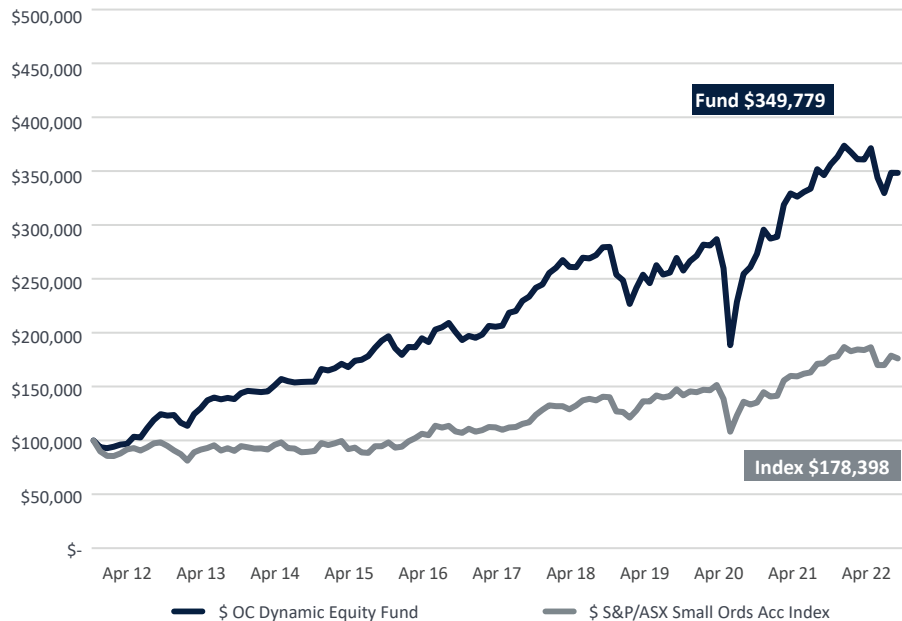


0.0% Fund returned 0.0% for the month

13.4% Returned 13.4% 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 30 April 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	0.0	1.3	-1.0	9.9	11.2	13.4	12.2
S&P/ASX Small Ords Accum	-1.5	3.7	2.9	7.6	9.6	6.0	6.5
Outperformance	1.5	-2.4	-3.9	2.3	1.5	7.4	5.7
S&P/ASX Small Ind Accum	-2.1	-1.3	-5.8	3.6	7.1	8.3	6.4
Outperformance	2.1	2.7	4.8	6.3	4.1	5.1	5.8

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

Performance review

April was a challenging month for markets as the prospect of slower global growth against a backdrop of rising inflation and increasingly hawkish central banks saw most global indices finish lower. The tech heavy US Nasdaq Index led the way entering bear market territory (generally considered a 20% fall from peak) during the month as investors recalibrated for rapidly rising bond yields and several key index bellwethers including Amazon and Netflix fell sharply on disappointing earnings updates. The Nasdaq is now 23.9% below the highs it set in November 2021, after finishing April down 13.6%. Other global indices to sustain material falls during the month included the US S&P 500 (-8.8%), the Shanghai Composite (-6.3%), the MSCI World Index (-8.4%) and the MSCI Emerging Markets Index (-5.8%).

On the domestic front, the broader Australian market continued to outperform (S&P/ASX 200 -0.9%) its global peers which is unsurprising given that surging commodity prices ought to allow our economy to better weather the challenging backdrop of the war in the Ukraine, COVID-19

and supply chain disruptions which together have seen GDP growth forecasts significantly downgraded in most offshore economies. The OC Dynamic Equity Fund held up well during April and finished flat for the month. This was ahead of both the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which were down 1.5% and 2.1% respectively.

Given our growing concerns about a likely slowdown in global growth, particularly in Europe and the US where surging inflation and rapidly rising interest rates are likely to slam the brakes on the post COVID-19 reopening recovery, we have exited several high growth stocks which generate a material portion of their earnings offshore. During the month we sold our positions in student placement and English language testing business IDP Education, global fast fashion women's jewellery and accessory business Lovisa Holdings, as well as global growth corporate travel business Corporate Travel Management. Whilst we remain attracted to the quality

of these businesses, each of them trades on relatively high earnings multiples and derive a material portion of their earnings in offshore markets which will likely slow in the back half of CY22. Rather than redeploy this capital, we have prudently increased the Fund's cash holdings and are conservatively positioned from a sector perspective believing that we will likely see attractive entry points for quality businesses down the track should the market continue to derate growth stocks.

Ventia Services Group (VNT, +15.8%) continued its strong run from the prior quarter, buoyed by two material contract announcements. At the start of the month, the company informed the market that it had extended its whole of Australian government contract to provide facilities management services to 650 government properties which is expected to generate \$270 million in revenue over two years. Less than a week later, the company further announced a 15-year contract with the NSW Government for asset management services for the Sydney Harbour and Western Harbour tunnels, expected to deliver the company \$450m in revenue. These contracts reinforce the already strong order book for the company and provide a level of earnings certainty which appeals to the market at present, as discussed in our March quarterly report.

GUD Holdings (GUD, +10.7%) was a strong performer during the month after the company hosted an investor day at its AutoPacific Group facility (APG) in Keysborough, (Vic) where it also reaffirmed FY22 EBIT guidance of \$155m-\$160m which includes contributions from APG (6 months earnings contribution) and Vision X (7 months earnings contribution). GUD owns a diversified portfolio of companies that participate in the Australian and New Zealand automotive aftermarket and hold leading market positions through brands such as Ryco Filters, Wesfil, Narva, Projecta, DBA, Injectronics, Goss and Permaseal. In an inflationary environment, the brand strength in GUD's portfolio leaves the company well positioned to pass on cost increases to customers and therefore maintain margins.

The investor day showcased the quality of the APG and Vision X businesses, two of GUD's recent acquisitions. The APG acquisition, including its flagship towing and accessories manufacturing business Hayman Reese, is a market leader in a growing category. APG was acquired from private equity which has led to some understandable caution in the market ahead of earnings delivery by the GUD management team. Nevertheless, we believe the market is under-estimating the quality of this business in terms of its competitive position, the structural growth in 4WD's and SUV's and the significant growth opportunities in functional accessories. Vision X manufactures and distributes a range of lighting products

that are highly complementary to GUD's Brown Watson International's (BWI's) existing product range and will extend BWI's reach to all continents.

The Fund increased its weighting in GUD early in April with our enthusiasm to take a larger position only tempered by the possibility of delayed delivery of the new Ford Ranger (which will be an important growth driver for Hayman Reese) given recent supply chain related production delays out of China, and the limited track record of the business under GUD management.

Life360, Inc. (360, -31.7%) traded lower during the month as its much anticipated quarterly update was overshadowed by ongoing queries regarding its recent hardware acquisitions, higher quarterly cash burn (albeit mostly one offs) and more generally waning enthusiasm for tech stocks. At the release of the quarterly update, 360 officially put its Nasdaq dual listing ambitions on hold due to prevailing tech market conditions which have also resulted in a materially weaker 360 share price (-50% since the start of CY22). The Nasdaq listing process had previously prevented management from issuing guidance for CY22 and we believe the expectation outlined by 360 in its quarterly of +50% subscription revenue growth and total revenue growth of US\$245-275m would, in isolation, have been well received by the market. However, management also detailed several one-off costs including Tile transaction costs, Tile and Jibit integration costs and seasonal working capital build in the hardware business which together resulted in cash outflow for the quarter of \$38m. With US\$98m of cash on hand and ongoing cash burn forecast until late CY23, and the 360 share count continuing to increase in order to remunerate key employees through the issue of stock/options, the market chose to ignore the strong top line growth of the core business and instead focussed on these other issues. Other positives in the update included the successful launch of Life360 into the Canadian market, new data indicating 360's hardware co-offering will significantly enhance 360's core subscription revenues, and continued penetration of the Life360 app which is now the 19th most used iOS app in the US (based on instal penetration). Overall, we believe 360 has adequate liquidity to achieve cash flow breakeven and its impressive growth rate will eventually be recognised by the market. The Fund remains underweight the information technology space, although we continue to hold 360 as a modest position in the 'Innovator' sleeve of the the portfolio.

Outlook

The outlook for global growth deteriorated sharply during April as the reality of rapidly rising interest rates to tame runaway inflation hit home with key central banks

becoming increasingly hawkish in their commentary in response to above consensus inflation prints in the US, Europe and Australia. During the month the International Monetary Fund (IMF) sharply revised downward its forecast for global economic growth from 4.4% to 3.6%, with growth forecasts in the US, the Euro Area, the UK and China all pared back as the war in the Ukraine added further fuel to inflationary pressures brought about by COVID-19 induced supply chain disruptions, with recent lockdowns in key manufacturing and trade hubs in China likely to further compound supply disruptions elsewhere.

The US Federal Reserve (the Fed) is facing mounting criticism, including from a raft of former central bank colleagues, that it has waited too long to commence its battle against inflation and now faces a difficult challenge to tame runaway prices without bringing about a US recession. The US CPI rose at 8.5% in March, the fastest annual pace in 40 years after food and gasoline prices drove a further steep rise in the CPI. So-called core inflation – which strips out volatile food and energy items – rose 6.5% over the 12 months to March, the highest annual pace since August 1982, up from 6.4% a month earlier and more than three times the rate of inflation the Fed is supposed to ensure. The Fed has now entered what is likely to be a very aggressive tightening cycle with rates increasing by 50 basis points in May, following the 25 basis point rate increase in April, and two further 50 basis point rises are widely anticipated for both the June and July Fed meetings. The US 10-year Treasury yield has surged to 3.1% in early May and traders of rate futures are currently pricing in a Fed funds rate of 3.00% to 3.25% by year end. Despite recent economic data suggesting that the US economy continues to perform strongly and renewed assurances that the outlook remains robust from Fed Governor Jerome Powell, history suggests that it will be a difficult task to orchestrate a soft landing for the US economy against a backdrop of rapidly escalating inflation. In the words of the Fed: “The labor market is extremely tight, and inflation is much too high”. In our view, the risks of a US recession in 2023 have increased materially and we have repositioned the portfolio accordingly.

Sentiment toward China is also becoming incrementally bearish with President Xi Jinping’s COVID-zero policy and widespread hard lockdowns raising serious doubts over the country’s 5.5% economic growth target. At a meeting last week led by President Xi, the Politburo’s seven-member Standing Committee said China will “exhaust all means and efforts” to eradicate COVID-19. The spreading lockdowns have brought the most populous city Shanghai to a standstill and Beijing is heading in the same direction. This approach indicates that Xi is prepared to jeopardise the Communist Party’s reputation for sound economic management in order to defend a political narrative that

portrays him as protector of the people and the world’s most successful virus fighter. The timing is unfortunate given that global supply chains are already frayed by earlier COVID-19 disruption and the war in Ukraine and will only serve to add to logistical challenges and fuel to the inflationary bonfire that is threatening to send several key economic regions into recession.

Britain and continental Europe look particularly vulnerable to stagflation with the region a large importer of commodities which have skyrocketed in price since the start of the war in the Ukraine. Households across Europe are grappling with higher energy costs, rising grocery bills and a decline in real incomes. Businesses too are under margin pressure with energy, labour and other commodity inputs weighing on profitability. The Bank of England (BOE) is now forecasting a contraction in GDP of 0.25% in 2023 and inflation above 10% by the end of this year. The BOE began tightening monetary policy in an effort to tame inflation and the European Central Bank is highly likely to follow suit shortly. But a recession in the Eurozone in 2023 seems the most likely scenario.

In Australia inflation in April printed at an uncomfortably high 5.1%, a rate not seen in over 20 years, proving that Australia is not immune from the global price pressures that have emerged in the wake of the pandemic. We have long expressed our concern that the Reserve Bank of Australia (the RBA) was woefully behind the policy curve on inflation and the steep 2.1% jump in the CPI in the March quarter, taking inflation to an annualised rate of 5.1%, has forced the RBA into the uncomfortable realisation that price pressures are real, they are entrenched, and they require immediate policy action. The RBA responded in early May by raising the cash rate 25 basis points to 0.35%, which is the first time rates have risen in Australia since 2010. In uncharacteristically explicit terms, RBA Governor Philip Lowe indicated that rates were heading towards a neutral rate of 2.5%, where monetary policy is neither expansionary nor restrictive, although he did not confirm exactly when we will get to a 2.5% cash rate. Whilst the RBA has been slow to act, it must now move swiftly to avoid runaway inflation which is a threat to our future economic prosperity. Money market Interbank Cash Rate Futures are forecasting that the RBA cash rate will officially rise to around 2.5% by the year end, implying a rapid further 210 basis points of tightening over the remaining seven months of the year. Most economists expect that the domestic tightening cycle will be slightly more moderate than this in the near-term, although mortgage repayments will certainly be heading materially higher for homeowners who hold debt against their asset over the balance of the year.

Fortunately, the Australian economy looks better positioned than many of its global peers to achieve

a soft economic landing and avoid recession. A low unemployment rate of 4.0% and a near doubling of the household savings rate to 19.8% during the December quarter, as well as recently announced budget handouts to low and middle income earners, leaves consumers well placed to continue to spend even allowing for near-term interest rate rises. Whilst there are risks on the horizon from the Russian/Ukraine conflict including higher energy prices, the near-term spike in grain, coal and iron ore prices will provide a material boost to Australia's national accounts and ought to leave the government well placed financially to cushion any deterioration in the economic outlook.

The recent focus of financial markets on inflation and central bank policy has meant that the upcoming Federal election has garnered relatively little attention in financial markets. The bookmakers have Labor leader Anthony Albanese at shortening odds to displace Scott Morrison in the Lodge come election day later this month, despite a growing series of slips or omissions from Albanese on the election campaign trail including failing to know either the unemployment rate or Australia's cash rate. Although the bookies have a poor track record on predicting recent election outcomes, it does seem more likely than not that we are in for a change of government as a result of the election. We do not expect that any of the stocks in the portfolio will be adversely impacted in a material way by a change in government, although aged care provider Estia and disability employment services company APM Human Services International may ultimately end up being beneficiaries of more favourable funding outcomes under a Labor government.

Clearly, we are concerned about the outlook for the global economy, and we have therefore exited several global growth exposures during the month including IDP Education, Lovisa Holdings and Corporate Travel Management. Instead, the portfolio remains skewed towards companies with solid domestic growth prospects and companies that can grow their earnings outside of the economic cycle. Overall, the Fund remains conservatively positioned from a cash weighting perspective which is likely to persist until we get clarity on significant issues, including the war in Ukraine, the trajectory of inflation, the impact of rate rises on the economic outlook, the outcome of the Australian Federal election and the impact of China's COVID-zero policy on the global supply chain and the Australian economy overall, given that China remains our largest trading partner.

In early May we attended the Macquarie Equities Conference in Sydney where the investment team met in person with more than 50 companies over three days. The tone of the conference overall was one of cautious

optimism and none of the Fund's holdings released negative trading updates at the conference, despite several companies at the conference hosing down market expectations for the upcoming August reporting season.

Despite the volatile equity markets, investment bankers are still trying their hand with several IPO candidates pitching to the investment team in the coming weeks. These include burger and juice vendor Retail Zoo, chemical and ingredients distributor Redox and ESG friendly commodity marketplace Xpansiv. Quality and price will always be the ultimate determinant of whether we participate in a deal but the poor performance of last week's IPO, disruptive gold mining assay technology company Chrysos which closed down 36% on debut, suggests that any offering will have to be compelling to get us to open our chequebook in the current environment.

Markets continue to sell-off in early May and the Fund remains well positioned to outperform with a double-digit cash holding and few high multiple global growth exposures which are under increasing pressure. We have a long shopping list of quality businesses to buy once valuations reach attractive levels and we have greater clarity about the economic outlook.

Top 5 holdings[#]

Company	ASX code
APM Human Services	APM
Eagers Automotive	APE
Mineral Resources	MIN
Steadfast Group Limited	SDF
Uniti Group Limited	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 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.