of the Benchmark
<u>Structure</u>	Unlisted Wholesale Unit Trust
<u>Internal Investment Target</u>	15% pa gross of fees over rolling 5 year periods
<u>Benchmark</u>	MSCI World SMID Index (Net) (AUD)
<u>Risk Constraints</u>	15-30 stocks, 12% max position size, 25% max cash
<u>Universe</u>	Small & mid-cap companies globally
<u>Company Size</u>	Between \$500 million and top of Benchmark market cap
<u>Capacity</u>	\$1bn-\$1.5bn FUM
<u>Unit Price</u>	Monthly
<u>Fees</u>	1.23%pa + 20.5% performance fee (any underperformance made up, paid semi-annually)

## PORTFOLIO CHARACTERISTICS – GLOBAL HIGH CONVICTION FUND

### Portfolio Characteristics at 30 November 2020

Number of Equity Holdings	29
Cash	16.2%
Weighted Av. Market Cap	\$3.9bn
Overlap with GOF (no. of stocks)	21
Overlap with GOF (weight)	62.4%

### Portfolio Metrics at 30 November 2020 (FY21)

Price/Earnings	26.0x
EPS Growth	22.5%
Net Debt/EBITDA	1.0x

Data as at 30 November 2020. PE, EPS Growth and Debt/EBITDA is median.

## CONCLUSION

- **Unique investment structure** designed to maximize alignment with underlying unitholders:
  - **100% privately owned** investment company – removes conflict between shareholders and unitholders;
  - **Capacity-constrained** investment funds;
  - **Significant co-investment** from founders and investment staff
- Ophir investment strategies managed by **same team and same process**, offering:
  - Long-only, actively managed portfolios
  - Fundamental, bottom-up investment analysis
  - Benchmark unaware
  - Capacity constrained
- **Focus on constructing portfolios of high quality investment opportunities**, not vehicles to generate relative performance

## FOR FURTHER INFORMATION



### George Chirakis

CHIEF EXECUTIVE

Ophir Asset Management Limited  
Level 26, 1 Farrer Place, Sydney, 2000

Telephone: (02) 8006 5476

Email: [george.chirakis@ophiram.com](mailto:george.chirakis@ophiram.com)



### Luke McMillan

HEAD OF RESEARCH

Ophir Asset Management Limited  
Level 26, 1 Farrer Place, Sydney, 2000

Telephone: (02) 8007 7247

Email: [luke.mcmillan@ophiram.com](mailto:luke.mcmillan@ophiram.com)

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# APPENDIX

## BIOGRAPHIES



### Andrew Mitchell

CO-FOUNDER, DIRECTOR AND SENIOR  
PORTFOLIO MANAGER

B.Ec (Hons), MAppFin

Founded Ophir: 2012

RESPONSIBILITIES:

**Senior Portfolio Manager,  
equities team management**

Andrew has over 15 years' experience in portfolio management of listed companies, stockbroking and economic analysis. Prior to co-founding Ophir, Andrew worked from 2007 to 2011 as a portfolio manager at Paradise Investment Management on a fund concentrating outside the ASX 150. This fund outperformed the Small Ordinaries benchmark by approximately 20% p.a. over the 4 years to June 30 2011 and beat all of 160 long-only Australian equity funds covered by the Mercer Survey.

Before joining Paradise, Andrew worked at CommSec Institutional Equities as a Small Caps Analyst and Economist from 2005-2007. From 2002-2005, Andrew worked as a Policy Analyst at the Commonwealth Department of the Treasury with the principal role of updating the Federal Treasurer on economic developments within the Asian region.

Andrew has an Economics Degree with Honours from Adelaide University and a Master of Applied Finance from the Financial Services Institute of Australia.



### Steven Ng

CO-FOUNDER, DIRECTOR AND SENIOR  
PORTFOLIO MANAGER

B. Acc, CFA

Founded Ophir: 2012

RESPONSIBILITIES:

**Senior Portfolio Manager,  
equities team management**

Steven has over 20 years' experience in portfolio management of listed companies and management consulting. Prior to co-founding Ophir Steven worked with Andrew Mitchell as a portfolio manager at Paradise from 2009 to late 2011. His portfolio management experience also includes a successful track record managing portfolios at Credit Suisse Asset Management (2007-2009), ING Investment Management (2004-2007) and Macquarie Asset Management (2002-2004).

Prior to joining the funds management industry Steven worked as a management consultant at Bain International. Steven was awarded the University Medal for the Bachelor of Accounting at the University of Technology Sydney and is also a Chartered Financial Analyst (CFA).



## OPHIR ASSET MANAGEMENT - DISCLAIMER

# WHOLESALE INVESTORS

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