

Total returns[†]

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. (Dec 2000)
OC Dynamic Equity Fund	2.1	5.2	14.7	6.0	10.0	11.1	12.0
S&P/ASX Small Ordinaries Accumulation	3.5	2.0	9.3	(0.6)	3.5	6.3	5.7
Outperformance	(1.4)	3.2	5.4	6.6	6.5	4.8	6.3
S&P/ASX Small Industrials Accumulation	5.1	5.7	12.7	(0.3)	3.1	6.7	6.0
Outperformance	(3.1)	(0.5)	1.9	6.3	6.8	4.5	6.0

Performance review

The Small-Cap recovery continued in July with the OC Dynamic Equity Fund finishing the month up +2.1%. The Fund was behind both the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which were up +3.5% and +5.1%, respectively, in a strong start to the new financial year.

Recent portfolio addition **IRESS (IRE, +27.5%)** traded sharply higher, with the progress on their turnaround illustrated by the pre-announcement of FY24 EBITDA growth of 50%, triggering analyst upgrades. **Pinnacle Investment Management (PNI, +15.7%)** rallied into its full year result as investors became more comfortable with the material growth opportunity offered by new UK boutique Life Cycle Investment Partners, and with strong equity markets driving affiliate FUM growth across the group. There were few material underperformers in the Fund during July, although data centre exposures **NextDC (NXT, -5.0%)** and **Infratil (IFT, -3.8%)** took a breather, following the lead of US companies exposed to the AI thematic which also saw profit taking during the month.

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.

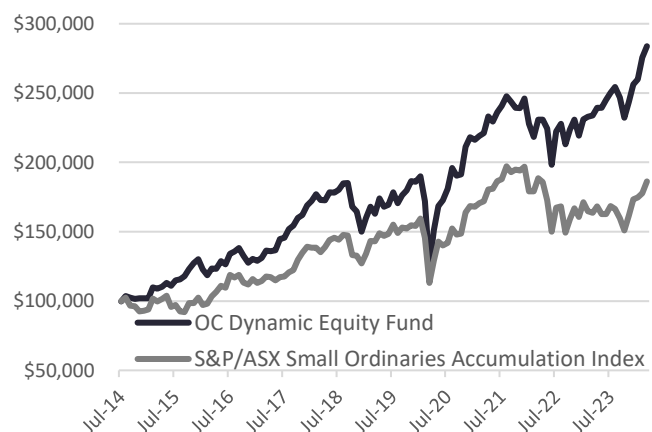
In response, the market mood changed abruptly and stocks sold off heavily at the start of August. The sell-off has been intensified by a swift reversal of the long-standing 'yen carry trade' where investors borrow low interest Japanese Yen to invest in higher-yielding, non-Yen denominated, global assets. 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 focused on August reporting season. The Fund has a solid cash buffer of around 12% 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[#]

Company	ASX Code
GQG Partners Inc.	GQG
HMC Capital Limited	HMC
Mineral Resources Limited	MIN
Psc Insurance Group Limited	PSI
Telix Pharmaceuticals Limited	TLX

* 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.

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