

## Total returns<sup>†</sup>

At 31 Aug 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	(2.0)	0.0	9.3	2.1	8.0	8.9	10.4
S&P/ASX Small Ordinaries Accumulation	(2.0)	(0.0)	8.5	(2.9)	3.9	5.8	5.6
<b>Outperformance</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>5.0</b>	<b>4.1</b>	<b>3.1</b>	<b>4.8</b>
S&P/ASX Small Industrials Accumulation	(1.9)	4.6	12.2	(2.8)	3.4	6.1	5.9
<b>Outperformance</b>	<b>(0.1)</b>	<b>(4.5)</b>	<b>(2.9)</b>	<b>5.0</b>	<b>4.6</b>	<b>2.9</b>	<b>4.5</b>

## Performance review

The August 2024 reporting season highlighted the challenges of slowing growth, persistent cost pressures, cautious consumers, and the need to position the portfolio for resilient earnings. The OC Premium Small Companies Fund finished the month down -2.0%, which was broadly in-line with the S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index which returned -2.0% and -1.9%, respectively, in August.

Digital payments provider **ZIP Co Limited (ZIP, +25.6%)** confirmed a strong operating turnaround in FY24 with excellent momentum in the key US market, well controlled bad debts expense, and an improved balance sheet which drove consensus analyst earnings upgrades. SME specialist neo-bank **Judo Capital Holdings (JDO, +18.4%)** posted a solid result with key metrics including gross loans and advances and net interest margin at or above previous company guidance, and arrears and impaired loans remaining under control. **Johns Lyng Group (JLG, -36.3%)** delivered a weak top-line result which underwhelmed investors, as did the soft earnings guidance into FY25. The Fund exited its position in JLG as our thesis around 'business as usual' and US growth is no longer intact.

## Outlook

A raft of company results interspersed with material new macro-economic data created a volatile backdrop for equities in August. The economic outlook in the US has deteriorated somewhat with the labour market continuing to soften. The US Federal Reserve has already telegraphed a rate cut for the September FOMC meeting, and the prospect of a jumbo-sized 50 basis point cut to kick off the rate cutting cycle remains real.

The key economic data in Australia included anaemic GDP growth of just +0.2% in the June quarter, and inflation (CPI) remaining at an uncomfortably high +3.5%. Despite the weak consumer environment and a slowing economy, stubbornly high inflation means interest rates are likely to remain at current levels until at least the end of CY24.

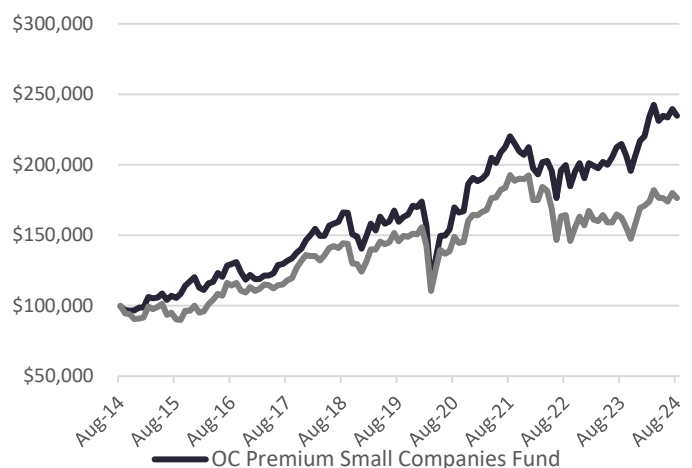
Results, on balance, disappointed across the broader small-cap space driving the indices lower during August. Results commentary highlighted several macro-economic themes:

- Cyclical companies experiencing reduced top-line growth, although well managed businesses continue to surprise on the upside, eg Universal Stores and Breville Group.

- Elevated inflation and labour costs continue to be a challenge, albeit some input costs, including raw materials, are beginning to moderate.
- Strong government and private sector investment is driving robust activity in infrastructure projects, benefiting companies such as Seven Group.
- The push toward digital transformation remains strong, with data centre companies including NextDC and Infratil Group (via CDC) key beneficiaries.

The Australian market remains sensitive to global economic shifts, particularly those stemming from the US. Expectations of monetary easing in the US could influence Australian equities positively so we caution investors on becoming too bearish despite the challenging economic backdrop. The portfolio remains underpinned by companies that can grow their earnings outside of the economic cycle and so we believe it is well positioned to weather any cyclical downturn.

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



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

Company	ASX Code
GQG Partners Inc.	GQG
HMC Capital Limited	HMC
Life360 Inc.	360
Seven Group Holdings Limited	SVW
Telix Pharmaceuticals Limited	TLX

<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 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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<sup>†</sup>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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