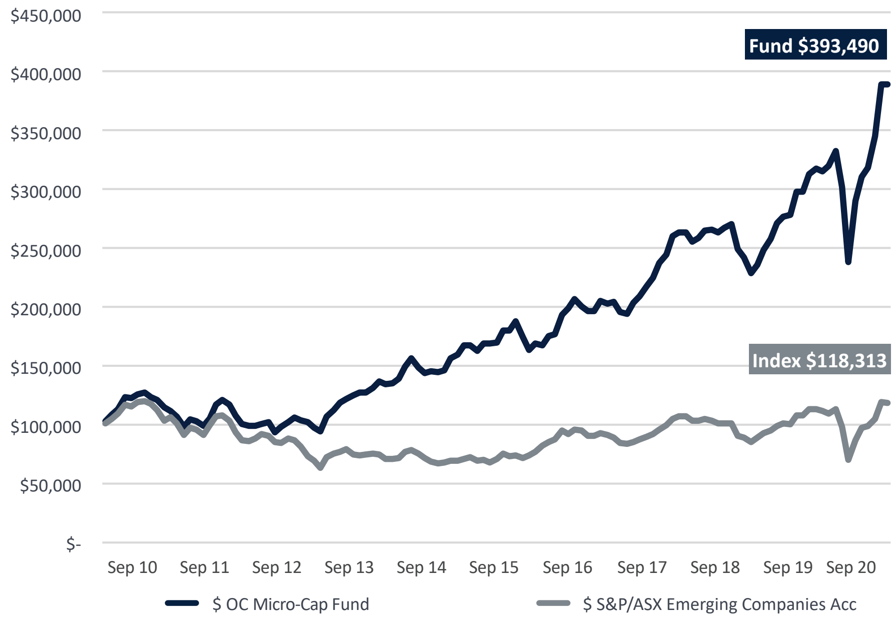
22.6% Fund up 22.6% for the quarter

18.5% Returned 18.5% p.a. for the past 5 years

We remain confident the Fund is well placed to deliver strong long-term returns

Performance comparison of $100,000 over 10 years*



Total returns

At 30 September 2020†	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. (Mar 2003)
OC Micro-Cap	-0.1	22.6	24.6	20.5	18.5	19.1	14.7	14.8
S&P/ASX Emerging Comp. Accum	-1.0	21.3	4.7	9.4	11.8	6.9	1.7	NA
Outperformance	**0.9**	**1.3**	**20.0**	**11.1**	**6.7**	**12.2**	**13.0**	**NA**

Inception date for the Fund is 21/11/2003. Inception date for the Index is 31/12/2003. The performance reflects the performance of the OC Micro-Cap Fund since the change of strategy on 30 September 2016 and the performance of the OC Concentrated Equity Fund prior to that date. Performance is after fees applicable at the time. 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.

Performance review

The OC Micro-Cap Fund finished the September quarter up +22.6% following a strong full year results period, with the Fund just shading the S&P/ASX Emerging Companies Index which was up a robust +21.3%. Key Fund holdings continue to track well from an operating perspective in an environment where the myriad unknowns, largely brought about by the COVID-19 pandemic, provide a challenging backdrop for stock-picking. The OC Fund's team is drawing on a collective +60 years funds management experience to help us navigate the markets as we continue to focus on generating strong risk adjusted returns for our investors.

Nitro Software (NTO, +87.8%) rallied consistently throughout the quarter following the release of its second quarter update and a half year result which showed that key operating metrics including annual recurring revenue (ARR) and cash receipts remain in-line or above the company's prospectus forecast. The ARR of US$20.2m came in ahead of consensus forecasts driven by expansion from existing customers, migration from perpetual licences and growth in new logos. There appears to be little negative COVID-19 impact on the business; to the contrary NTO management reported the business has seen "new and urgent demand" in document productivity and eSigning capabilities as customers seek solutions for rapid digitisation to enable remote working productivity. NTO signed up more than 10,000 new licences in the last quarter including several new enterprise customers. We remain comfortable holders of this high growth technology stock despite the strong share price rally from depressed levels early in the COVID-19 pandemic.

The Citadel Group (CGL, +77.9%), a long term Fund holding since its IPO back in November 2014, received a takeover proposal from private equity firm Pacifics Equity Partner (PEP) to acquire 100% of its issued capital at $5.70 per share in cash, less any potential special dividend (currently proposed 15cps, fully franked). The proposal represented a 43% premium to its last close and a 51% premium to the 3-month VWAP. CGL is an enterprise software and services company specialising in improving patient outcomes, securing systems critical data and supporting enterprise clients to deliver critical IT projects and services. The company had recently undertaken a transformational acquisition in the UK of Wellbeing Software Group which is a provider of radiology and maternity software solutions to manage patient workflow and data. Whilst we are attracted to the company's growth profile and growing SaaS revenues, the price offered by PEP will be accepted by the Fund in the absence of a higher offer.

Piedmont Lithium (PLL, +258.8%) rallied strongly late in the quarter as it announced a binding sales agreement to supply spodumene concentrate to electric vehicle (EV) powerhouse, Tesla. PLL is developing one of the largest, lowest cost lithium projects globally and is strategically located in North Carolina, USA. OC invested in PLL in mid-2019 as we were attracted to the project economics of the North Carolina deposit (against PLL's valuation at the time) and the fact there were so few commercially viable lithium deposits in North America with most lithium currently produced in less stable jurisdictions such as China and South America. Australia also has lithium projects but, for US based consumers of the product, Western Australia is just too geographically distant to ensure security of supply for such a critical element of their supply chain. Lithium mines produce spodumene concentrate which is further processed into lithium hydroxide, a critical element in EV production and battery supply chains with myriad industrial uses. OC invested in PLL as a catalyst rich, event driven stock and with the primary catalyst now realised we have now exited the position.

Carbon Revolution (CBR, +48.9%) enjoyed a relief rally during the quarter after reporting an FY20 result largely in line with analyst expectations (showing revenue and wheel production approximately +150% on prior year) despite various COVID-19 related impacts on the operations of CBR and its customers. We attribute the share price rally to investors realising that CBR was not in as dire a financial situation as many had feared. CBR has developed a market leading carbon fibre wheel technology (and has built a leading edge, Geelong based production facility) and counts esteemed global auto manufacturers such as Ford, Ferrari, Jaguar and Nissan among its customers. CBR strengthened its balance sheet with a capital raising earlier in the year, in anticipation of a rough patch through COVID-19, and is now well positioned to execute on its strategy of industrialising its production facility, increasing its wheel sales and driving down the unit cost of production. We increased our shareholding in CBR at lower levels earlier in the year and we remain comfortable with how the business is travelling.

Bigtincan Holdings (BTH, +82.7%) is a provider of cloud-based digital sales enablement software to large enterprises with global and mobile sales forces. Sales enablement software provides organisations with content, tools and information that assists their sales forces by providing them with relevant content and training materials to streamline the buying process. The Fund invested in BTH at a capital raise in May 2020. BTH was up strongly for the quarter after reporting a positive result in August. Of particular note, Annual Recurring Revenue (ARR) grew +53% for FY20, of which organic growth delivered +42% ARR growth, continuing a recent track record of organic ARR growth. Despite the uncertain operating environment, BTH was one of a select few companies to provide guidance for FY21. Given the stable recurring revenue nature of BTH and solid recurring revenue retention, BTH was able to give a robust outlook for continued organic revenue growth. Additional inorganic revenue growth is also likely, given BTH has $71m of cash and a track record of making targeted strategic acquisitions. We remain a holder of BTH and look forward to evaluating the execution of CEO/MD David Keane who is a substantial holder in the company.

During the September quarter, the Fund invested in several initial public offerings (IPO's) and has many other IPOs coming to market in the current December quarter. In the month of September specifically, we added positions in engineering specialist IPO, **SRJ Technologies (SRJ, +40.0%)**, and Kiwi listed logistics tech firm, **Eroad (ERD, +12.5%)**, which made its debut on the ASX via a placement to new Australian based institutional investors. Each of these listings are now trading comfortably above their issue price. We also 'stagged' our small holdings in BNPL operator, **Laybuy Group**, and transcription and captioning service, **Access Innovation Holdings**, where the Fund failed to secure meaningful positions through the IPO allocation process.

MNF Group (MNF, -17.7%) was one of the few detractors from the Fund during the quarter after releasing a slightly softer outlook than expected at the FY20 result, with the tailwinds in its global wholesale businesses mixed in with the headwinds from its Direct and NZ roaming businesses. MNF is a provider of voice communications technology and is the owner and operator of an IP network in Australia which is designed to carry voice data, coupled with software capabilities. MNF operates across SME, enterprise, government and global customers. MNF provides phone numbers and voice connectivity to global wholesale customers such as Microsoft teams, Zoom, 8x8 and Twilio who operate as unified communications as a service (UCAAS) and communications platform as a service (CPAAS) providers. Due to the widespread demand from businesses to work from home since March, this segment grew gross profit by +32% on previous corresponding period in 2H20. These tailwinds are likely to persist over the medium term in the recurring segment of the global wholesale business. The near team outlook for the broader MNF business is more challenged.

This is due to a reduction in audio conference calls in the direct segment given growth in online collaboration, the slowing of small business sales in the direct segment, and the reduction in roaming minutes from NZ mobile due to reduced international travel. The Fund exited its position in MNF during quarter but we will continue to monitor the business for an attractive re-entry point in the future once the headwinds subside.

Outlook

The market continued to rally over much of the September quarter with investors taking a 'glass half full' approach in casting aside another hard lockdown in Victoria and clusters of COVID-19 cases in both NSW and Queensland, as well as mounting second wave COVID-19 spikes and poor economic data across the globe, to instead focus on company results that exceeded our low expectations and growing optimism around a vaccine. From an economic perspective, central bank and government stimulus has thus far provided insulation from the dire scenarios that seemed likely back in March, albeit most global economies are now in a deep recession with China, somewhat ironically, the key exception.

On a global front, the elephant in the room has been US President Trump's recent COVID-19 diagnosis which has come with campaigning for the US Federal election, to be held on November 3rd, entering a critical juncture. Since Mr Trump confirmed that he had tested positive for COVID-19 late last week and was admitted to a military hospital, betting on the election has been suspended as confusion reigns over the status of his health and his ability to continue to campaign for office. President Trump's physician Dr Sean Conley has given a series of somewhat cryptic briefings, one of which was directly contradicted by an off-the-record briefing by a senior White House official, and the president himself has posted successive upbeat comments about his health. Although Mr Trump has now been discharged from hospital, there is still significant uncertainty about his recovery or his ability to re-join the campaign trail with the election nearing. After an initial sharp sell-off, the market again cast aside bad news about Mr Trump's health and resumed its upward trajectory.

The outcome of the US election, assuming Mr Trump is fit to run for office, remains uncertain with neither candidate showing a decisive lead (although Biden leads in most polls) and recent elections worldwide showing the fallibility of pre-election polls in any event. The first presidential debate was shambolic with lots of heckling and interrupting from both Trump and Democrat candidate Biden marring any sensible discussion of key issues.

In terms of stock markets, it is hard to say anything concrete about the likely impact of the election. Markets have tended to react more positively in the immediate aftermath of the election of a Republican president, as the party's policies are broadly thought of as more market friendly. Biden is planning on rolling back company tax cuts which is clearly not Wall Street friendly, but much will also depend on which party carries the Senate and, again, the likely outcome here is not yet clear. We expect heightened market volatility around the election date, especially if the outcome is uncertain or if the result is contested in the courts.

Domestically, there has been much noise from the Reserve Bank of Australia (RBA) about providing further support to the domestic economy. While the RBA left rates unchanged on Tuesday (budget day), it has certainly telegraphed its willingness to use its remaining monetary policy arsenal to help the economy grind its way out of the steepest fall in economic activity since the Great Depression. The RBA prudently paused on a rates call ahead of the federal budget on Tuesday, most likely in order to assess the stimulatory measures introduced by the government before deciding on how to best provide the well flagged further monetary policy support in the coming months.

The Federal Budget itself was an event of real consequence to markets this year as a result of a sharp a retraction in economic activity brought about by COVID-19. The pandemic has caused serious financial hardship across the nation with unemployment skyrocketing and many businesses and sole traders on the edge of a financial abyss (largely brought about by social distancing measures) with many only propped up by short-term fiscal relief, sporadic rental abatement and debt repayment holidays. This necessitated a budgetary response from the government the quantum of which has not been seen since the Second World War and that is exactly what Treasurer Josh Frydenberg delivered on Tuesday evening with a business friendly budget that revealed a swathe of measures aimed at restoring the country's economic prosperity.

Key market sensitive measures announced in the 2020/21 budget included:

- Tax Cuts - Stage two personal income tax cuts will be backdated to 1 July 2020. The 19% tax bracket upper threshold will rise from $37,000 to $45,000, the 32.5% bracket will rise from $90,000 to $120,000, and the 45% bracket will rise from $180,000 to $200,000.
- State Infrastructure - $10b in 'use-it-or-lose-it' payments will be allocated to the states to stimulate infrastructure activity.
- Investment - Nearly all businesses (up to a $5b

turnover cap) will be able to write off the full value of eligible assets they purchase until June 2022.
- Employment Support - Wages subsidies available for jobs given to new employees (for 16-35 years old) and apprentice wage subsidies made available to create 100,000 new apprenticeships and traineeships.
- Home Buyers - Australian's can buy a newly built home – if it is their first property – with a deposit as small as 5% under an expansion of the government's First Home Loan Deposit Scheme.

The domestic stock market rallied into budget night as key stimulus measures were leaked to the press and the budgetary measures themselves did not disappoint and ought to be supportive of job creation and corporate Australia going forward. Clearly, the governments much coveted fiscal surplus is a thing of the past with the government announcing spending of $257b on direct economic support and rightly so given the economic challenges that lie ahead of us. The debt burden created for future generations will be sizable but seems justifiable as the government seeks to wake the economy from its COVID-induced slumber.

The direct implications of the budget on our portfolio are relatively limited, although first home buyers assistance ought to be positive for Cedar Woods Properties and Australian Finance Group, and the tax cuts and other consumer friendly measures ought to be supportive for consumer discretionary names including Autosports Group, Baby Bunting and Adairs Limited.

Given the volatility and uncertainty of the current markets we have endeavoured to provide our investors with greater clarity on our investment thoughts via more detailed monthly and quarterly reviews of late, as well as regular investor webinars. The OC team prides itself on its transparency and will continue to keep our investors updated in the coming months as the investment environment evolves and as we reshape our portfolio.

Top 5 holdings[#]

Company	ASX code
Adairs Limited	ADH
Cedar Woods Prop.	CWP
Probiotec Limited	PBP
Rhipe Ltd	RHP
Sezzle Inc.	SZL

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

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