OC Dynamic Equity Fund

Fund Update | 31 July 2023

Total returns[†]

At 31 Jul 2023	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 Equity Fund	2.0	4.5	12.5	11.4	6.8	11.8	11.9
S&P/ASX Small Ordinaries Accumulation	3.5	0.2	0.8	5.9	3.2	6.2	5.6
Outperformance	**(1.5)**	**4.3**	**11.8**	**5.5**	**3.6**	**5.6**	**6.3**
S&P/ASX Small Industrials Accumulation	4.8	3.5	2.6	5.1	2.8	6.5	5.7
Outperformance	**(2.8)**	**0.9**	**9.9**	**6.3**	**4.0**	**5.3**	**6.2**

Performance review

The OC Dynamic Equity Fund kicked off FY24 in a positive fashion returning a solid +2.0% for the month of July. This was slightly behind the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which returned a robust +3.5% and +4.8% respectively.

Key contributors to the performance included: **GQG Partners (GQG, +17.0%)** which rallied largely in response to improved investor sentiment, being a strong beneficiary of rising equity markets; **SiteMinder (SDR, +44.2%)** which traded sharply higher on news that it expects to be EBITDA positive and free cashflow positive in H2 FY24; and **Corporate Travel Management (CTD, +16.9%)** which issued a trading update that confirmed strong trading in H2 FY23. Detractors for the month were smaller in scale and included **APM Holdings (APM -6.1%)** and **Kelsian Group (KLS, -4.5%)**, both of which traded down despite no negative news after recent rallies, perhaps reflecting investors moving to riskier (higher beta) positions in the rising market.

Outlook

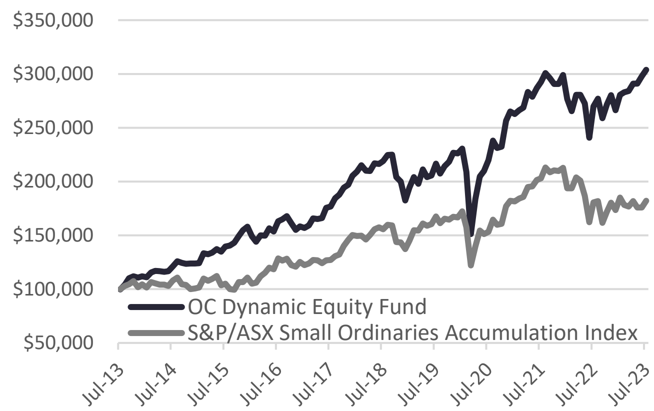
Global growth has continued to moderate in recent months, although falling inflation has tempered recessionary fears. Core inflation nevertheless remains elevated in most regions and monetary authorities remain focussed on returning their economies back to price stability. The US Federal Reserve (the Fed) increased rates further in July, although Australia's RBA took a more cautious 'wait and see the data' approach and left the cash rate on hold at 4.1% in early August.

Key economic indicators released in the US during July, including GDP growth of 2.4% annualised, supported the narrative that the dream 'soft landing' scenario for the US economy – taming inflation without a recession – can still be achieved. The key US stock indices marched higher on the positive GDP print, with the tech heavy Nasdaq Index pacing the rally (+3.7%). Whilst US inflation continues to moderate, core PCI printed at 4.1% and is still well above the Fed's target 2% level. The Fed continues to reiterate that upcoming rate decisions will be "data dependant".

The domestic economic outlook appears to be more challenging with conflicting signs as to the strength of the economy. Nevertheless, a near 50-year low unemployment rate of 3.5% and a solid (albeit falling) household savings buffer still leaves consumers in a reasonable position even allowing for near-term inflationary pressures and the lagged impact of the more recent interest rate hikes.

Reporting season has kicked-off, although the Fund is yet to have any companies report. We remain upbeat on the prospects of our core portfolio holdings and will share further thoughts with our investors in early September once we have analysed the numbers and met with the management teams.

Performance Comparison of $100,000 over 10 yrs*



Top 5 holdings[#]

Company	ASX Code
APM Human Services International Limited	APM
GQG Partners Inc.	GQG
Kelsian Group Limited	KLS
Mineral Resources Limited	MIN
Pexa Group Limited	PXA

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

Key Facts

Fund Overview
The Fund is a long-only, benchmark-unaware unit trust. It primarily invests in 30 to 50 quality small to medium-sized Australian companies with sustainable business models, quality management and attractive investment fundamentals that are that are listed, or about to list, on the ASX. The Fund can also invest up to 20% of total capital in either smaller emerging leaders businesses ($50 million to $350 million market capitalisation) and/or event-driven positions (companies expected to benefit from an upcoming catalyst or undergoing a positive change).

Responsible entity
Copia Investment Partners

Inception date
December 2000

Benchmark
S&P/ASX Small Ordinaries Accumulation Index

Investment time frame
At least 5 years

Minimum investment
Initial: $20,000
Additional: $5,000

Distribution
Yearly

Management fee
1.72% p.a. (including GST net of RITC)

Performance fee
20.5% (including GST net of RITC) of the amount of excess performance in any financial year, subject to a high-water mark.

Performance hurdle
The greater of the net asset value of the Fund at the beginning of the year plus 15% p.a., or the high-water mark.

High-water mark
Yes

Typical Investment Exposure

Cash	0%-20%
Equities	80%-100%
Including:	
S&P/ASX 100 Constituents	0%-20%

Platforms
BT Panorama | CFS First Choice | CFS First Wrap | Insignia (Expand) | Xplore (Linear) | Macquarie | MLC/Navigator | Netwealth | Powerwrap | Praemium

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[†] 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. 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. 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 47, 80 Collins Street (North Tower), 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.

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