

Total returns[†]

At 31 Oct 2023	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	(6.4)	(6.9)	(5.7)	(3.2)	7.7	11.7	11.9
S&P/ASX Emerging Companies Accum.	(4.6)	(13.1)	(10.0)	5.2	9.5	6.2	5.1
Outperformance	(1.8)	6.1	4.4	(8.5)	(1.8)	5.5	6.8

Performance review

Global equity markets sold off heavily in October and the OC Micro-Cap Fund was no exception falling 6.4%. This was behind the S&P/ASX Emerging Companies Accumulation Index which fell 4.6%, with the underperformance of the Fund largely due to its relatively low weighting to speculative resources stocks which performed strongly during the month.

There were few winners in the micro-cap universe during October although photon assay company, **Chrysos Corporation (C79, +8.9%)**, which delivers faster, more accurate gold sample analysis to major gold miners and leading laboratories globally, outperformed during the month on the back of its quarterly report which demonstrated continued growth of its revenue base and a positive operating cash flow result.

Detractors for the fund included **Smartpay (SMP, -17.4%)**, which underperformed on concerns about hospitality spending and potential for new competition from point of sale (POS) software. Whilst there is a likely softening in hospitality spend, SMP seemed to indicate that payments convergence with POS software seems to be a less material threat to SMP. **Telix Pharmaceuticals (TLX, -22.5%)** also sold off after a slight miss to consensus expectations on third quarter Illucix sales, and a preliminary data read on a prostrate diagnostic trial that seemed to confuse the market.

Outlook

Investors went 'risk-off' in October as hostilities between Israel and Hamas dampened risk appetite. Bond yields rose sharply, and stock indices fell globally with the prospect of 'higher for longer' interest rates weighing on stock valuations. Against this backdrop, commodities outperformed with energy prices rising as the conflict escalated and investors sought refuge in the relative safety of gold.

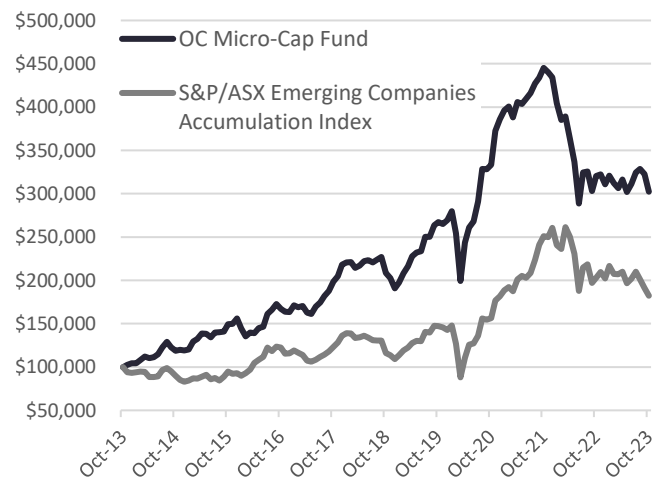
The US economy remains resilient with Q3 GDP of 4.9%, although the jobs market is slowing with the unemployment rate ticking up to 3.9%. It remains a delicate balancing act for the US Federal Reserve who must continue to bring inflation back to their 2% target, whilst not overdoing rate increases and causing a protracted downturn. The Federal Reserve, as expected, left rates in the 5.25 per cent to 5.5 per cent range at its policy meeting in early November. But the Fed left the door open to a further increase in borrowing costs in a policy statement that acknowledged the economy's surprising

strength but also noted the tighter financial conditions faced by businesses and households.

On the home front, inflation continues to be too high and retail sales data remains surprisingly resilient despite growing cost of living pressure. This forced the hand of Reserve Bank of Australia which raised the cash rate to 4.35% on Melbourne Cup Day, despite some clear signals that the economy is slowing.

Sentiment in domestic micro-caps is extremely bearish and we have used the sharp sell-off as an opportunity to deploy some cash into some quality names that have been sold down to attractive levels and ought to be resilient in a slowing economic environment.

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



Top 5 holdings[#]

Company	ASX Code
Cedar Woods Properties Limited	CWP
Pacific Current Group Limited	PAC
Peter Warren Automotive Holdings Limited	PWR
SRG Global Limited	SRG
Silk Logistics Holdings Limited	SLH

[#]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) in any financial year above the greater of 15% for the year or the high-water mark.

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



CONTACT COPIA

1800 442 129 | clientservices@copiapartners.com.au | copiapartners.com.au

*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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