

Total returns[†]

At 31 Jan 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 Premium Small Companies Fund	1.5	12.6	9.5	5.4	8.1	9.3	10.4
S&P/ASX Small Ordinaries Accumulation	0.9	15.8	2.1	1.3	5.4	6.4	5.6
Outperformance	0.6	(3.2)	7.4	4.0	2.6	2.9	4.8
S&P/ASX Small Industrials Accumulation	1.9	20.1	6.8	0.3	4.9	6.4	5.8
Outperformance	(0.4)	(7.5)	2.7	5.1	3.2	2.9	4.6

Performance review

The Fund was up 1.5% for the month, ahead of the S&P/ASX Small Ordinaries Accumulation Index which returned 0.9%, although it was just shaded by the S&P/ASX Small Industrials Accumulation Index which returned 1.9% in January.

Megaport (MP1, +38.2%) rallied after a stronger than expected 2Q24 update showed the business tracking ahead of profit expectations and reaffirmed the rebuild of its sales team is largely complete, with this expected to drive an improvement in sales momentum into FY25. **GQG Partners (GQG, +10.3%)** continued to re-rate driven by ongoing impressive performance by its four key strategies, solid investment inflows and improved sentiment towards listed fund managers. **Mineral Resources (MIN, -14.4%)** came under pressure as the lithium price continued to fall driven by moderating electric vehicle penetration rates and lingering concerns about oversupply in the battery metal market. MIN printed a solid quarterly update and ought to be catalyst rich heading into H2FY24 with the Onslow iron ore project ramping up, and its Perth basin gas business reaching key milestones.

Outlook

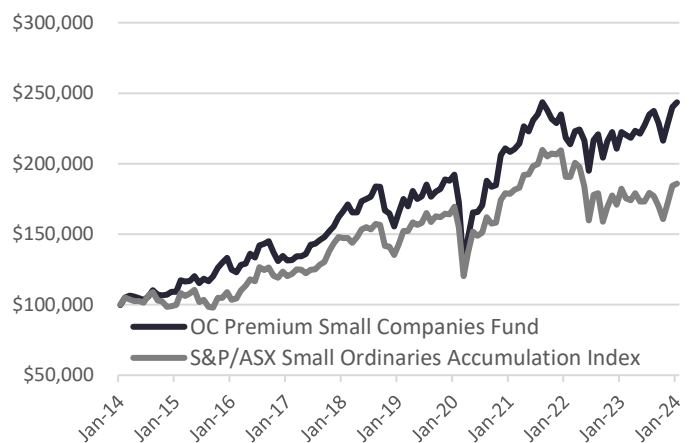
After a strong finish to calendar year 2023, global equity markets trended higher in January with inflation continuing to moderate in key economies including the US and Australia and employment markets remaining resilient. This remains consistent with the view that a soft landing is playing out.

The US economy remains robust, with unemployment remaining at 3.7% in January, and US consumer confidence printing at a five month high in December. Core Personal Consumption Expenditure (PCE) inflation, on a six-month annualised basis, registered at 1.9% in December, trailing the Federal Reserve's (the Fed's) 2% target for a second month. At its Open Market Committee meeting in late January, the Fed tempered market expectations of a March rate cut by suggesting that more information was still required before it could declare victory over inflation. Bond markets reacted by pushing out the first US rate cut into May. Notwithstanding this, reflecting on the robust nature of the US economy and ongoing moderation in inflation Fed Chairman Jerome Powell conceded: "Let's be honest, this is a good economy."

On a domestic front, inflation moderated ahead of consensus expectations in January with the Consumer Price Index (CPI) cooling to a two-year low of 4.1%. The squeeze from higher interest rates on household incomes and discretionary spending is delivering an economic slowdown. Consumer spending is slowing with retail sales declining 2.7% month on month in December. Cyclical stocks have rallied in Australia recently in anticipation of rate cuts in the second half of this calendar year. In our view, it is still too early to price this in domestically and we remain cautious on discretionary stocks ahead of the February results.

The February reporting season is now under way and the investment team remains confident that the Fund's holdings are well placed to meet or exceed the market's expectations.

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



Top 5 holdings[#]

Company	ASX Code
G.U.D. Holdings Limited	GUD
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.

Responsible entity

Copia Investment Partners

Inception date

December 2000

Benchmark

S&P/ASX Small Ordinaries Accumulation Index

Investment time frame

At least 5 years

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%

Platforms

AMP MyNorth | Grow Wrap | Asgard | BT Panorama | CFS First Choice | CFS First Wrap | Hub 24 | Insignia (Expand) | Xplore (Linear) | Macquarie | MLC/Navigator | Netwealth | OneVue | 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. 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.

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