OC FUNDS MANAGEMENT

OC Dynamic Equity Fund

Fund Update | 28 February 2025

Total returns†

At 28 Feb 2025	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	(5.0)	(6.6)	2.0	8.8	10.3	9.8	11.6
S&P/ASX Small Ordinaries Accumulation	(2.8)	(1.5)	7.3	2.1	5.6	6.5	5.8
Outperformance	**(2.2)**	**(5.2)**	**(5.4)**	**6.6**	**4.7**	**3.4**	**5.9**
S&P/ASX Small Industrials Accumulation	(2.5)	(2.4)	6.6	3.7	4.4	6.1	6.0
Outperformance	**(2.5)**	**(4.3)**	**(4.7)**	**5.1**	**5.9**	**3.8**	**5.6**

Performance review

The February reporting season in Australia was marked by significant volatility, with earnings growth forecasts downgraded amidst economic uncertainty and elevated interest rates impacting consumer and corporate sentiment. The OC Dynamic Equity Fund had a challenging month, finishing down -5.0% which was behind both the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which were down -2.8% and -2.5%, respectively, for the month.

Light & Wonder Inc (LNW, +22.6%) rallied in February after a clean Q4 result came in ahead of consensus expectations, underpinned by strong North American gaming operations. A strategically sensible acquisition further boosted investor confidence. **Integral Diagnostics (IDX, -31.7%)** delivered a disappointing result with the organic growth rate falling short of expectations and staff shortages leading to elevated labour expenses. We see emerging tailwinds from MRI deregulation, an uplift in CT scans for the national lung screening programme, and synergies realised from the Capitol Health acquisition. **Mineral Resources' (MIN, -35.1%)** share price plummeted in February due to increased costs for its flagship Onslow Iron project caused by severe weather conditions which also reduced FY25 production forecasts. Leverage for MIN is elevated following a major period of capital spend and the company has endured some well publicised governance issues. MIN has some world class assets, no material near term debt repayments, and the company ought to de-lever as Onslow Iron ramps up to full production in the coming 12 months.

Outlook

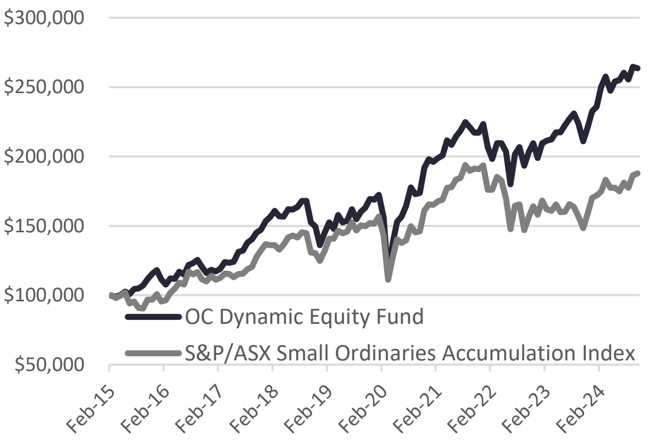
February started with a sense of optimism across financial markets with Trump re-entering the White House with a US economy that had been the best performing among major developed markets. But recent actions by the Trump administration have unnerved the stock market, primarily due to its aggressive tariff policies and shifting economic priorities which have wrong footed investors, OC Funds included. The administration's rapid policy changes, including tariffs and potential tax cuts, have created uncertainty in financial markets and have driven stocks sharply lower. A new term has entered the financial vernacular due to concerns about an emerging "Trumpcession", which is a potential US recession attributed to economic policies implemented by the Trump administration.

The equity market sell-off intensified last week after Trump threatened to implement a global system of reciprocal tariffs on all US trading partners following unexpectedly soft economic data out of the US, including declines in consumer spending and confidence, and disappointing jobs growth. The Trump administration appears to be prioritising the bond market over the stock market, which marks a departure from Trump's first term when stock market performance was a key focus.

On a domestic front, the RBA cut the cash rate by 25 basis points in February as anticipated. The RBA rhetoric was, however, more hawkish pushing back expectations of further cuts. The December quarter GDP offered cause for optimism with the economy expanding +0.6% lifting annual growth to +1.3%. The Australian economy seems to have passed its cyclical low point with household disposable income showing signs of improvement, although without further increases in public spending GDP growth would still be anaemic.

Reporting season was the most challenging in recent memory for the OC team with incredible volatility often disconnected from the earnings quality or outlook presented. Whilst this can lead to short-term share price dislocations, we have sought to be nimble and reposition some portfolio holdings that we expect to benefit unitholders over the long term.

Performance Comparison of $100,000 over 10 yrs*



Top 5 holdings#

Company	ASX Code
GQG Partners Inc.	GQG
HMC Capital Limited	HMC
Pinnacle Investment Management Group	PNI
Telix Pharmaceuticals Limited	TLX
Ventia Services Group Ltd	VNT

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. 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 | HUB24 | Insignia (Expand) | Xplore (Linear) | Macquarie | MLC/Navigator | Netwealth | Powerwrap | Praemium | Mason Stevens

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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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