

About this Review	
Sector reviewed	Small Cap Australian Equities
Total Funds rated	35
Date of this Sector Review	December 2011
Fund reviewed	
	OC Premium Equity Fund – representative strategy See pages 5-6 for further detail on the OC Dynamic Equity Fund
Fund Size (\$m)	18
Responsible Entity	OC Funds Management Limited
Fund Commenced	December 2000
Wholesale Fee (p.a.)	1.33% + performance fee of 20.5% of Fund return above index (with 'high watermark') (Class A)
Structure Availability	Platforms, Wholesale, Retail
About the Fund Manager	
Fund Manager	OC Funds Management
Ownership	70% by investment team, 30% by directors
Assets Managed this Sector (\$M)	77
Years Managing this Asset Class	11
Investment Team	
Team Size Dedicated to this Fund	5
Portfolio Manager	Robert Frost
Number of Analysts	5
Departures/Team Ratio (past 2 yrs)	20%
Investment Process	
Style	Core, Benchmark Unaware
Targeted Absolute Return (p.a.)	10% - 15% (over long term)
Typical Tracking Error (p.a.)	N/a
Typical Stock Numbers	25-40
Typical capitalisation bias(as at Sep 2011)	26% Large/midcaps, 25% small caps, 36% micro caps, 13% cash
Franking Level (FY11)	77%
Tax efficiency - Income in total distribution (FY11)	100%
Discount Gains as in Total Capital Gains (FY11)	0%
Maximum of Portfolio in any One Stock	8%
Maximum of Portfolio in any One Sector	No hard limits
Maximum of Issued Capital of any One Stock	7.5%
Minimum Capitalisation (\$m)	50 ('Soft' Limit)
Maximum Limit of Fund (\$m)	600 (Across all small cap funds)
Rating history	
December 2011	Recommended
June 2010 & February 2011	Investment Grade
January 2010	Fund Watch
April 2009	Investment Grade

Fund Reviewed

➤ The focus of this report is the OC Premium Equity Fund. Given the similarities in team and process, Lonsec has extended its rating of the OC Premium Equity Fund to the OC Dynamic Equity Fund. Further detail on the OC Dynamic Equity Fund is provided on pages 5-6 of this report.

What this Rating means

➤ The '**Recommended**' rating indicates that Lonsec has conviction that the fund or product can achieve its objectives and, if applicable, outperform peers over an appropriate investment timeframe. The manager or product has a number of competitive advantages in people, process and product design. The investment is a recommended entry point to access this asset class or strategy.

Fund Risk Characteristics

	Low	Moderate	High
Capital Volatility			▲
Corporate Risk			▲
Concentration Risk		▲	

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the product's asset class and the risks relative to other products in the relevant Lonsec sector universe.

Using this Fund

➤ This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

➤ Small cap funds invest in a market that is less liquid and more volatile than the large cap Australian equity market. These Funds should be used to complement large cap exposure in clients' portfolios, rather than replace it, with up to one fifth of the Australian equities component of a portfolio being invested in small caps, depending on client risk preferences. Lonsec's model portfolio asset allocation (traditional assets only) is limited to 'Growth', and 'High Growth' risk profiles respectively.

➤ Compared with the Premium Equity Fund, the Dynamic Equity Fund is able to invest in some smaller, less liquid companies as well as short-term trading opportunities. As a result, the Dynamic Equity Fund sits higher on the risk/return curve than the Premium Equity Fund and is therefore expected to outperform the latter in a 'risk on', rapidly rising equity market. See pages 5-6 for further information.

➤ Both Funds are subject to equity market risk and movements (both positive and negative) in the share prices of the underlying securities in the portfolios. Investors should therefore be aware that the Funds may experience periods of negative returns and that there is a risk of potential capital losses being incurred on their investment.

Changes since last review

➤ In April 2011 Dean Fergie's (a previous employee of OC Funds Management (OCFM)) 20% equity was purchased by OC Funds Management. Part of this equity was acquired by Stephen Sedgman, Head of Risk Management Committee and PM, who increased his holding in OCFM.

Lonsec Opinion of this Fund

Philosophy/Style

- The OC Funds Management Premium Equity Fund is a relatively differentiated offering in the Lonsec small cap sector, being benchmark unaware and more concentrated than the typical fund assessed by Lonsec.
- Advisers should note that at times the Fund may have a substantial exposure to cash (maximum 20%), does not hold resource stocks and is not restrained by sector exposure limits. As such, the performance of this Fund may at times differ significantly from the small cap index. Given its focus on industrials, the Fund is likely to underperform its small cap peers when commodity prices and resources stocks are rallying.
- The Fund aims to achieve a return of 10%-15% pa (over the long term).

People and Resources

- The OCFM investment team comprises five investment professionals and is led by Robert Frost, who was appointed as the Head of Small and Mid Cap investments in December 2009. In contrast to other peers assessed by Lonsec, Robert Frost is less experienced as a lead portfolio manager. Frost however does have 14 years investment experience, largely in the small caps sector and has been involved in the management of this Fund since September 2001. Lonsec has met Frost several times and has been impressed with his depth of knowledge in the small companies space.
- Over the last few years OCFM went through a period of material instability and organisational change with the departure of portfolio manager and director Dean Fergie, the integration of the Patriot Managed Accounts investment team and a move to a single portfolio manager structure under Frost. The integration of the Patriot managed accounts team and the move to a single portfolio structure has been successful and as a result the OCFM team has seen improved stability and morale.
- Lonsec considers the change to a single portfolio manager structure to be an enhancement, believing that this increases accountability and leads to better decision making.
- Stephen Sedgman, who joined OCFM via the merger with Patriot Managed Accounts, is an important member of the team, contributing over 40 years industry experience. Sedgman is the Chairman of the Risk Management Committee which reviews and provides portfolio oversight to OCFM's products. While Sedgman brings broad market experience to the team, his top down macro and thematic views (which were part of the investment process at Patriot Funds Management) add an additional level of rigour to the OCFM investment process. Lonsec has observed that a

number of boutique small cap managers are strong in terms of 'bottom up' stock analysis but relatively few supplement this with 'top down' inputs.

- Stephen Evans also transitioned to OCFM from Patriot. With 9 years industry experience in both international and domestic markets, Evans contributes funds management and broking experience to the broader investment team. Evans has also made a significant contribution to the team's investment process through OCFM's systems development.
- One of the standout features of OCFM is the investment team's very high alignment of interests with external investors. A recently revised fee structure, material co-investment in the Fund (including compulsory reinvestment of annual performance fees) and considerable equity stakes held in OCFM by key members of the investment team contribute to this alignment.
- Relative to other managers assessed by Lonsec in this sector, OCFM's business risk over the years has been high due to its low level of funds under management (FUM). The addition of the Patriot Managed Accounts business widened the firm's revenue base and has reduced this risk (albeit with the additional cost of two investment professionals, some support staff and systems costs). Lonsec would expect this risk to further reduce as financial markets recover and the Manager's FUM increases.
- At current levels of FUM, OCFM has advised Lonsec that it is profitable, has no debt and has approximately \$3m in liquid assets available to fund the operations of the business. However, as a small scale boutique manager, business risk is a greater consideration than many small cap managers in the Lonsec peer group.

Research and Portfolio Construction

- Lonsec considers OCFM's investment process to logical, well-structured and reasonably comprehensive. Fundamental research is focussed on quality, via the Operational Risk Assessment (ORA) which encompasses seven broad areas, being company management, business model, operating history, industry structure, financial analysis, corporate structure and statistical downside risk assessment.
- The assessment and score for each of these areas is encapsulated in a proprietary in-house database. The introduction of a formalised and standardised research platform has helped increase Lonsec's conviction in the integrity and consistency of the OCFM research process. Notably this database features more standardised research and valuation templates, a weightings matrix and portfolio reporting tools.
- OCFM is one of the few small cap managers that formally recognises a 'low case' valuation, or an assumed limit to how low a stock's price could fall. While this is likely to be informally considered by all small cap fund managers, Lonsec considers it to be a positive aspect of OCFM's process as it compels the team to quantify downside risk. Lonsec believes this contributes to risk awareness and therefore portfolio construction.
- While OCFM employs standardised valuation templates OCFM may not always use a standardised valuation

methodology across all stocks. Rather, OCFM uses the most appropriate valuation methodology for each sector and will typically cross-check with a secondary valuation metric. Lonsec considers this appropriate, given the robust peer review that is part of the investment process.

➤ OCFM's 'Weightings Matrix' is used to help determine portfolio weights and is driven by its ORA and valuation upside scores. Lonsec considers this positively, as it makes portfolio construction more systematic and structured.

Risk Management

➤ Risk management at the stock level is embedded in the research process, given OCFM's focus on quality companies with strong management teams and sustainable business models.

➤ At the portfolio level, the maximum individual stock position (8%) is above that imposed by most small cap managers reviewed by Lonsec. Generally a high conviction position would not exceed a 6% weighting in the portfolio.

➤ OCFM employs a Risk Management Committee (RMC) to provide a top down overlay, complementing the bottom-up stock selection process. The RMC comprises the various lead portfolio managers at OCFM and is chaired by Stephen Sedgman. Lonsec considers this a positive feature of the process and an effective way of leveraging Sedgman's broad investment experience.

Capacity

➤ OCFM currently manages \$77m in small cap strategies and has a target capacity of \$600m across its two small cap products. Lonsec does not believe the manager to have any capacity constraints at this time and is encouraged by OCFM's clear capacity limit.

Performance

➤ The Fund's longer-term performance has been poor, underperforming peers, the Lonsec benchmark and failing to achieve its stated return objective over the five year period to October 2011. However, there has been a marked improvement in the Fund's mid-term performance. Over the three years to October 2011, the Fund outperformed its performance target of 10% - 15% p.a. and also outperformed the Lonsec benchmark by 3.0% p.a. This is a function of improved stock selection and the top-down influence of Sedgman.

➤ Reflecting the Fund's focus on industrials stocks and avoidance of the riskier mining and biotech companies, the volatility of its returns has been materially below that of the Lonsec benchmark over the three years to October 2011.

➤ The manager's focus on quality via its ORA assessment is apparent in the Fund's tendency to outperform in falling markets, with the Fund having outperformed the Lonsec benchmark in 66% of 'down market' months over the three years to October 2011. Conversely, the Fund tends to underperform when the market is positive, having underperformed the Lonsec benchmark in 62% of 'up market' months over the three years to October 2011.

Overall

➤ Lonsec has upgraded the Fund's rating to 'Recommended'. This upgrade has been driven by an increased conviction in the investment team, following the completion of the Patriot Managed Accounts integration. In particular Lonsec considers Sedgman to be a strength of the manager, given his top down input and influence on the portfolio in terms of risk management.

➤ The upgrade is also underpinned by the manager's logical and clearly articulated investment process, which is supported by OCFM's well-structured investment database. Another standout feature of the Manager is the investment team's high alignment of interests with investors and the performance driven boutique model.

➤ Lonsec considers portfolio manager Frost to be a solid investor who has performed well since the move to the single PM structure. Whilst his direct portfolio management experience is below that of Lonsec's peer group average, Lonsec is comforted by Sedgman's input to the investment process. Looking ahead, Lonsec will be monitoring Frost's performance as a portfolio manager and in particular continued evidence of Sedgman's engagement with this strategy.

People & Resources

Team Member	Years at OCFM	Years of Industry Experience
Robert Frost Head of Investments	10	14
Stephen Sedgman Chairman of Risk Management Committee/Portfolio Manager	2	40
Sam Baillieu Portfolio Manager	11	14
Stephen Evans Portfolio Manager	2	9
Rob Calnon Portfolio Manager / Equities Dealer	5	9
Total	6	17

Robert Frost has been with OCFM since September 2001 and has been Head of Investments since December 2009. Prior to joining OCFM, Frost covered small and mid cap stocks as a research analyst at Austock Stockbrokers.

Sam Baillieu is a co-founder of OCFM and previously he was an analyst in the research department at EL&C Baillieu. His previous employment included experience in corporate finance and venture capital.

Rob Calnon joined OCFM in 2007 as an analyst/dealer and was promoted to portfolio manager in 2009. Calnon's previous experience encompasses chartered accounting and corporate finance at Ernst and Young.

Prior to joining OCFM, Stephen Sedgman founded Patriot Managed Accounts, an IMA/SMA business, as well as Patriot Asset Management (Patriot) which operated as a sister company to Patriot Managed Accounts. At Patriot, Sedgman led the investment team in both large and small cap strategies. Sedgman has 40 years industry experience.

Stephen Evans has nine years of investment experience including six years at Patriot Managed Accounts. His prior experience includes two years at Man Investments in London. Evans commenced his career as a research assistant at EL&C Baillieu.

Frost and Baillieu are currently executive directors of OCFM. The non-executive directors of the OCFM Board include Charles Baillieu, Sidney Myer, Graham Cunningham and Michael Hamson. Charles Baillieu has been in the investment industry for 30 years including as a director of institutional equities at Deutsche Bank. Hamson and Myer each have 30 years investment experience, whilst Cunningham brings to the table his broad commercial experience from investment banking/advisory.

The majority of back-office functions have been outsourced to the Fund's custodian, National Custodian Services.

Team Structure

Robert Frost is the lead portfolio manager for OCFM's small cap strategies. The other members of the investment team provide Frost with analytical support and also provide input to OCFM's other products (concentrated strategy and SMA/IMA accounts).

In addition to his investment management responsibilities, Sam Baillieu is responsible for corporate strategy while day-to-day responsibility for many of the non-investment functions lies with Sam Cole.

Turnover

Over the past two years there has been one departure from the OCFM small cap investment team, with Dean Fergie departing in January 2010. Stephen Sedgman and Stephen Evans joined the team following OCFM's acquisition of the Patriot Managed Accounts business.

Key Person Risk

Lonsec considers key person risk to be moderate, given the presence of Stephen Sedgman, an experienced investor who complements Frost and Baillieu.

Risk is also to a large degree mitigated by the ownership and remuneration structure in place. That being said, the departure of Frost, Baillieu or Sedgman would require Lonsec to re-assess the rating of this fund.

Remuneration / Alignment of Interests

Each member of the investment team (except for Stephen Evans) has an equity stake in the OCFM business and in aggregate the investment team currently owns 70% of the firm's capital. Pleasingly, all executive and non-executive directors of OCFM are co-invested in the OCFM funds.

A performance fee structure is in place with the manager entitled to 20% of net returns above 15% p.a., with a high watermark. The performance fee is re-invested back into the Fund for at least a 12 month period.

The bonus pool consists of 25% of OCFM's profit and 25% of any performance fee generated.

Investment Style

Style and Philosophy

OCFM adopts a benchmark unaware investment style with an emphasis on preserving investor capital. The manager is indifferent to 'growth' or 'value' orientated stocks and thus at different points in time the portfolio may display significant 'value' or 'growth' tilts. Being absolute return focussed, OCFM is completely benchmark unaware with no sector constraints or requirement to hold stocks for 'risk management' purposes. The Fund targets an absolute return of 10%-15% pa (over the long term), regardless of prevailing market conditions. Unlike most absolute return focussed managers, OCFM does not include stock shorting as part of its investment process.

Research Approach

Overview

Investment Style	Core
No. of stocks in universe	190
No. of stocks fully modeled	170 (46 active)
Key Screens	Profitability and cash flow Excludes: Resources, biotech, listed investment companies, listed property trusts, businesses with unproven business models, poor management and market cap < \$50m
Top-Down	0%
Bottom-Up	100%
Qualitative Analysis	Company management, business model, operating history, industry structure, financial analysis, corporate structure and downside risk assessment
Research Inputs	Site visits – companies, suppliers & competitors
Use of broker research	General research, financial data, some financial models

Valuation Approach

Primary	DCF, PE, EV/EBITA, Sum of Parts, Dividend Yield (varies by sector)
Secondary	As above (varies by sector)

Portfolio Construction

Overview

Portfolio manager Frost is responsible and ultimately accountable for portfolio construction. Portfolio construction engages the entire investment team, reflects the input of the Risk Committee and in particular the top down guidance provided by Sedgman.

Portfolio construction is centred on building a portfolio of long-term investments. The portfolio is reasonably concentrated, typically containing between 25 – 40 stocks. Where the Manager cannot identify sufficient opportunities, a portion (up to 20%) of the Fund may be held in cash.

Buy/sell decisions and ultimately stock weights are a function of the valuation and the ORA score. Stock weights are also subject to liquidity considerations, with OCFM not wanting to acquire more than 7.5% of a company’s issued capital. As a rule, OCFM will not hold a position in a stock that is equivalent to more than one month’s total turnover.

OCFM will sell a holding if it considers that it has become overvalued, a better opportunity is identified or it is determined that the investment thesis is no longer intact.

Risk Monitoring

On a monthly basis OCFM undertakes attribution to assess each stock’s marginal contribution to the overall Fund return. In addition, for core holdings OCFM aims to have contact with company management at a minimum on a quarterly basis.

Individual stock positions are limited to 8% of the portfolio, and the maximum holding in any one company is limited to 7.5% of its issued capital. Whilst not a ‘hard’ limit, OCFM will generally not invest in companies with a market capitalisation < \$50 million. The maximum exposure to large cap stocks is 10% of the overall portfolio. As a result of the manager’s absolute return focus there is a maximum 20% cash limit allowance.

A risk management committee chaired by Sedgman and comprising all of the portfolio managers provides a high level review of the portfolio and considers any underlying thematic or macro biases. The risk management committee is separate from the regular investment team meetings which are held to review stock research.

Funds under Management

OCFM managed \$77 million in small cap strategies as at the time of this report. This is a relatively low funds under management compared with major industry peers and Lonsec believes OCFM is less likely to be affected by size issues on a comparative basis. Pleasingly, the manager has predetermined a maximum FUM size (aggregate across all existing small cap products) of \$600 million, upon which it will close to new inflows.

OC Dynamic Equity Fund

The OC Dynamic Equity Fund utilises the same team, research process and resources as the OC Premium Equity Fund. The key features of the funds are summarised below.

Fund Features	Premium Equity Fund	Dynamic Equity Fund
Date Commenced	December 2000	December 2000
PDS Objective	To provide investors with strong long-term risk adjusted returns through investment in high quality ‘small	To provide investors with strong long-term risk adjusted returns through investment in high quality

	to mid cap industrial’ companies with strong business models and attractive investment fundamentals.	‘small to mid cap industrial’ companies with strong business models and attractive investment fundamentals.
Fund Size (\$M)	17.6	34.9
Fund Benchmark	S&P/ ASX Small Ordinaries Accumulation Index	S&P/ ASX Small Ordinaries Accumulation Index
Return Objective	Total return of 10% – 15% p.a. over the long term	Total return of 10% – 15% p.a. over the long term
Tracking Error	Not targeted	Not targeted
Typical Stock Numbers	25 - 40	25 – 45
Typical Portfolio Turnover	60% to 130%	80% to 150%
Actual Portfolio Turnover (12 month period ending Sep 2011)	112%	127%
Distribution Frequency	Half Yearly	Yearly
Franking Level (FY11)	77%	80%
Tax Efficiency – Income in Total Distribution (FY11)	100%	100%
Discount Gains as % of Total Distribution (FY11)	0%	0%
Stock Bet Limits	8%	8%
Sector Bet Limits	Not targeted	Not targeted
Wholesale Fee (p.a.)	1.72% Class A (i.e. with performance fee) 1.33%	1.72% Class A (i.e. with performance fee) 1.33%

The key difference between the two strategies lies in portfolio construction. The Dynamic Equity Fund is able to take positions in companies labelled as ‘Emerging Leaders’ and ‘Alpha Plus’ opportunities, whilst the Premium Equity Fund does not invest in such stocks.

Portfolio allocation of Premium and Dynamic Equity Funds

	Core Fundamental	Emerging Leaders	Alpha Plus	Cash
Premium Equity	80% - 100%	0%	0%	0%-20%
Dynamic Equity	60% - 100%	0% - 10%	0% - 10%	0%-20%

'Core Fundamental' companies are those that are trading below their valuation and have sound long-term investment fundamentals.

'Emerging Leaders' companies are defined by OCFM as those with strong business models and long-term investment appeal that provide the opportunity for substantial outperformance. 'Emerging Leaders' companies, however, may not have surpassed OCFM's traditional hurdles for operating history, size or liquidity.

'Alpha Plus' opportunities are catalyst driven positions that OCFM believes have strong near term return potential but are unlikely to comprise core positions in the immediate future. For example, companies that are a takeover target, short term market opportunities and companies that are expected to win a major contract or tender. The weight of individual Alpha Plus opportunities in the DEF portfolio are based on an assessment of the risk/reward trade off relative to other potential investments or cash.

The Dynamic Equity Fund sits higher on the risk/return curve than the Premium Equity Fund as a result of its ability to invest in 'Emerging Leaders' and 'Alpha Plus' opportunities. Over the longer term therefore, Lonsec expects the Dynamic Equity Fund to outperform the Premium Equity Fund. This is consistent with the Dynamic Equity Fund's performance history, which has delivered higher and more volatile returns than the Premium Equity Fund over both the three and five years to October 2012.

In particular, the Dynamic Equity Fund is expected to outperform the Premium Equity Fund in 'risk on' environments / rising equity markets. Again, this is evident in the performance history of these funds, with the Dynamic Equity Fund outperforming in 42% of 'up market months' over the three years to October 2011 versus the Premium Equity Fund outperforming in 38% of 'up market' months over the same period.

Risks

An investment in the Fund carries a number of standard investment risks associated with investment markets. These include performance, liquidity, counterparty, market and tax risks. These and other risks are outlined in the PDS and should be read in full and understood by potential investors. Lonsec considers the following to be the major risks:

Equity Market

Investments in equity markets are subject to numerous factors which may have an impact on the performance of an investment (both positive and negative). Unexpected changes in economic, technological, structural, regulatory or political conditions can have an impact on the returns of all investments within a particular market.

Derivatives

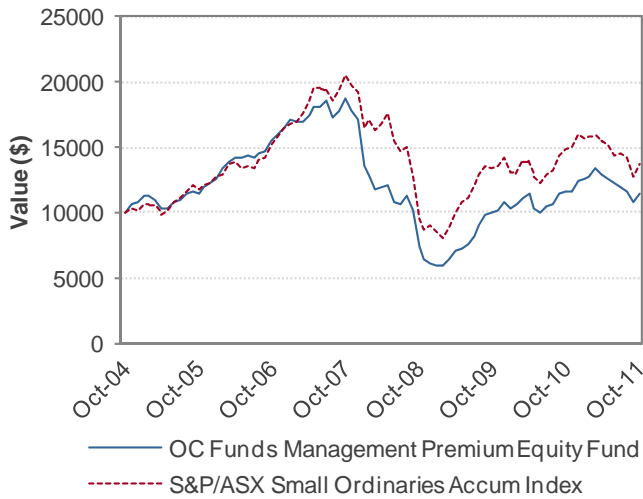
The manager has scope, via its PDS, to implement various derivative strategies with the objective of mitigating equity market risks. Lonsec does not expect this to be a widely adopted strategy and will generally be restricted to using futures as a method of investing residual cash balances. Derivatives cannot be used to leverage the Fund.

Quantitative Performance Analysis
Annualised after-fee % returns as at 31 October 2011

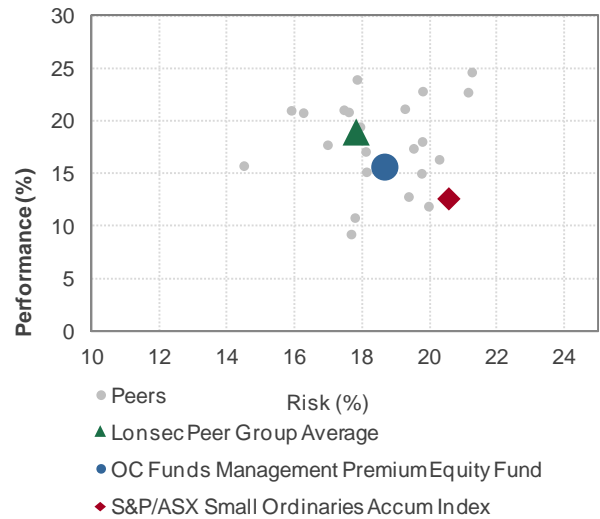
	1 Year		2 Years		3 Years		5 Years	
	Fund	Peer Group	Fund	Peer Group	Fund	Peer Group	Fund	Peer Group
Performance (% pa)	-1.4	0.6	6.6	7.6	15.6	19.0	-6.0	3.9
Standard Deviation (% pa)	14.4	14.8	15.4	15.6	18.7	17.8	23.7	20.5
Excess Return (% pa)	6.8	8.8	5.4	6.5	3.0	6.3	-3.9	6.0
Outperformance Ratio (%)	50.0	83.3	50.0	75.0	50.0	72.2	41.7	66.7
Worst Drawdown (%)	-19.4	-15.9	-19.4	-15.9	-19.7	-15.9	-68.4	-53.5
Time to Recovery (mths)	n/a	n/a	n/a	n/a	4.0	n/a	n/a	n/a
Sharpe Ratio	-0.4	-0.3	0.1	0.2	0.6	0.8	-0.5	-0.1
Information Ratio	0.8	2.3	0.7	1.9	0.3	1.2	-0.4	1.0
Tracking Error (% pa)	8.2	3.9	7.4	3.4	10.1	5.4	10.7	6.0

Fund: **OC Funds Management Premium Equity Fund**, Peer Group: Average among Lonsec Rated Australian Equity (Small Cap) Manager Universe Benchmark: S&P/ASX Small Ordinaries Accumulation Index

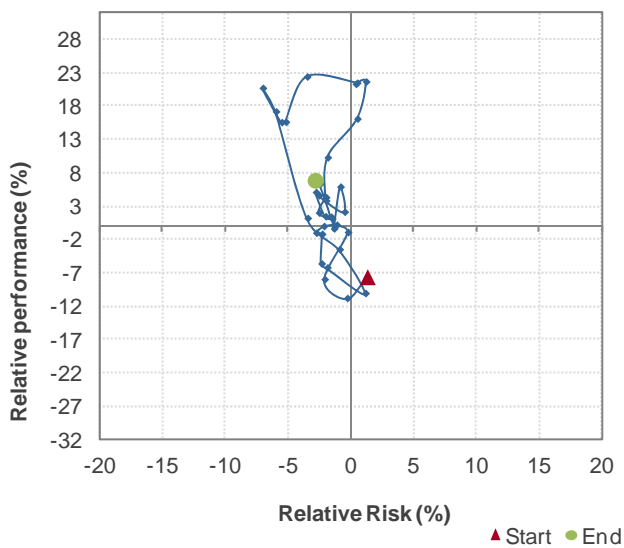
Growth of \$10,000 invested over seven years



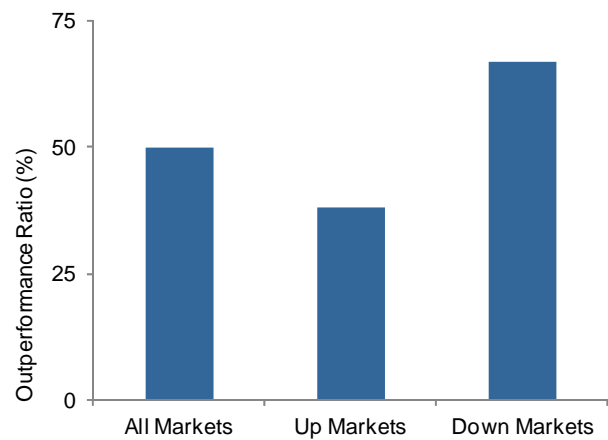
Risk-return Chart over three years



Snail Trail over three years



Outperformance Consistency over three years

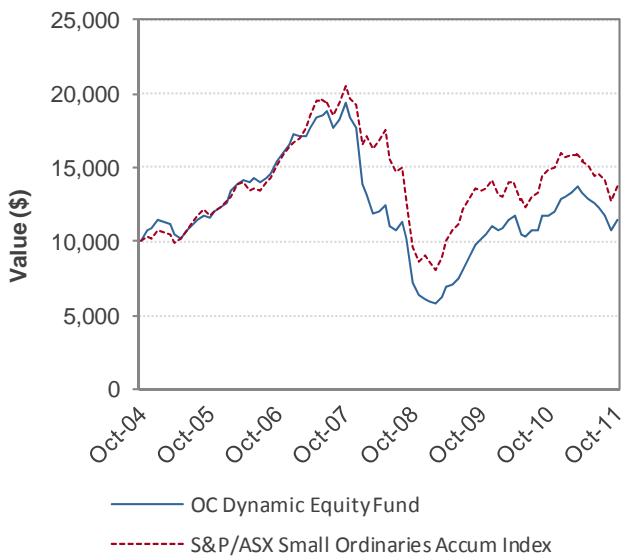


Quantitative Performance Analysis
Annualised after-fee % returns as at 31 October 2011

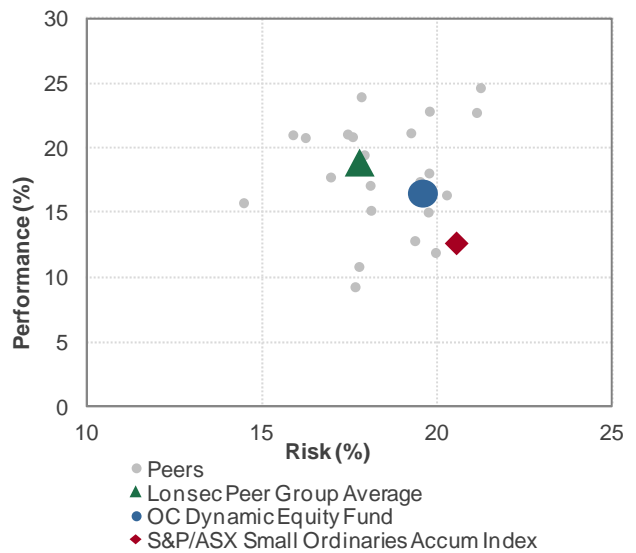
	1 Year		2 Years		3 Years		5 Years	
	Fund	Peer Group	Fund	Peer Group	Fund	Peer Group	Fund	Peer Group
Performance (% pa)	-3.0	0.6	6.3	7.6	16.5	19.0	-5.9	3.9
Standard Deviation (% pa)	15.7	14.8	16.2	15.6	19.7	17.8	25.1	20.5
Excess Return (% pa)	5.3	8.8	5.2	6.5	3.8	6.3	-3.8	6.0
Outperformance Ratio (%)	58.3	83.3	54.2	75.0	52.8	72.2	45.0	66.7
Worst Drawdown (%)	-21.3	-15.9	-21.3	-15.9	-21.3	-15.9	-70.2	-53.5
Time to Recovery (mths)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sharpe Ratio	-0.5	-0.3	0.1	0.2	0.6	0.8	-0.5	-0.1
Information Ratio	0.7	2.3	0.7	1.9	0.4	1.2	-0.3	1.0
Tracking Error (% pa)	7.6	3.9	7.1	3.4	10.2	5.4	10.8	6.0

Fund: **OC Funds Management Dynamic Equity Fund**, Peer Group: Average among Lonsec Rated Australian Equity (Small Cap) Manager Universe Benchmark: S&P/ASX Small Ordinaries Accumulation Index

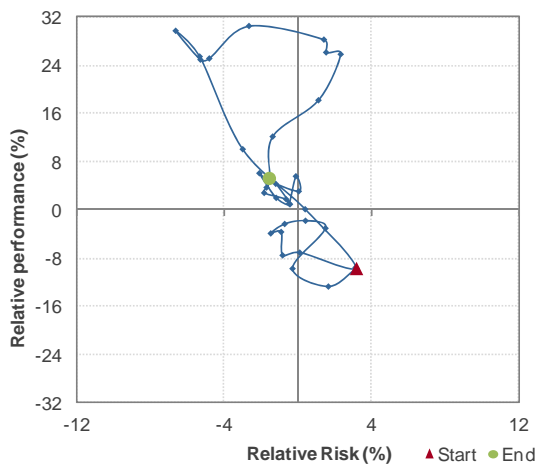
Growth of \$10,000 invested over seven years



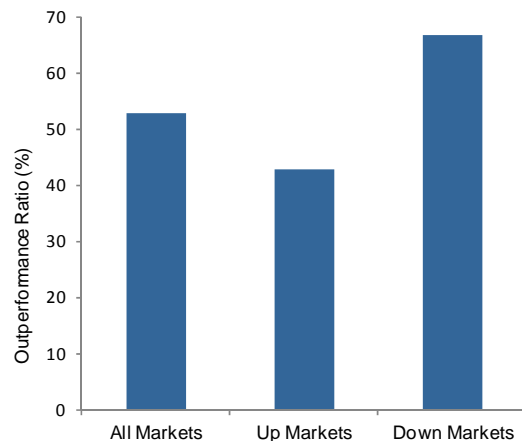
Risk-return Chart over three years



Snail Trail over three years



Outperformance Consistency over three years



Glossary	
Absolute Return	'Top line' actual return, after fees
Excess Return	Return in excess of the benchmark return
Standard Deviation	Volatility of monthly Absolute Returns
Tracking Error	Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns)
Sharpe Ratio	Absolute reward for absolute risk taken (outperformance of the risk free return (Bank Bills) / Standard Deviation)
Information Ratio	Relative reward for relative risk taken (Excess Returns / Tracking Error)
Worst Drawdown	The worst cumulative loss ('peak to trough') experienced over the period assessed
Time to Recovery	The number of months taken to recover the Worst Drawdown

Analyst Disclosure & Certification

Analyst remuneration is not linked to the rating outcome. The Analyst(s) may hold the product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst(s) holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the financial product(s) to which this document refers.

Date Prepared: December 2011
Analyst: Paul Pavlidis
Release Authorised by: Michael Elsworth

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