

## Total returns<sup>†</sup>

At 31 Jul 2024	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	2.0	3.2	13.0	(4.1)	7.9	11.6	12.5
S&P/ASX Emerging Companies Accum.	0.2	(2.9)	1.5	0.7	8.7	8.2	5.7
<b>Outperformance</b>	<b>1.8</b>	<b>6.1</b>	<b>11.5</b>	<b>(4.8)</b>	<b>(0.7)</b>	<b>3.3</b>	<b>6.8</b>

## Performance review

The Micro-Cap Fund began the new financial year on a positive note finishing the month up +2.0%. The Fund outperformed the S&P/ASX Emerging Companies Accumulated Index which eked out a +0.2% return in July.

Emerging gold producer **Ora Banda Mining (OBM, +31.3%)** traded strongly after updating FY25 guidance to +100k ounces at a cost of around A\$2,100 per ounce. OBM also reached final investment decision on its second underground mine (Sand King) which will add material ounces to production. Leading specialty youth fashion retailer **Universal Store (UNI, +17.1%)** finished the month higher when it updated the market with strong FY24 earnings guidance. This was an excellent result against the backdrop of a challenging consumer environment. **Chryso Corporation (C79, -11.1%)** disappointed the market when it delivered its Q4 update including a FY25 guidance range which was below consensus expectations. We believe this guidance is conservative and would expect management to narrow it toward the top of the range as the year progresses.

## Outlook

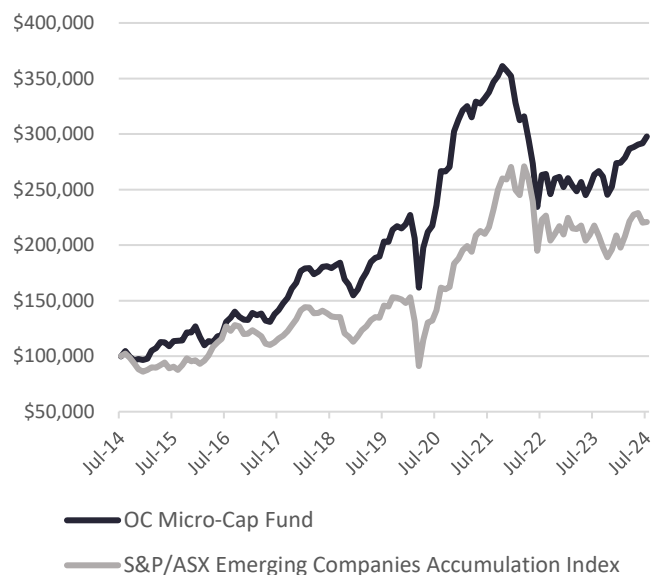
The soft landing narrative in the US, which had become the consensus view amongst market participants, has been called into question by two key weak data points over the past week. Firstly, the Institute of Supply Management (ISM) survey printed weak, with new orders and employment components well behind expectations. And then fears of a US recession surged following the release of weak employment data the following day, triggering a closely watched recession indicator known as the "Sahm Rule". The jobless rate in July rose to 4.3%, ticking the three-month moving average of US unemployment more than 0.5% above the 3.6% average from one year ago. Historically, this rule being triggered has been a harbinger that the US economy has tipped into recession.

In response, the market mood changed abruptly and stocks sold off heavily at the start of August. The sell-off has been intensified by a swift reversal of the long-standing 'yen carry trade' where investors borrow low interest Japanese Yen to invest in higher-yielding, non-Yen denominated, global assets. This reversal was driven by concerns over a potential US recession, leading traders to anticipate a quicker rate-cutting cycle from the US Federal Reserve (the 'Fed'). OC cautions that short term economic data can be 'noisy' and with a Fed rate cut (potentially 50 basis points according to some commentators) a near certainty at the September Fed meeting, we are yet to make any major changes to our portfolio.

On a positive note, trimmed mean inflation, the RBA's preferred measure of price pressures, moderated to 3.9% in the June quarter. The unemployment rate also ticked higher to 4.1% in June. Coupled with developments offshore, these data points were sufficient for the RBA to hold rates steady in August, although their commentary remains hawkish.

Looking ahead, the OC Funds investment team will be focussed on August reporting season. The Fund has a solid cash buffer, in the high single digits, leaving us well positioned to either capitalise on any protracted stock sell off or, alternatively, deploy cash into new or existing stock ideas that look compelling following the release of their results.

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



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

Company	ASX Code
Cedar Woods Properties Limited	CWP
Genusplus Group Ltd	GNP
Keypath Education International Inc.	KED
Pacific Current Group Limited	PAC
Universal Store Holdings Limited	UNI

<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 and primarily invests micro-cap securities listed, or near listing, 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 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 companies with a market capitalisation of less than \$500 million at the time of the initial acquisition.

#### 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

#### 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) above the Performance Hurdle, subject to the high-water mark and after recovering any past underperformance.

#### 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%

#### Platforms

AMP MyNorth | BT Panorama | CFS First Wrap | Hub 24 | Insignia (Expand) | Xplore (Linear) | Macquarie | Netwealth | Powerwrap | Praemium | DASH | 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 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.

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