

Total returns[†]

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. (Dec 2000)
OC Premium Small Companies Fund	1.0	7.3	7.5	8.1	5.3	9.6	10.5
S&P/ASX Small Ordinaries Accumulation	(1.3)	2.2	(1.1)	3.0	2.4	5.7	5.5
Outperformance	2.3	5.1	8.6	5.1	2.9	3.9	5.0
S&P/ASX Small Industrials Accumulation	(1.5)	3.8	2.2	1.5	1.6	6.1	5.7
Outperformance	2.5	3.5	5.3	6.7	3.6	3.5	4.8

Performance review

The OC Premium Small Companies Fund enjoyed a solid August reporting period returning +1.0% for the month. This was comfortably ahead of the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which returned -1.3% and -1.5%, respectively, during August.

The standout performers during August reporting included: **G.U.D. Holdings (GUD, +24.0%)** which rallied following a result that exceeded expectations due to strong free cashflow generation, debt reduction and an improvement in the APG towbar business; and **Life360 Inc (360, +20.7%)** which posted both positive free cash flow and positive EBITDA in Q2 CY23, as well as strong customer acquisition metrics. Digital property exchange **PEXA Group Limited (PXA, -12.8%)** pulled back despite its Australian property exchange reporting a solid result against the backdrop of a weak property transactions market, with a lack of transparency on progress in the nascent UK market raising questions about delays and cost overruns.

Outlook

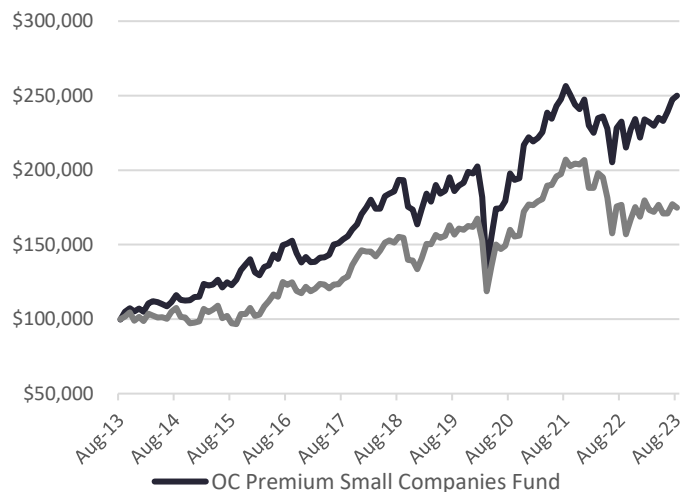
The performance of the Fund holdings in August was pleasing given that the read through from the results of broader corporate Australia were much more mixed. Interest rate increases, which typically have a lag effect, are finally feeding into company results and the impacts seem to be heavily bifurcated 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 wages pressure remains 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. Seven Group Limited), 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. AUB Group Limited) has served us well this calendar year. With inflation moderating, we are continuing to rotate into quality growth businesses with good levels of liquidity (e.g. Carsales.com) 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[#]

Company	ASX Code
AUB Group Limited	AUB
GQG Partners Inc.	GQG
Kelsian Group Limited	KLS
Mineral Resources Limited	MIN
Seven Group Holdings Limited	SVW

[#]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 listed, or about to list, on the ASX.

Manager

OC Funds Management

Responsible entity

Copia Investment Partners

Inception date

December 2000

Benchmark

S&P/ASX Small Ordinaries Accumulation Index

Investment time frame

At least 5 years

Relative risk

High

Minimum investment

\$20,000

Minimum additional investment

\$5,000

Distribution

Half-yearly

Management fee

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

Performance fee

20.5% (including GST net of RITC) of the amount the Fund outperforms its benchmark provided specific conditions are met including a minimum absolute 5% return.

Performance hurdle

S&P/ASX Small Ordinaries Accumulation Index

High-water mark

Yes

Typical Investment Exposure

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

CONTACT COPIA

1800 442 129 | clientservices@copiapartners.com.au | copiapartners.com.au



John Clothier	General Manager, Distribution	0408 488 549 jclothier@copiapartners.com.au
Mani Papakonstantinos	Distribution Manager	0439 207 869 epapakonstantinos@copiapartners.com.au
Jude Fernandez	Distribution Manager	0414 604 772 jfernandez@copiapartners.com.au
Sam Harris	Distribution Manager	0429 982 159 sharris@copiapartners.com.au
Greg Black	Distribution Manager	0407 063 433 gblack@copiapartners.com.au
Justin Cilmi	Distribution Manager	0428 153 431 jcilmi@copiapartners.com.au

† 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 Premium Small Companies Fund (the Fund) is designed to provide, are different regarding risk and investment profile to index returns. A performance fee of 20.5% is payable annually on any excess performance (after deducting the management fee) above the benchmark, S&P/ASX Small Ordinaries Accumulation Index, to 30 June. A performance fee is only payable where the Fund has returned 5% or more since the last performance fee was paid. 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 Premium Small Companies Fund (ARSN 098 644 976). 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.