

## Total returns<sup>†</sup>

At 31 Aug 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 Fund	1.2	8.8	0.9	(0.0)	8.0	13.6	12.5
S&P/ASX Emerging Companies Accum.	(4.2)	2.2	(8.0)	8.8	9.0	7.8	5.7
<b>Outperformance</b>	<b>5.4</b>	<b>6.6</b>	<b>8.9</b>	<b>(8.8)</b>	<b>(1.1)</b>	<b>5.8</b>	<b>6.8</b>

## Performance review

The OC Micro-Cap Fund enjoyed a solid August reporting period returning +1.2% for the month. This was comfortably ahead of the S&P/ASX Emerging Companies Accumulation Index which returned -4.2% during August.

The standout performers during the August reporting season included: NBN reseller **Aussie Broadband (ABB, +29.8%)** which was up for the month after reporting a result which included strong free cash flow and FY24 guidance that was in line with expectations. Furthermore, during August the NBN Co announced a new wholesale price regime which could improve ABB margins. **Chryso Corporation Limited (C79, +27.1%)** rallied throughout August into the delivery of its FY23 result, where the company confirmed it was on track for FY24 earnings and growth expectations in line with market forecasts. Conversely life sciences device and consumables business **Trajan Group (TRJ, -18.4%)** sold off after reporting a soft FY23 result and outlining FY24 guidance which was below market expectations.

## Outlook

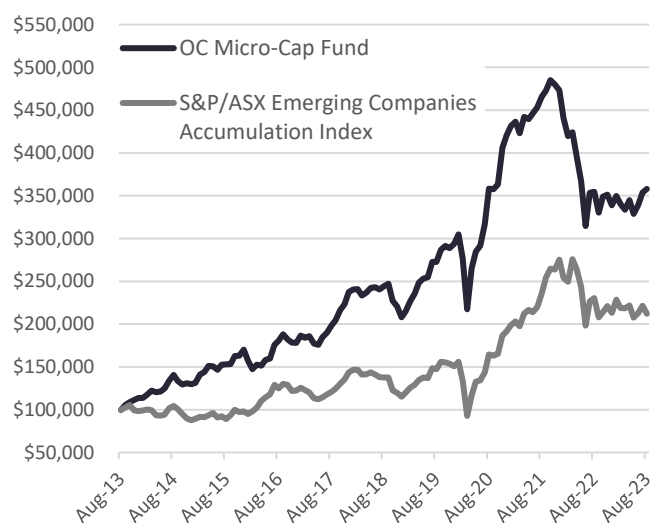
The performance of the Fund holdings in August was pleasing given that the read through from the results of broader corporate Australia were much more mixed. Interest rate increases, which typically have a lag effect, are finally feeding into company results and the impacts seem to be heavily bifurcated around generational lines. Younger cohorts, specifically those who are renters and/or more indebted are pulling back on spending and eating into savings which is impacting discretionary retailers such as Universal Store and Adairs. In stark contrast, the baby boomers and retirees have, on balance, increased their savings and are spending more on experiences such as travel and entertainment.

Consumer spending was notably weaker overall in the June half and trading updates for early FY24 suggest that it has fallen further. But the quantum of the deterioration in spending was generally better than expected which led to a broad-based relief rally from beaten-up consumer facing stocks in the later part of August. While wage pressures remain a headwind for many businesses heading into the new financial year, falling input prices, including freight and commodity prices, will provide some offset across the economy.

The Fund's positioning in companies with strong pricing power (e.g. Monash IVF), as well as companies with a high degree of earnings certainty or an ability to grow their earnings in a slowing economic environment (e.g. Propel Funeral Partners) has served us well this calendar year. With inflation moderating, we are continuing to rotate into quality growth businesses (e.g. IPD Group) as the interest rate cycle is likely at or nearing a peak.

The investment team remains busy poring over results presentations and meeting company management. We look forward to providing our investors with a more comprehensive update in the September quarterly investment review.

## Performance Comparison of \$100,000 over 10 yrs\*



## Top 5 holdings<sup>#</sup>

Company	ASX Code
Genesis Minerals Limited	GMD
Pacific Current Group Limited	PAC
Peter Warren Automotive Holdings Limited	PWR
SRG Global Limited	SRG
Telix Pharmaceuticals Limited	TLX

<sup>#</sup>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 micro-cap securities listed, or about to list, on the ASX or the New Zealand Stock Exchange with sustainable business models and attractive investment qualities. OC will also invest in a small number of quality concept stocks that have robust business models and a pathway to profitability within five years and event driven and thematic stocks where we anticipate near term price appreciation. Micro-cap companies, for the purposes of the Fund, are defined as companies with a market capitalisation of less than \$500 million at the time of the initial acquisition.

### Manager

OC Funds Management

### Responsible entity

Copia Investment Partners

### Inception date

October 2016 as the OC Micro-Cap Fund. The Fund was previously the OC Concentrated Equity Fund which was established in December 2003.

### Benchmark

S&P/ASX Emerging Companies Accumulation Index

### Investment time frame

At least 5 years

### Relative risk

High

### Minimum investment

Initial: \$5,000

Additional: \$1,000

### Distribution

Yearly

### Management fee

1.20% p.a. (including GST net of RITC)

### Performance fee

20.5% (including GST net of RITC) on any performance (after deducting the management fee) in any financial year above the greater of 15% for the year or the high-water mark.

### Performance hurdle

S&P/ASX Emerging Companies Accumulation Index

### High-water mark

Yes

### Typical Investment Exposure

Cash	0%-20%
Equities	70%-100%
Including:	
S&P/ASX 300 Constituents	0%-20%
Unlisted Securities	0%-10%
NZX/Foreign Listed Securities	0%-10%

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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 as levied at the time. The index does not incur these costs. This information is provided for general comparative purposes. The returns for the OC Concentrated Equity Fund are used prior to the conversion to the OC Micro-Cap Fund. The inception date of the fund is 21/11/2003, the inception date of the index is 31/12/2003.

\*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. 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 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.copiapartners.com.au](http://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.