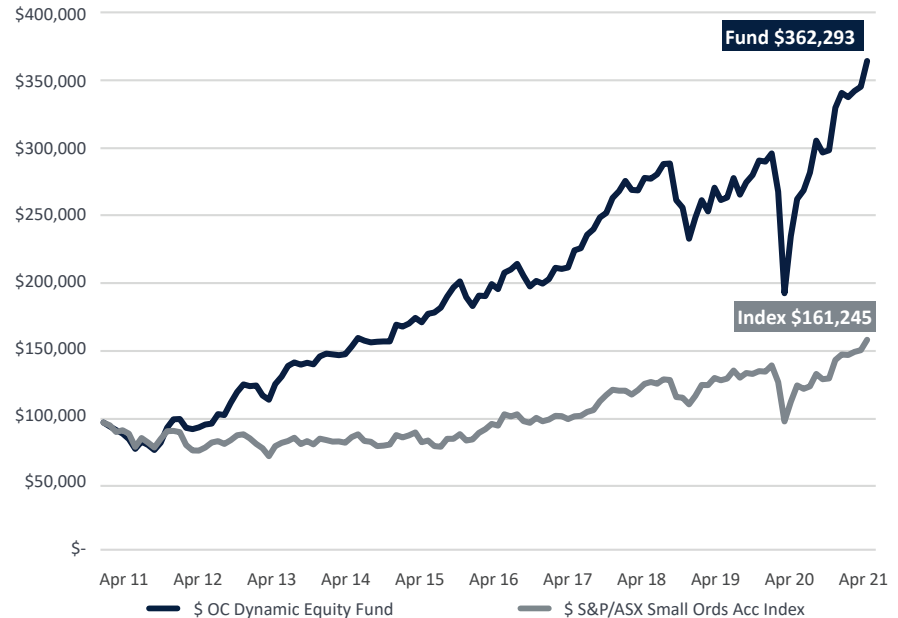
 Fund up 5.4% for the month
5.4%

 Returned 13.8% p.a. for the past 10 years
13.8%

 We remain confident the Fund will continue to deliver attractive long-term returns

Performance comparison of \$100,000 over 10 years*



Total returns

At 30 April 2021*	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Incep. % p.a. (Dec 2000)
OC Dynamic	5.4	7.8	54.2	10.5	13.6	13.5	13.8	12.9
S&P/ASX Small Ords Accum	5.0	7.4	39.8	9.1	11.1	9.4	4.9	6.7
Outperformance	0.5	0.4	14.4	1.4	2.5	4.1	8.9	6.2
S&P/ASX Small Ind Accum	3.9	7.2	37.9	10.1	10.4	9.8	9.2	7.1
Outperformance	1.5	0.7	16.2	0.4	3.2	3.8	4.5	5.9

The total return performance figures quoted are historical, calculated using end-of-month hard-close mid-prices and do not allow for the effects of income tax or inflation.

Performance review

April was a strong month for equities globally and the domestic small cap market was no exception, with the S&P/ASX Small Ordinaries Accumulation Index rallying throughout the month before finishing up +5.0%. Bond markets stabilised following the release of benign inflation data and central banks in key markets continued to talk down the prospect of rate rises in the short to medium term. The low interest rate environment is clearly supportive of elevated stock valuations, particularly in long duration growth names, and markets across the globe responded positively to the data during the month. The OC Dynamic Equity Fund posted a solid +5.4% gain in April which was ahead of both the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which were up +5.0% and +3.9%, respectively, during the month.

Sezzle Inc. (SZL, +30.8%), a US pioneer in 'Buy Now Pay Later' (BNPL) consumer credit services, rallied during the month following a volatile March quarter. The company's quarterly earnings update showed continued

robust growth above the consensus of analyst forecasts for revenue and usage metrics. SZL also announced its intention for a dual listing in the USA, the home of its head office and a significant majority of its business. We continue to find the strong growth trajectory and potential international expansion options for SZL appealing and await further updates from the company on their progress with international and enterprise client trials.

Mineral Resources (MIN, +25.6%), a portfolio stalwart, had another strong month on the back of a surging iron ore price and an improved outlook for lithium stocks. Furthermore, the market gained a greater appreciation for the material growth opportunities ahead of the company following a well attended 3-day investor tour in WA. Late in the month, the spot iron ore price hit a record high above US\$193 per tonne as demand continues to outstrip supply in the key Chinese market. Despite MIN announcing a production downgrade to its forecast iron ore output for FY21 on the back of haulage constraints caused by a shortage of skilled truck drivers,

the strength in the iron ore price, which is now expected to remain stronger for longer, coupled with improvements in the lithium market, has supported continued strength in the MIN share price.

We are particularly excited about three projects that could be short-to-medium term game changers for MIN and lead to a step-change in earnings and scale for the company, namely a) the Ashburton iron ore project which has the potential to well over double MIN's current ore iron production over the next few years at a relatively low cash cost; b) Southwest Creek, where MIN is well positioned to gain access to two berths with a 50mtpa shipping allocation within Port Hedland which could be utilised for the 25mtpa Marillana iron ore opportunity, as well as 15mtpa from the Ophthalmia iron ore project, both of which are held in a 50/50 JV with Brockman Resources; and c) the conversion of all its spodumene production to higher value lithium hydroxide which, in addition to its Kemerton plant, could involve MIN building lithium hydroxide plants in China with its world class lithium JV partners Albemarle and Ganfeng. MIN has a very strong balance sheet and cash flow to fund these projects which could see MIN's iron ore production grow from 20mtpa to 90mtpa over the next 3 to 5 years and add significant value to its lithium operations. We expect material news flow from MIN in the coming months which could drive a further significant share price re-rating.

Life360 Inc (360, +20.2%) delivered a quarterly update in late April that was ahead of investor expectations and which further demonstrated the resilience of the Life360 platform. At the same time, 360 announced the proposed cash and scrip acquisition of US based wearables business, Jiobit, which provides families with location tracking devices to be used by young children, pets and seniors. The acquisition represents the first stage of 360's recently announced strategic review and, whilst at this stage it is a non-binding deal, we have high degree of confidence it will complete as it is highly complementary to 360's existing core family safety/communication product. The market applauded the deal as not only will 360 stock be issued to Jiobit vendors at a significant premium to the ASX valuation of 360 stock, but also 360 management flagged further US based deals that may involve a merger or a dual listing (Nasdaq) for the company. OC has been invested in 360 since its ASX listing in mid-2019 and whilst our initial investment experience had been somewhat disappointing, with the stock trading below its IPO issue price for some time, more recent developments give us confidence that 360 is on the right track for success. We believe 360 is well positioned to capitalise on its market leading position in North America and, with an expanded product offering and new geographies to move into, we see excellent growth and cash flow generation potential for the 360 business as it matures.

Long term fund holding **SG Fleet (SGF, +18.5%)** drove forward the long-awaited consolidation of the vehicle fleet management industry during the month with the \$387m acquisition of the Australian and New Zealand operations of LeasePlan. The acquisition will be funded by a mix of cash and scrip and is expected to be +20% earnings accretive post the migration of the combined businesses onto unified systems. The market was enthused by the deal, with the related SGF capital raising (by way of entitlement issue) hotly sought after by institutional investors and the stock immediately traded at a premium to the theoretical ex-rights price (TERP) and continued to trade higher over the balance of April. The vehicle leasing sector was impacted by uncertain customer dynamics heading into the global COVID-19 pandemic 12 months ago and ongoing restricted supply in new vehicles, but the resilience of many parts of the local economy has shored up vehicle leasing demand and supply constraints have created an offset from the increased prices for sales of ex lease used vehicles. We used the entitlement offer to increase our exposure to the company and continue to see SGF as well positioned in the current environment and, with \$20m of synergies to be realised from the acquisition, we see earnings tailwinds for the company through the medium term.

Telix Pharmaceuticals (TLX, -12.6%) took a breather during the month following exceptionally strong share price performance in the 12 months to 31 March 2021, which had seen the stock trade from \$1.00 to \$4.28 on the back of several key milestones being achieved and strategic partnerships cemented. Telix is a late-stage bio-technology company specialising in cancer imaging and treatment via molecular targeted radiation. It has a robust pipeline of near-term material opportunities in the growing field of radiopharmaceuticals and has attracted significant strategic interest including an investment from Hong Kong listed China Grand Pharmaceuticals and Healthcare Holdings who ultimately acquired ASX-listed radiational oncology business Sirtex Medical. We expect TLX to have strong news flow in the second half of CY20, with its most immediate opportunity expected to be the FDA and EU approval of its Illuccix[®] prostate cancer imaging product which represents a revenue opportunity in excess of \$100m per annum and has several advantages over current radio imaging assets (ease of use, accuracy) and is currently used on an investigative/compassionate use basis with almost 10,000 patient doses sold in the US and EU in CY20. We regard the TLX management highly and believe the company has the potential to be a highly profitable business within three years.

Redbubble Limited (RBL, -18.6%) was heavily sold off following a third quarter update which flagged a significant step-up in reinvestment in the business. The strategy pivot comes at a time when the business begins

to cycle COVID-19 tailwinds (which saw a period of elevated mask sales) and will likely result in operating de-leverage in the short to medium term. Recently appointed Managing Director, Michael Ilczynski, concurrently released some aspirational targets to grow marketplace revenue from ~\$527m in CY20 to \$1.25b in CY24. This top line growth will, however, come at the expense of near-term profitability including a combination of i) higher marketing spend, ii) higher fulfilment costs to improve product quality, iii) greater promotional activity and iv) lower shipping costs. As a result of these initiatives, near-term profitability will suffer as management seeks to cement its long-term domination of the category. Whilst this may ultimately prove to be a sensible strategy, it is likely that the stock will trade sideways for a protracted period until RBL can demonstrate some tangible evidence that it is on track to dominate the category longer-term.

RBL had been a major success story for the Fund over the past 12 months and we had significantly reduced our holding in the stock prior to this update. We have subsequently exited the balance of our investment in the company but will closely follow RBL's progress given the large and growing addressable market in which it operates, the attractive unit economics it will generate if global scale can be achieved, and our high regard for the new Managing Director Michael Ilczynski.

Outlook

Inflation continued to be the topic de jour throughout April following the spike in treasury yields in the March quarter, which raised the prospect of interest rates potentially rising faster than our central bankers would have us believe. It is a polarising debate between the inflation doves and hawks with historical references of little use in predicting likely outcomes given that we are in uncharted waters given the quantum of fiscal and monetary stimulus unleashed by central banks and governments globally since the onset of COVID-19.

During the month new data from the Australian Bureau of Statistics (ABS) showed that the March quarter CPI rose just 1.1%, the lowest annual movement on record. Despite this historical data, the signs that inflationary pressures are building in the economy are growing louder with a raft of senior executives calling out rising input cost pressures at the well-attended (virtual) Macquarie Conference last week. These included the chief executives from Transurban, a toll-road operator, Reliance Worldwide Corporation, which produces plumbing fixtures and Domain Group, a real estate classifieds business. Even the Sage of Omaha, Warren Buffett called it out at the recent Berkshire Hathaway annual shareholders meeting, saying '[W]e are seeing very substantial inflation...People are raising prices and it

is being accepted". Commodity prices too are rising with copper trading to a 10 year high in recent weeks and iron ore also at all-time highs.

The pivotal question, contemplated in the March quarterly, remains whether we are witnessing the beginning of an inflationary wave which could force the hand of policy makers and necessitate interest rates rising at a time when the global economy is still relatively early in its recovery phase. This would have clear negative implications for equity markets. Or are our central bankers, including the US Federal Reserve and the RBA, indeed correct in that any near-term price rises will prove to be transitory in nature (driven by supply bottlenecks and short-term stimulus that will fade) given that the labour market remains significantly under utilised and the risk of sustained inflation is therefore very low.

The RBA remains steadfast in its views that the economic dynamics at play with record low rates bringing about rising asset prices, higher household expenditure and incomes, lower unemployment, higher construction activity and greater consumption are all a part of a healthy recovery from a sharp economic downturn. That is, reflation and rising bond yields are to be expected at this juncture of the recovery and despite the economy being back to its pre-pandemic level of GDP, wage growth remains anaemic and core inflation remains less than half of where the RBA is targeting "despite the significantly better state of economic activity and employment".

The US Federal Reserve (the Fed) also continues to project near-zero interest rates at least through 2023 despite upgrading its US economic outlook with Chairman Jerome Powell recently noting that the Fed remains 'a long way from their goals' and that they 'will be patient if [they] see a transitory rise in inflation' and further that they '[e]xpect any inflation rise to be of a base effect, but not to be large or persistent'. Both the Fed and RBA have made it clear that they will wait to see that inflation is sustainably above their targeted range (2% and 2-3% respectively) before considering adjusting policy, which is a marked departure from typical central bank policy settings which are usually proactive, as opposed to reactive.

Bond markets still seem to be supportive of the views of our central bankers with 10-year treasury yields relatively stable over recent weeks, with the US and Australia 10-year treasury yields still well below 2%. No doubt quantitative easing programs, whereby central banks have been actively buying five and ten-year government bonds to suppress long-term rates, has kept the long-term rates somewhat artificially low. But financial markets participants, on balance, seem to still be betting that near term pricing pressures will be transitory in nature and

that inflation is unlikely to be an issue given the remaining slack in the labour market and the absence of wages pressure.

At this juncture, we remain of the opinion that sustained inflation is unlikely in the near term. Rather, we view rising long-term treasury yields as the natural consequence of a reflationary environment and that some price rises are a natural and healthy part of the economic recovery. We expect that treasury yields will likely continue to rise in the near-term but remind our investors that even with the recent increases in bond yields, the long-term bond yields remain at historically very low levels.

At this point, the portfolio remains tilted toward companies that ought to be beneficiaries of a return to sustained economic growth, price pressures and higher yields, commonly referred to as 'reflation trades', with our tech and growth exposure having reduced materially over the past six months. That said, we still retain several high-quality growth exposures in the portfolio including NEXTDC. As previously mentioned, we remain in uncharted waters from an economic perspective given the highly expansive fiscal and monetary programs in play globally. Should evidence of inflationary forces become more pervasive in the coming months this would necessitate us rotating even further away from long duration growth assets such as technology and healthcare towards cyclical, commodity and financial stocks that will likely perform better in such an environment.

This week the Treasurer Josh Frydenberg hands down the Federal Budget which will confirm that the nations finances are in much better shape than contemplated a year ago, thanks largely to a steeper economic recovery than anticipated and a surging iron-ore price. Key areas of focus for the investment team on Tuesday night will be on the aged care sector given our holding in Estia Health Ltd, with the treasurer already confirming that the government will commit over \$10b to the sector over forward estimates, the childcare sector given our holding in G8 Education with the government confirming a \$1.7b package in the budget and Infrastructure, resources and energy funding, given our investment in Seven Group Holdings. We look forward to summarising the impacts of the Federal Budget on our portfolio at our next investor communication.

Top 5 holdings[#]

Company	ASX code
Bapcor Limited	BAP
Eagers Automotive	APE
Mineral Resources	MIN
Sealink Travel Grp	SLK
Steadfast Group Ltd	SDF

[#]The top 5 portfolio holdings are in alphabetical order and may not be representative of current or future investments.

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*The total return performance figures quoted are historical, calculated using hard-close end-of-month mid-prices and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. The index does not incur these costs. This information is provided for general comparative purposes.

*The performance comparison of \$100,000 over 10 years is for illustrative purposes only. All returns shown are based on Australian dollar figures. Past performance is not a reliable indicator of future performance. The total returns shown are prepared on an ongoing basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the S&P/ASX Small Ordinaries Accumulation Index is for comparative purposes only. Index returns do not allow for transactional, management, operational or tax costs. An index is not managed and investors cannot invest directly in an index.

Past performance is not a reliable indicator of future performance. Positive returns, which the OC Dynamic Equity Fund (the Fund) is designed to provide, are different regarding risk and investment profile to index returns. Total returns are calculated after taking into account performance fees. Where OC Funds Management generates a return on the OC Dynamic Equity Fund over and above the performance hurdle of 15% in any financial year, a performance fee of 20.5% of all profits above this level is charged to the Fund directly. This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any specific reader. As such, before acting on any information contained in this article, readers should consider the appropriateness of the information to their needs. This may involve seeking advice from a qualified financial adviser. Copia Investment Partners Ltd (AFSL 229316, ABN 22 092 872 056) (Copia) is the issuer of the OC Dynamic Equity Fund (ARSN 098 644 681). A current PDS is available from Copia located at Level 25, 360 Collins Street, Melbourne Vic 3000, by visiting ocfunds.copiapartners.com.au or by calling 1800 442 129 (free call). A person should consider the PDS before deciding whether to acquire or continue to hold an interest in the Fund. Any opinions or recommendation contained in this document are subject to change without notice and Copia is under no obligation to update or keep any information contained in this document current.