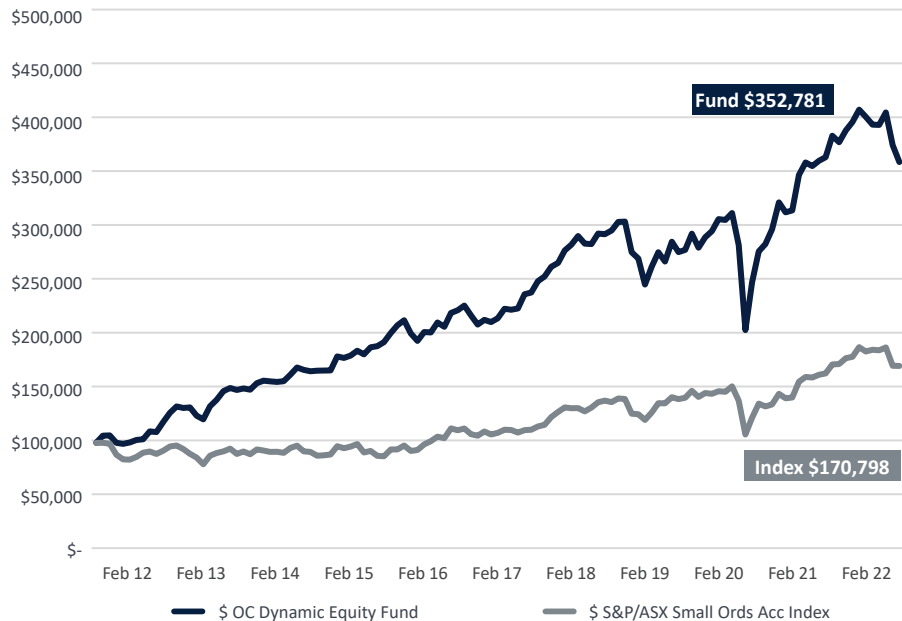


-4.1%
Fund down -4.1% for the month

13.5%
Returned 13.5% p.a. for the past 10 years

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

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



Total returns

At 28 February 2022 [†]	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	10 yrs % p.a.	Incep. % p.a. (Dec 2000)
OC Dynamic	-4.1	-8.7	-0.3	9.1	10.7	13.5	12.1
S&P/ASX Small Ords Accum	0.0	-7.7	5.0	7.7	9.4	5.5	6.4
Outperformance	-4.1	-1.0	-5.3	1.4	1.4	8.0	5.7
S&P/ASX Small Ind Accum	-2.1	-11.0	-1.2	5.6	7.9	8.6	6.5
Outperformance	-2.1	2.3	0.9	3.5	2.8	4.8	5.6

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

Performance review

The OC Dynamic Equity Fund finished February down 4.1% which was behind both the S&P/ASX Small Ordinaries Accumulation Index (-0.0%) and the S&P/ASX Small Industrials Accumulation Index (2.1%). The strong performance of commodities provided a relative headwind for the Fund with the materials sector +6.9% and energy sector +9.3% during February. Key commodity prices including crude oil, coal, nickel and safe haven asset gold surged higher late in the month following the Russian invasion of Ukraine driving resource stocks sharply higher as investors scrambled to increase their exposure. Given the Fund's aversion to investing in higher risk single commodity and single mine stocks that dominate the small resources space it was a challenging backdrop against which to keep pace with the broader index.

Inflation was once again in sharp focus driven by mounting evidence of more sustained pricing pressures across the global economy and increasingly hawkish posturing from central bankers, although the RBA remains an outlier on this. Against this backdrop, it was perhaps

not surprising that the Funds best performers in February included value names **NRW Holdings (NWH, +36.3%)** and **Estia Health (EHE, +12.9%)**, whilst growth names like **Life360 Inc (360, -36.6%)**, **Nitro Software (NTO, -21.4%)** and **Uniti Group Ltd (UWL, -21.3%)** were heavily sold-off.

NRW Holdings (NWH, +36.3%) share price responded positively during the month as investors were buoyed by a strong set of numbers reported at its interim result which also outlined a bright outlook for the business. The interim result was particularly impressive as it was delivered against the backdrop of significant COVID-19 related workforce pressures in NRW's core WA market. NRW is a leading provider of diversified contract services to the resources and infrastructure sectors. With a 6,000 strong employee base, NRW's core Civil & Mining divisions provide civil construction services, including bulk earthworks, road and rail construction and concrete installation, together with contract mining and drill and blast services.

In recent years, NRW has built out more resilient business

capabilities by forming a Minerals, Energy & Technologies (MET) division through the acquisition of RCR Mining Technologies, DIAB Engineering and Primero Group which together should deliver more stable earnings offsetting the highly cyclical coal/iron ore exposures that the core business can be exposed to. The MET division offers tailored mine to market solutions, specialist maintenance (shutdown services and onsite maintenance), non-process infrastructure, innovative materials handling solutions, and complete turnkey design, construction and operation of minerals processing and energy projects. The interim result showed resilient margins, high cash conversion, plenty of balance sheet capacity (almost debt free), and the potential for the business to exceed full year guidance which is a testament to the execution capability of NRW's highly regarded management team. NRW remains a core portfolio holding as we consider the share price move during the month has scope to move higher in the coming months on continued strong execution of the project pipeline and conversion of upcoming material opportunities into contracted work.

APM Human Services International (APM, +11.5%) reported a strong maiden half yearly result which exceeded both our own and consensus market expectations. APM is an Australian based international health and human services provider with strong environmental, social and governance (ESG) credentials who supports more than one million people of all ages and stages of life through its service offerings which includes vocational training and employment assistance, allied health and psychological intervention, medical, psycho-social and vocational rehabilitation, and community-based support services. The share price has performed poorly post its recent IPO with the market focussing on the risks surrounding the upcoming contract renewal and government funding of its Australian job seeker contract (NESM) and disability employment services (DES). The half-year result highlights that APM continues to deliver very strong case outcome for its key stakeholders (governments and individuals) and this has translated to an earnings result that exceeded expectations. In particular, APM's Australian operations look well positioned to exceed the Prospectus forecast and the major UK Restart contract is ramping up in line with expectations. Recently released 'Star ratings' on the DES contract confirm that APM remains a premium performer versus peers, and we believe the company is well placed to increase its market share on the lucrative contract as work is redistributed from under-performers. We see a number of catalysts for APM in the coming months including the results of the recent NESM tender, the DES contract redistributions and a potential earnings upgrade if the strong operating results continue into the second half of the year. We increased our holding in APM in the lead-up to the result and remain comfortable

holders following the re-rate.

Specialist wealth platform provide **Praemium (PPS, -39.3%)** was a poor performer for the Fund during the month after announcing a weaker than expected half yearly earnings result and flagging earnings guidance for the full year that was below consensus expectations. The key driver of the miss was an unexpectedly large step-up in costs across the business in the first half including wages pressure incurred in filling vacancies from COVID-19 disruptions and platform investment including research and development spend for platform improvements. The step-up in costs overshadowed recent positive news which included increasing fund inflows, the agreed sale of the international business to Morningstar and a recent spurned takeover approach from listed competitor Netwealth Limited. The scope of the miss would typically cause us to exit a position, but the market reaction was swift and brutal. PPS has simplified its business post the sales of the international operations and continues to generate solid inflows and grow its profitability. It remains of obvious strategic value to competitors such as Netwealth Limited and HUB 24 Limited who could extract large synergies (~\$20m) and generate strong operating leverage in an acquisition scenario. We have retained our position given the large price fall and believe that the rationale for a deal with a larger and better capitalised player is compelling and that the board and shareholders may be less inclined to rebuff the next bid assuming it includes a sensible control premium.

PDF productivity and digital signature company **Nitro Software (NTO, -21.4%)** was sold off aggressively by the market after posting an inline result and forecasting a larger than expected CY22 cash burn forecast. Whilst NTO has US\$48m of cash and has guided to at least +39% organic growth in annualised recurring revenue (ARR) and 29% revenue growth, they also guided to EBITDA losses of US\$18-21m. Negative operating cashflow technology stocks have fallen out of favour due to the risk of equity raises and dilution in a market wary of elevated tech valuations. The company is ramping operating costs given the annualisation of the recently aquired e-signing business Connective and expansion of existing headcount in sales and technology roles in order to drive organic growth. NTO disclosed on their result call that moderating investment is likely in CY23 which is likely to result in cash flow breakeven. Technology stocks, including global peers Adobe and DocuSign were sold off heavily across the board as the spectre of inflation raised the likelihood of further interest rate rises which saw long duration growth assets, such as technology shares, de-rate materially.

Uniti Group Ltd (UWL, -21.3%) fell heavily despite reporting that they were on track to deliver a FY22 result in line with consensus expectations. This

message was incrementally negative as their November wording had been that they were on track to meet or exceed consensus expectations. Slower than expected construction residential completions caused a headwind in related telecommunications network construction revenue for UWL, who are paid by developers to build out the connections to new homes. Construction revenue, whilst high margin, is lower quality than the more valuable network revenue as it is one off in nature rather than recurring.

NBN prices also appear topical of late, with outgoing ACCC Chair Rod Sims opining that “After spending \$50bn on the NBN, the objective must not be a commercial return on the sunk investment”. NBN Co is currently scheduled to advise of the outcome of the special access undertaking into the pricing construct on the Fibre to the Premise (FTTP) network during 2HFY22. While the NBN pricing is not regulated to apply to the UWL network, in the past, this has been used as a benchmark for reseller network access and we expect this to continue. Future NBN pricing is not currently expected to be materially deleterious to NBN or UWL with a proposed set of pricing constructs that may increase the fixed component of the wholesale price and create provisions for future inflationary growth.

UWL is an attractive last mile fibre infrastructure asset with high levels of contracted future growth and negligible levels of churn. Whilst infrastructure valuations have been under pressure recently given increases in bond yields, speed tier inflation and growth in UWL subscribers should deliver attractive growth for a digital infrastructure asset. We further note digital infrastructure assets have transacted at materially higher valuations.

Outlook

Global equity markets have had a tumultuous start to the new year with inflationary concerns and the Russian invasion of Ukraine driving extreme volatility and material declines across most global stock indices. The domestic reporting season, which was overall solid, was totally overshadowed by offshore geopolitical events after Vladimir Putin launched his long-feared invasion of Ukraine, unleashing attacks on strategic targets in major cities including the capital Kyiv and ordering Russian troops and tanks into the country in what amounts to the largest military attack in Europe since World War II.

The International Monetary Fund (IMF) has warned Russia’s war with Ukraine and the subsequent sanctions imposed in response will have a “severe impact” on the global economy. “While the situation remains highly fluid and the outlook is subject to extraordinary uncertainty,

the economic consequences are already very serious,” the Washington-based lender said in a statement on Saturday. Price shocks are already being felt worldwide with energy prices, metals and soft commodities such as grain prices skyrocketing in the past week and we have also seen supply chains come under renewed strain adding further momentum to inflationary pressures that were already front of mind for policy makers and investors alike.

Higher commodity prices and supply side shocks have the potential to depress growth and stoke inflation, considerably raising the stakes for central bankers worldwide as they weigh the need to increase borrowing costs against the risk of stunting the economic recovery. On Friday last week, two top officials from the US Federal Reserve (the Fed) pushed back on the idea that they would launch a pre-emptive strike on inflation by hiking interest rates by 50 basis points next month. Fed Chairman Jerome Powell said he would propose a quarter-percentage point rate increase at the central bank’s meeting in two weeks amid high inflation, strong economic demand and a tight labour market. Before Russia’s invasion of Ukraine, Mr Powell had laid out the likelihood of a series of rate increases this year. While it remains premature to say how the war and the strict economic curbs imposed by the West against Moscow would influence the US economy, commentary from the Fed has become increasingly hawkish around the growing urgency to continue to tighten monetary policy.

Our own RBA continues to buck the trend of its central bank peers and did not deviate from the dovish ‘forward guidance’ on the cash rate at its meeting at the start of March where the cash rate was maintained at 10 basis points. The RBA remains “committed to maintaining highly supportive monetary conditions to achieve its objectives of a return to full employment ...and inflation consistent with the target”, and “will not increase the cash rate until actual inflation is sustainably within the 2 to 3% target range”. In a material caveat, however, the RBA added that the Ukraine war is a “major new source of uncertainty” and predicts inflation will “spike higher” than forecast this year as the conflict drives up fuel costs. This statement leaves considerable leeway for a hawkish pivot from the RBA in the coming months which financial markets continue to anticipate.

At the coalface of the domestic economy, inflationary forces have been increasingly called out by management over the recent reporting season, with most companies explicitly commenting on the outlook for inflation and the impact on their business. The focus of most commentary has been on the extent of cost pressures and supply chain disruptions, from freight and materials prices to soaring energy costs and emerging wages pressures. Harvey

Norman chairman and retail billionaire Gerry Harvey perhaps put it most unequivocally: “Prices are going up, there is no doubt about that,” Mr Harvey said last Friday. “There is nothing not going up in the whole market. Doesn’t matter whether it’s petrol or food, everything is going up at the moment and that’s why everyone is talking about inflation. It is true it is happening”. To date, our portfolio companies have managed emerging inflationary pressures well and a number are already compensating with higher prices such as GUD Limited, CSR Limited and Seven Group Holdings.

Inflation aside, news on the domestic economy front remains overwhelmingly positive with economic growth rebounding 3.4% in the December quarter, bouncing back from the COVID-19 Delta-variant lockdowns in NSW and Victoria. Furthermore, the Australian economy grew at an impressive 4.2% for the year, according to the national accounts recently published by the Australian Bureau of Statistics. These latest GDP figures are further validation of the strength of the Australian economy which has outperformed almost every developed economy since the start of the COVID-19 pandemic. A low unemployment rate of around 4% and the prospect of the Reserve Bank of Australia gradually raising interest rates from the second half of this year bode well for the local outlook. Whilst there are risks on the horizon from the Russian-Ukraine conflict including a coming hit to the hip pocket of consumers from rising petrol and energy prices, the near-term spike in grain, coal and iron ore prices will be a material boon to Australia’s national accounts and ought to leave the government well placed financially to cushion any deterioration in the economic outlook.

The confronting reality of the unprovoked attack on the Ukraine and the ongoing loss of life provides an uncomfortable backdrop to discuss investment strategy. We are in a time of great uncertainty and we have no particularly useful insights into what happens next or how things may play out on the battlefield. Markets are in uncharted territory given the unpredictable nature of Vladimir Putin and the Russian army and nobody knows where the conflict will send share prices and investment markets. We expect markets to remain volatile in the near-term but panicking and selling shares once a battle is underway has historically not proven to be a sensible investment approach. A study of recent conflicts suggest that much of the damage is typically done in the lead up to and in the early stages of the hostilities and selling at this juncture has been a poor strategy as investors trying to time the market tend to find themselves exiting at the bottom and missing the inevitable bounce. We are reminded of the adage “Buy the cannons and sell the trumpets” which essentially means buy in the heat of battle when stocks are being heavily sold down and sell into the inevitable bounce on good news when peace

is restored. Indeed, we have been using the volatility to selectively add to oversold stocks the portfolio in past fortnight.

Our heart too goes out to our readers impacted by the horrific floods on the East Coast which has destroyed property, livelihoods and taken lives. Fortunately, there has been very limited direct impact on the Funds themselves, but we send our thoughts and well wishes to those who have been impacted.

With reporting season in our rear view mirror the team will be out on the road in the coming weeks with trips to WA, NSW and QLD all planned over the balance of March. We thank our investors for their ongoing support and hope that there are happier topics to discuss with you all in the coming months.

Top 5 holdings[#]

Company	ASX code
Bapcor Limited	BAP
Eagers Automotive	APE
Mineral Resources.	MIN
Seven Group Holdings	SVW
Uniti Group Ltd	UWL

[#]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 soft-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.