OC Dynamic Equity Fund

Fund Update | 31 August 2026

Total returns[†]

At 31 Aug 2026	1 Mth %	3 Mths %	1 Yr %	3 Yrs % p.a.	5 Yrs % p.a.	10 Yrs % p.a.	15 Yrs % p.a.	Incep % p.a. (Dec 2000)
OC Dynamic Equity Fund	3.6	0.9	(6.3)	3.8	2.8	7.7	11.4	11.0
S&P/ASX Small Ordinaries Accumulation	5.2	(0.2)	(1.2)	9.8	2.2	6.5	5.2	6.0
Outperformance	**(1.6)**	**1.1**	**(5.1)**	**(6.0)**	**0.6**	**1.2**	**6.2**	**5.0**
S&P/ASX Small Industrials Accumulation	0.2	1.1	(13.9)	4.6	(1.3)	4.3	6.7	5.5
Outperformance	**3.4**	**(0.1)**	**7.6**	**(0.9)**	**4.1**	**3.4**	**4.7**	**5.4**

Performance review

Gold and copper prices surged in August, lifting the major ASX indices, although headline strength masked a more mixed picture beneath the surface. Gold was the standout contributor in small caps, with the S&P/ASX Gold Index up 28.9% and helping the Small Resources Index rise 17.5%, while the Small Industrials Index edged up 0.2%. Against this backdrop, the OC Dynamic Equity Fund returned +3.6%. The Fund lagged the broader small-cap index given its mandated resources underweight but finished materially ahead of the small industrials benchmark after an excellent reporting season.

Fleet leasing and administration company **FleetPartners Group (FPR, +47.7%)** received four competing takeover proposals during the month, highlighting the value being recognised in parts of the portfolio. In an industry ripe for consolidation, we view a transaction as likely to complete. Counter-drone defence technology company **Electro Optic Systems Holdings (EOS, +46.8%)** delivered its maiden positive underlying EBITDA result of $21.6m on revenue of $168.8m, supported by a record $846m order backlog. EOS's FY26 revenue guidance of $360–400m provides support for our investment thesis. Travel-exposed companies **Flight Centre Travel Group (FLT, -10.8%)** and **SiteMinder (SDR, -10.4%)** detracted after weaker-than-expected FY26 results and modestly lower guidance, partly reflecting a softer travel market.

Outlook

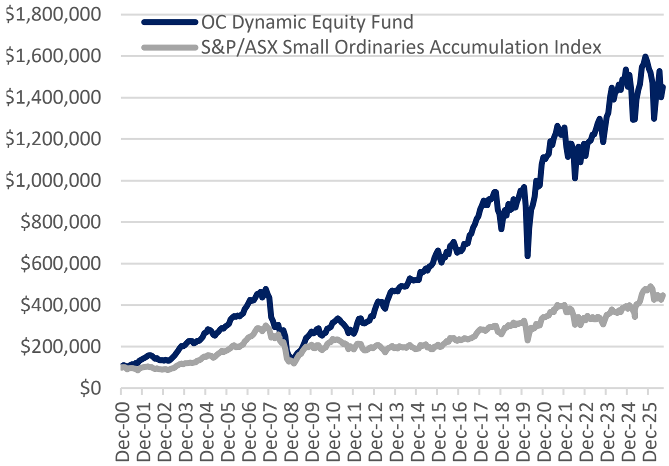
Markets are facing a challenging mix of softer growth and persistent inflation in both the US and Australia. In the US, cooling labour demand — with ADP reporting just 38,000 private jobs added in August — is coinciding with renewed energy pressure, limiting the Fed's scope to ease while higher mortgage rates continue to weigh on housing. In Australia, trimmed mean inflation is running above target at 3.6%, and stronger Q2 GDP has shifted the debate from near-term cuts toward the risk of a further hike, even as housing stays pressured and consumers keep trading down.

The clearest signal is coming from bond markets. The US 10-year yield reached 4.8%, its highest level since November 2023, while 30-year Treasuries moved above 5.2%, UK gilts traded at post-2008 highs and Japanese long bonds continued to adjust higher. This appears to be more than a short-term energy shock. Investors are demanding a higher term premium for fiscal deficits, reshoring and defence spending, suggesting inflation and rates may remain structurally higher than in the last cycle. For equities, that lifts discount rates and places greater pressure on long-duration valuations.

August reporting season reinforced this shift. Valuation dispersion across the ASX 200 narrowed during the month, with the premium attached to high-P/E stocks falling from almost 2.9x to 2.25x, below its twenty-year median. In practical terms, the market is becoming more valuation-sensitive, rewarding earnings delivery, cash generation and dividends ahead of growth narratives.

For small-cap investors, we believe this backdrop is creating opportunities. Quality industrials have lagged the resources-led rally, while private capital is increasingly recognising value in listed assets, for example: Brookfield's proposal for Reliance Worldwide was struck at a 43% premium to the six-month VWAP, Dragoneer and KKR are paying a 51.9% premium for Steadfast, and EQT has shown interest in Cleanaway. In our view, these bids highlight the widening gap between short-term public market pricing and the long-term value of strong franchises. We used the dislocation during the month to add to conviction positions in several high-quality industrial names.

Performance Comparison of $100,000 Since Inception[*]



Top 5 holdings[#]

Company	ASX Code
Breville Group Limited	BRG
Codan Limited	CDA
GenusPlus Group Ltd	GNP
Kelsian Group Limited	KLS
ZIP Co Limited.	ZIP

[#] 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 that are listed, or about to list, on the ASX. The Fund can also invest up to 20% of total capital in either smaller emerging leaders businesses ($50 million to $350 million market capitalisation) and/or event-driven positions (companies expected to benefit from an upcoming catalyst or undergoing a positive change).

Responsible entity
Copia Investment Partners

Inception date
December 2000

Benchmark
S&P/ASX Small Ordinaries Accumulation Index

Investment time frame
At least 5 years

Minimum investment

Initial:	$20,000
Additional:	$5,000

Distribution
Yearly

Management fee
1.72% p.a. (including GST net of RITC)

Performance fee
20.5% (including GST net of RITC) of the amount of excess performance in any financial year, subject to a high-water mark.

Performance hurdle
The greater of the net asset value of the Fund at the beginning of the year plus 15% p.a., or the high-water mark.

High-water mark
Yes

Typical Investment Exposure

Cash	0%-20%
Equities	80%-100%
Including:	
S&P/ASX 100 Constituents	0%-20%

Platforms
BT Panorama | HUB24 | Insignia (Expand) | Xplore (Linear) | Macquarie | MLC/Navigator | Netwealth | Powerwrap | Praemium | 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. 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 Dynamic Equity Fund (the Fund) is designed to provide, are different regarding risk and investment profile to index returns. 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 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.

The rating issued October 2024 APIR OPS0001AU is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report.