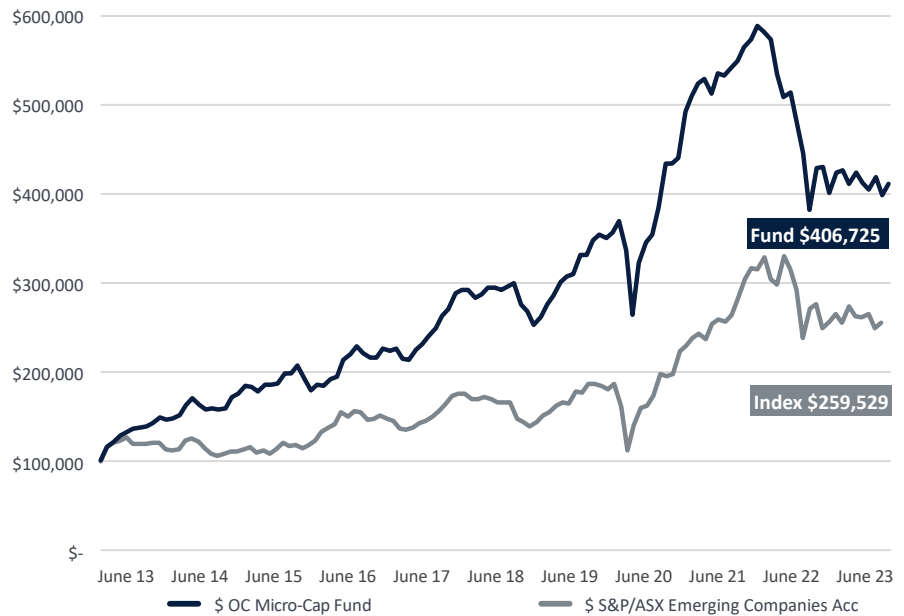


 Fund up 3.1% for the month
3.1%

 Returned 15.1% p.a. for the past 10 years
15.1%

 We remain confident the Fund is well placed to deliver strong long-term returns

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



Total returns

At 30 June 2023 [†]	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	10 yrs % p.a.	Incep. % p.a. (Nov 2003)
OC Micro-Cap	3.1	1.6	7.7	5.1	6.9	15.1	12.3
S&P/ASX Emerging Comp. Accum	2.6	-2.5	7.4	16.6	8.6	10.0	5.8
Outperformance	0.5	4.0	0.4	-11.5	-1.7	5.1	6.5

Inception date for the Fund is 21/11/2003. Inception date for the Index is 31/12/2003. The performance reflects the performance of the OC Micro-Cap Fund since the change of strategy on 31 October 2016 and the performance of the OC Concentrated Equity Fund prior to that date. Performance is after fees applicable at the time. 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

Global equity markets enjoyed a solid quarter, led by a buoyant US market, with the US economy continuing to remain resilient and inflation continuing to moderate in the world's biggest economy. Investor enthusiasm around artificial intelligence (AI) also provided a sugar hit to the big cap technology sector, with a stunning result from chip maker NVIDIA igniting the 'animal spirits' of investors and fuelling a mini boom in AI exposed big-tech stocks, including Microsoft Corporation and Alphabet (Google's parent company).

Key US indices were up strongly in the June quarter led by the tech heavy Nasdaq (+12.8%), the S&P 500 (+8.3%) and the Dow Jones Index (+3.4%). Other developed world bourses to perform well included the Japanese Nikkei (+18.4%) and the German DAX (+3.3%), whilst Australia's ASX 200 eked out a positive return of 0.4%. The Chinese equity market was under pressure on the back of underwhelming economic news with the Chinese Shanghai Composite down 2.2% and the Hong Kong Hang Seng was not immune, falling 7.3% for the quarter.

The domestic micro-cap space was mixed during the June quarter with a raft of negative stock specific news-flow from consumer facing companies and weakness in the Materials sector being balanced by more positive news out of the Information Technology and Industrials sectors. The S&P/ASX Emerging Companies Accumulation Index was down 2.5% for the quarter, with small retailers in the index particularly weak. The OC Micro-Cap Fund fared better finishing the June quarter up 1.6%.

Despite all the doom and gloom in the media, the micro-cap space bucked inflationary pressures and rising interest rates to finish the financial year comfortably in positive territory with the S&P/ASX Emerging Companies Accumulation Index up 7.4%.

Following a solid June quarter, the OC Micro-Cap Fund finished the financial year up 7.7%, just ahead of the broader micro-cap index.

Fleetwood (FWD, +84.4%) was an outstanding contributor over the quarter due to the signing of additional rooms at “Searipple”, which is a 1,300 room accommodation village in Karratha, to Rio Tinto (RIO) in late June. In 2022, RIO exercised its right to secure 250 additional rooms per night for its exclusive operations which was expected to generate between \$52m and \$70m in revenue for FWD over a five-year term. Further to this agreement, RIO agreed to secure additional booked rooms on a take or pay basis with a rebate provided if the rooms are not occupied. These additional rooms are expected to generate a further \$100-\$120m in revenue from 1 April 2024 until 30 April 2027. The stock price likely increased over the quarter in anticipation of this RIO agreement and further potential accommodation agreements due to the construction of the \$6.4B Perdaman gas fed fertiliser plant on the Burrup Peninsula which will likely require the housing of construction workers at villages such as Searipple. We remain holders of FWD due to the attractive valuation of the business, coupled with the potential for future accommodation agreements at Searipple, and an expected recovery in the modular building business which has faced headwinds in recent periods.

Telix Pharmaceuticals (TLX, +62.6%) was once again an outstanding performer for the Fund during the quarter with a series of positive announcements leading to a strong re-rating in this profitable and well-funded biotechnology company. Positive catalysts during the quarter for TLX included:

- The US FDA expanding the label indication for Illuccix, its PET imaging agent for prostate cancer;
- Q1 global sales of Illuccix of \$100.1m announced which comfortably exceeded consensus expectations and drove material upgrades across the sell-side with the market now expecting the company to generate over \$100m in NPAT in FY24 (FY24 consensus = \$114m);
- Continued expansion in the total addressable market (TAM) for Illuccix, which we now estimate this to be around US \$1.6b;
- Canadian launch of Illuccix;
- Positive results from its pivotal Phase III ZIRCON study of its renal imaging agent (TLX250-CDx) in clear cell renal cell carcinoma with FDA approval expected in late CY23 and commercial launch in H2 CY24. This approval will open up a TAM of +US\$500m annually with no competing product currently approved in the space;
- The opening of a \$21m nuclear medicine facility by TLX in Belgium, creating a springboard to crack the European market.

TLX remains well funded to execute on its robust pipeline of additional material opportunities in the growing field of radiopharmaceuticals which is attracting far greater

attention from investors, sell side researchers and regulators. Despite the share price rise, the company remains a key portfolio holding with multiple potential share price catalysts in the coming months, although we have trimmed our position given the share price strength.

Silk Laser Australia (SLA, +60.1%) was a positive contributor to the OC Micro-Cap Fund over the quarter after entering into a binding \$3.35 cash per share scheme implementation agreement with Australian Pharmaceutical Industries (API) which is owned by West Australia based conglomerate, Wesfarmers (WES). Given the initial \$3.15 per share API proposal was pitched at a 55% premium to SLA’s 30-day Volume Weighted Average share Price (VWAP), the SLA board recommended the proposal to its shareholders in the absence of a higher offer and allowed API to undertake a period of exclusive due diligence. We wrote in our April update that we did not think this was a knock-out bid given the valuation implied was still reasonable for the business. Furthermore, API owns its own complementary network of skincare clinics which could benefit from the additional scale and management expertise of SLA. On 23 May, Hong Kong listed EC Healthcare provided SLA with a non-binding indicative offer of \$3.35 cash per share, which API subsequently matched via a binding scheme in late June. The API offer is a less conditional, more certain and hence a superior offer, with the main condition being competition approvals which should be granted given the number two and three parties are merging to form a credible second to private equity owned market leader Laser Clinics Australia in an industry which is still reasonably fragmented. SLA provides laser hair removal and cosmetic injectables via both a company owned network, with equity aligned nurses, as well as through a network of franchisees. Whilst cosmetic injectables are a reasonably sticky and growing category, both body sculpting and laser hair removal (in particular) have an element of discretionary spend which, combined with the lack of share register liquidity, had seen the SLA share price underperform over the past year prior to the bid.

Pointsbet (PBH, +46.7%) rallied strongly after announcing a proposal to sell the PBH US business to Fanatics Betting and Gaming (Fanatics) for US\$225m cash in late June. This was a 50% increase on the initial Fanatics bid of US\$150m in late May which was the culmination of a bidding war between Fanatics and DraftKings who bid US\$195m in cash after the initial cash offer by Fanatics of US\$150m. PBH had entered into a sale process for the US business given that PBH was sub scale in the USA and had been pursuing a cash burning organic growth strategy against large well-funded competitors. This Fanatics transaction was approved by shareholders at a 30 June Extraordinary General Meeting and will complete over two stages, with an initial payment of US\$175m at initial completion followed by a final payment of US\$50m. The PBH Board

anticipates a cash distribution of between A\$1.39 to A\$1.44 per share over two tranches in line with the payment of consideration, with the first tranche of A\$1.00 per share due in mid-September 2023.

Universal Store (UNI, -41.5%) fell sharply after providing a weaker than expected trading update in May, reflecting notably lower sales during April and May. The sales headwinds for the youth fashion apparel retailer were not unique with a spate of other retailers such as Adairs, Baby Bunting Group, Best & Less Group Holdings, City Chic Collective and KMD Brands subsequently downgrading earnings guidance to reflect weaker consumer sentiment, likely brought about by inflationary and interest rate pressures. The revenue miss of about 6% to published broker expectations was brutally punished by the market, despite the stock already falling since the February result as the market began to price both a tougher consumer environment for FY24 and to fully absorb the instore wage and rent increases that were already expected to weigh on the margins of bricks and mortar retailers. Despite this gloomy update to near term sales, there was some bright news in that the gross margin is remaining resilient, the long-term store roll-out strategy remains unchanged, and inventory remains appropriate in quantum and seasonality. The gross margin performance reflects the absence of any excessive discounting that may have occurred if inventory had blown out but also the increased proportion of higher margin own brand products, particularly aided by Thrills and Perfect Stranger brand stores. Importantly, new store openings remain profitable from their first month of trading, so near term weaker consumer behaviour has no reason to derail the long-term growth plans of the company. In a somewhat familiar pattern for companies who have suffered share price falls, the stock continued to be sold down in June as some investors potentially looked to realise tax losses, only to stage somewhat of a recovery in early July when investors were presumably more focused on the investment metrics: low earnings multiple, strong balance sheet and high dividend yield. We added to our position post the update, having lightened at significantly higher prices in January.

Outlook

Global markets defied rising interest rates and stubbornly high inflation to strengthen into the end of the financial year with investor sentiment buoyed by solid economic data out of the US and resilience in labour markets. Growth is undoubtedly slowing across the globe, although a moderation in inflationary pressures in the US and Australia has investors in those countries clinging to the hope that central banks can still orchestrate a soft landing. Whilst the US economy continues to surprise on the upside and a broad-based global recession has

thus far been avoided, the messaging from key central bankers remains quite hawkish. Appearing together at the European Central Bank (ECB) Forum in Sintra, Portugal, US Federal Reserve chairman Jerome Powell, ECB president Christine Lagarde and Bank of England governor Andrew Bailey all said they had a way to go in reining in too-high inflation. This echoes the sentiments of Australia's Reserve Bank (RBA) which remains "deadly serious" about getting inflation back to target and will become more aggressive if it looks like it is not achieving its goal. The trend of inflationary pressures and the trajectory of interest rates and the overall economy remains a polarising debate and will remain a key focus of the OC Funds investment team as we consider our portfolio positioning well into the new financial year.

US inflation news continues to evolve in a positive direction with the Consumer Price Index (CPI) dipping to 3.0% in May, down from 4.0%, and the smallest advance in more than two years. Core inflation, which removes volatile food and energy prices, came in at 4.8%, down from 5.3%. Both inflationary measures printed below consensus expectations and were well received by equity markets. Whilst inflation continues to cool, it is unlikely to be sufficient to stop the Fed raising rates again in July given that price pressures are still running well above the Fed's 2% target. "Inflation is too high. Our target's 2%," Richmond Fed President Thomas Barkin said at on Wednesday 12th July after the CPI report. "If you back off too soon, inflation comes back strong, which then requires the Fed to do even more." The market is continuing to price a likely 25 basis point hike at the Fed's July 25-26 policy meeting, although the moderation in inflation does materially increase the likelihood that the Fed may pause or end its hiking cycle following a July increase that would bring the Fed funds rate to 5.5%, up from its current level of 5.25%.

In further positive news, the economic news out of the US has surprised on the upside over the past month and US consumer confidence has increased to the highest level since the start of 2022 driven by greater labour market optimism and greater confidence in the overall economy, notwithstanding recessionary fears still linger. About 69 per cent of consumers said a recession was "somewhat" or "very likely" in the next year which, while still elevated, is the lowest reading since late last year. The labour market too is showing early signs of cooling in June, with the Bureau of Labor Statistics report showing the jobs market added 209,000 positions which was below expectations following a surge in the prior month. Coupled with more benign inflation prints and rising consumer confidence, this has added to optimism that the US economy may yet achieve a soft landing. There remains much to play out in the coming months from a macro-economic perspective, and the data remains

volatile month to month. We are therefore cautious of increasing our US cyclical exposure with the Fed likely to continue to hike rates in the near-term.

Domestic inflation too continues to moderate with headline inflation falling to 5.6%, which was below market expectations of 6.1% year-on-year. The core trimmed mean measure of inflation, the RBA's preferred measure, rose by an annual 6.1%, down from 6.7% in April. While the inflation rate remains well above the RBA's target band of 2-3%, the RBA kept the cash rate on hold at 4.1% in early July. This pause "will provide some time to assess the impact of the increase in interest rates to date and the economic outlook". The RBA seems to be hedging its bet on the trajectory of rate hikes from here. Governor Philip Lowe's hawkish speech post meeting has been tempered by a more cautious tone in recent days, where Mr Lowe said: "It remains to be determined whether monetary policy has more work to do...It is possible that some further tightening will be required to return inflation to target". The RBA gave economists the same four things to watch before the next meeting: developments in the global economy, household spending and forecasts for inflation and labour markets.

There are mixed signals in the domestic economy. Although GDP growth slowed to just 0.2% in the March quarter with the household sector and housing activity driving the slowdown, retail trade rose by a solid 0.7% in May which was an upside surprise and the strongest month since January 2023. This contrasts starkly with the recent commentary from listed bricks and mortar retailers with a raft of listed players downgrading earnings in the past two months including Universal Stores, City Chic Collective, Adairs Limited, Best and Less Group, Dusk Group and more recently KMD Brands. It seems likely that the strong May retail figure was driven by an earlier start to retail goods discounting and inflation within food categories. We do have a shopping list of consumer names to add at the appropriate juncture should share prices continue to retrace to attractive entry points, notwithstanding the challenging macro-economic backdrop.

Over the June quarter, the Fund has continued to add high quality companies that have been sold down to attractive levels including Peoplein Limited, Smartpay Holdings and Aussie Broadband. Our overriding focus at present remains on investing in quality businesses at reasonable valuations that ought to be resilient in a slowing economy.

Some of the portfolio activity in recent months has included:

- Increasing our exposure to quality growth business (after being underweight for much of FY23) with interest rates likely to peak later this calendar year (e.g. Aussie Broadband, Chrysos and Smartpay);
- Maintain exposure to companies with solid pricing power or an ability to pass on cost pressures to customers (e.g. Monash IVF and Trajan Group); and
- Reducing exposure to cyclical stocks, particularly consumer facing bricks and mortar retailers facing margin pressures and deteriorating demand.

We have now entered the so called 'black out' period between the end of the financial year (30 June) and the delivery of company financial results in the August reporting season. During this intervening period, company management teams go into lock down and avoid investor communication ahead of the release of their full year results announcements. Ahead of this period, the investment team was busy, travelling widely and communicating directly with all our holdings to ensure that our investment thesis remains intact and that the key assumptions underpinning our financial forecasts remain accurate.

We would like to thank our investors for their support and encouragement over the past financial year. We remain committed as ever to continue to work diligently to deliver strong returns for you all in the new financial year.

Top 5 holdings[#]

Company	ASX code
Cedar Woods Prop	CWP
Peter Warren	PWR
Probiotec Limited	PBP
Silk Logistics Holdings SLH	SLH
Telix Pharmaceutical	TLX

[#]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 Emerging Companies 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 Micro-Cap Fund (the Fund) is designed to provide, are different regarding risk and investment profile to index returns. A performance fee of 20.5% is accrued daily on any excess performance (after deducting the management fee) above the performance benchmark within a performance period. Any accrued performance fee will become payable if the Fund's return is positive at the end of the performance period. If the Fund's return is negative, any performance fee accrual will continue to be carried forward. The performance benchmark is the return of the S&P/ASX Emerging Companies Accumulation Index. The inception date of the S&P/ASX Emerging Companies Accumulation Index is 31 December 2003. 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 suitability of the information for 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 Micro-Cap Fund (ARSN 126 537 424). A current PDS is available from Copia located at Level 47, 80 Collins Street (North Tower), Melbourne VIC 3000, by visiting ocfunds.com.au, by calling 1800 442 129 (free call) or by emailing clientservices@copiapartners.com.au. A person should consider the PDS before deciding whether to acquire or continue to hold an interest in the Fund. Any opinions contained in this document are based on information available to Copia at the time and may be subject to change without notice. Copia is under no obligation to update or keep any information contained in this document current.