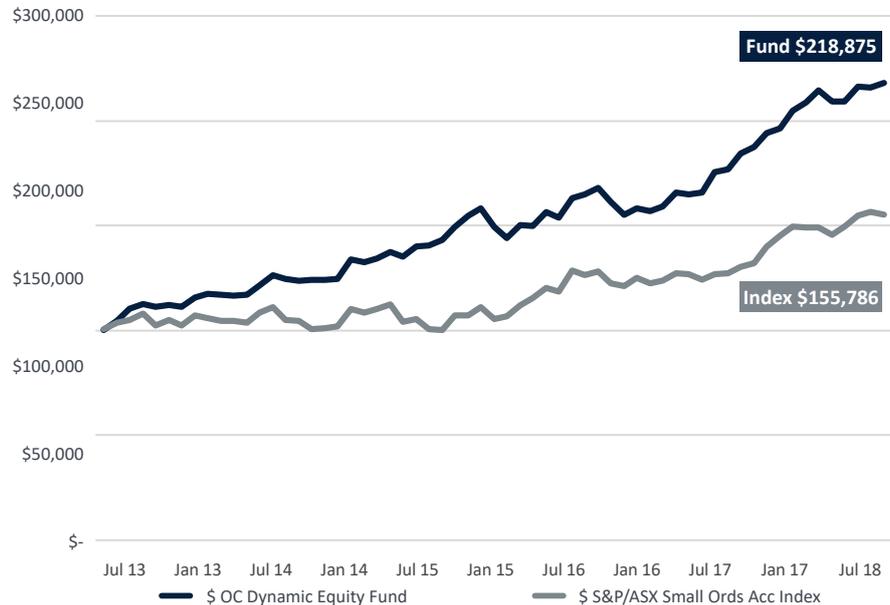


1.2% Fund up 1.2% for the month

17.0% Returned 17.0% p.a. for the past five years

We remain confident the Fund will continue to deliver attractive long-term returns

Performance comparison of \$100,000 over 5 years*



Total returns

At 31 July 2018	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Incep. % p.a. (Dec 2000)
OC Dynamic	1.2	4.4	23.8	16.1	17.0	17.3	13.3	13.4
S&P/ASX Small Ords Accum	-1.0	3.7	22.6	14.0	9.3	4.5	3.1	6.4
Outperformance	2.2	0.6	1.2	2.1	7.8	12.8	10.2	7.0
S&P/ASX Small Ind Accum	-0.5	4.7	18.0	11.4	10.3	10.5	6.7	6.8
Outperformance	1.7	-0.3	5.8	4.8	6.8	6.8	6.5	6.7

Performance review

The OC Dynamic Equity Fund enjoyed a solid start to the new financial year with the Fund finishing +1.2% for the month. This was a sound result, particularly in a relative sense, with the small-cap indices each delivering negative returns in July following on from strong performances in FY18. The S&P/ASX Small Ordinaries Accumulation Index and the S&P/ASX Small Industrials Accumulation Index returned -1.0% and -0.5% respectively during the month.

Pacific Current Group (PAC, +8.2%) announced the acquisition of a 25% stake in Victory Park Capital, a Chicago-based investment firm specialising in debt securities, for consideration of \$95m. The market had been eagerly anticipating how PAC would deploy the surplus cash on its balance sheet following its exit of several other investment manager stakes earlier in CY18. Victory Park Capital has A\$4.3b of funds under management and is expected to contribute \$9.5m to PAC's after tax earnings in FY19, implying a material EPS uplift of ~40% for the company. PAC continues to trade on an undemanding FY19 earnings multiple post this acquisition (11.6x) and remains a core portfolio holding.

Pivotal Systems Corporation Inc (PVS, +34.4%) had a strong ASX debut at the beginning of the month after an IPO that was significantly oversubscribed. PVS is an Emerging Leaders position in the Fund where we can see a clear pathway for significant growth but is still relatively small (originally capped at sub-\$200m) and early stage in terms of its listed track record. The company produces high precision gas flow control valves which are used in semiconductor manufacturing equipment. PVS valves provide a greater level of real time monitoring and control than competing products and as a result are becoming standardised across a number of the largest manufacturers of silicon wafers. PVS has a market leading product, real and defensible intellectual property and a very large addressable market and we look forward to following the business over the medium to long term.

Appen (APX; -18.8%) pulled back during the month following an incredible period of share price outperformance where it had risen more than threefold during the financial year ending 30 June 2018. As such a strong portfolio performer, we have written about APX many times in recent monthly updates and there is no doubt that the company is in a "sweet spot" providing data sets to leading global technology companies

operating in the field of artificial intelligence that mimic a human function. But even the best stocks have a price and we had been reducing our portfolio position in the stock during the month as the share price moved closer to our valuation. By the time the stock began to rollover in the second half of the month, we had reduced our portfolio weighting by almost a half. We look forward to meeting the APX management team at the August result with a view to adding to our holding should the opportunity arise at the appropriate valuation.

Outlook

The trade war between the US and China continues to escalate with both sides promising to impose further duties on the imports of the other. Last week the US threatened to impose a 25% tax on \$200b of Chinese imports which was reportedly aimed at bringing China to the negotiating table for talks to discuss ways to bring about structural changes to the Chinese economy to address what the US considers to be unfair Chinese trade practices. However, this appears to have further steeled China's resolve with the rhetoric out of official channels suggesting that China is prepared for a "protracted war" on trade and it will not bow to an act that aims to "crush China's economic sovereignty" even if that means sacrificing short-term economic interests.

For China, the escalation comes at a time when its economic growth is slowing, and the stock market has retreated into bear market territory. The US economy, on the other hand, remains robust and grew at its fastest pace since the third quarter of 2014 (4.1% annualised rate) and its stock market continues to hover at near record levels.

Little changed domestically during the month, although the prospect of a return to more normalised interest rates seems to have again been pushed out further with inflation growth falling short of expectations with underlying measures of inflation (which exclude more volatile items) falling to 1.9%, below the lower end of the RBA's 2-3% target band. The housing market continues to soften in the key Sydney and Melbourne markets and the OC portfolio currently has limited exposure to domestic housing.

The August reporting season has kicked off, although the bulk of small and micro-cap companies tend to release their results in the back half of the month following sign off from their auditors. We look forward to reporting back to our investors in early September on our thoughts and observations following financial-year-end reporting in August. During this time, we will be meeting with most of our core portfolio holdings, as well as many other competitors and potential investment opportunities. We believe the Fund is well positioned going into the results

period and we remain confident in our ability to generate strong long-term investment outcomes for investors.

Top 5 holdings[#]

Company	ASX code
Bapcor Limited	BAP
Nextdc Limited	NXT
Reliance Worldwide Corporation	RWC
Seven Group Holdings	SVW
Webjet Limited	WEB

[#]The top 5 portfolio holdings are in alphabetical order and may not be representative of current or future investments.

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*The performance comparison of \$100,000 over 5 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. The total return performance figures quoted are historical, calculated using end-of-month 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 indices do not incur these costs. This information is provided for general comparative purposes. Positive returns, which the OC Dynamic Equity Fund (the Fund) is designed to provide, are different regarding risk and investment profile to index returns. Total returns are calculated after taking into account performance fees. Where OC Funds Management generates a return on the OC Dynamic Equity Fund over and above the performance hurdle of 15% in any financial year, a performance fee of 20.5% of all profits above this level is charged to the Fund directly. 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 Dynamic Equity Fund (ARSN 098 644 681). A current PDS is available from Copia located at Level 25, 360 Collins Street, 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.