



5.1%

Fund up 5.1%
per annum over
the past 3 years



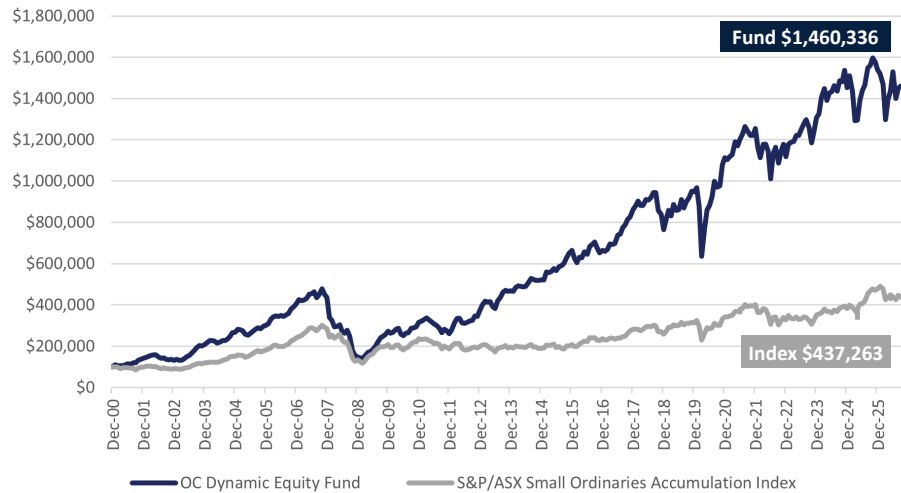
11.0% p.a.

Returned 11.0%
per annum since
inception



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

Value of \$100,000 invested at inception



Total returns

At 30 September 2026 [†]	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	10 yrs % p.a.	15 yrs % p.a.	20 yrs % p.a.	Incep. % p.a. (Dec 2000)
OC Dynamic	0.7	-4.5	-6.4	5.1	3.3	7.5	12.1	7.3	11.0
S&P/ASX Small Ords Accum	-2.3	-0.5	-6.7	10.4	2.2	6.1	5.8	3.7	5.9
Outperformance	3.0	-3.9	0.4	-5.3	1.1	1.4	6.2	3.5	5.1
S&P/ASX Small Ind Accum	-1.3	-4.0	-14.4	6.0	-1.3	4.1	7.1	3.8	5.5
Outperformance	1.9	-0.5	8.0	-0.9	4.6	3.4	4.9	3.5	5.5

The total return performance figures quoted are historical, calculated using end-of-month net asset value per unit after fees and do not allow for the effects of income tax or inflation

Market Overview and Fund Performance

The September quarter was a challenging one for equity markets as investors were forced to reprice the risk of persistent inflation. A sharp rise in the oil price, driven by the conflict in the Middle East, fed directly into inflation expectations and pushed US 10-year bond yields to around 5.3%, their highest level since 2007. Higher yields weighed on equity valuations more broadly but impacted long-duration growth stocks and interest rate sensitive sectors hardest as investors reassessed how long central banks would need to keep policy restrictive. The US Federal Reserve raised rates in September for the first time since 2023. Domestically, the RBA lifted the cash rate to 4.6% on 29 September, its fourth increase this year, confirming that rate relief is further away than the market had priced in at the start of the quarter.

Commodities were the standout driver of the market during the September quarter with gold, copper and energy benefiting from the inflationary backdrop and ongoing supply tightness. This drove a sharp divergence

within the small-cap market: the S&P/ASX Small Resources Accumulation Index rose +8.2% for the quarter, while the S&P/ASX Small Industrials Accumulation Index fell -4.0%. Against this backdrop, the OC Dynamic Equity Fund returned -4.5% for the quarter, behind the S&P/ASX Small Ordinaries Accumulation Index which was down 0.5%. The Fund nevertheless remains ahead of the broader small-cap benchmark over the past 12 months. The Fund's structural underweight to resources was a material headwind, although the Fund rebounded strongly in September on both an absolute and relative basis, on the back of positive stock-specific news.

We remain comfortable with our positioning. Our focus remains on high-quality industrial businesses with pricing power, strong balance sheets and earnings visibility; companies we believe are well placed to defend margins in a higher-cost environment. Market dislocations of this kind are uncomfortable in the short term, but they tend to create attractive entry points into businesses whose long-

term earnings prospects are unchanged by a quarter of macro-driven volatility.

Codan (CDA, +49.8%) was one of the portfolio's standout performers over the September quarter, with two separate catalysts pushing the shares to successive record highs. The FY26 result in August was well ahead of expectations from both a revenue and profitability perspective. The Communications segment posted a 31% margin, reaching its FY27 target 18 months early, and the fully franked dividend was lifted 70% to 48.5cps. Then late in the quarter, CDA guided to H1 FY27 NPAT of not less than \$160m. That compares with \$71.2m in the prior first half and is close to the earnings delivered in the whole of FY26. Communications revenue is expected to rise 80–85% for the half at an EBIT margin of around 40%, and the FY27 communications growth target was raised to 30–40% from about 20%.

CDA operates two business segments with largely independent earnings drivers. Communications supplies tactical radios and the secure data links used in drones to military and security customers, and Minelab is the global leader in metal detectors. Rising defence budgets and the rapid spread of unmanned platforms are driving demand for secure, 'jam-resistant' communications. That demand is broadening beyond conflict regions, where growth is running at around 20%. The July acquisition of US anti-jamming specialist Adaptive Dynamics strengthens CDA's position. A Communications order book up 50% to \$380m gives good visibility, while new detectors and a supportive gold price have lifted Minelab's run-rate above H2 FY26 levels. With strong operating leverage in both businesses, we see further upside to FY27 expectations. CDA has repeatedly beaten or upgraded guidance over the past nine months, and we expect this pattern to continue.

Reliance Worldwide (RWC, +21.2%) was a strong contributor over the quarter after becoming the subject of takeover interest from Brookfield. The stock had drifted lower through July as persistent US tariff headwinds, rising costs and subdued housing markets weighed on sentiment and earnings, before re-rating sharply in August when Brookfield's offer was made public on the day of RWC's results announcement. It emerged that Brookfield made three approaches in the first half of the year before returning in August with a fourth bid worth A\$4.75 a share, having earlier been rebuffed at A\$4.15, A\$4.25 and A\$4.50. Following due diligence, the parties executed a scheme implementation deed in mid-September, with Brookfield switching its offer to US\$3.38 a share, equivalent to the A\$4.75 offer and investors able to choose payment in either currency. The board unanimously recommended the scheme, citing the execution risk to deliver future growth and the broader macroeconomic and geopolitical environment, against the certainty of value delivered by the

cash consideration. Notably, the deal includes a "go-shop" provision, allowing RWC to seek rival bids until October 15, with Brookfield holding the right to match. With the shares finishing the period just below the offer price, we see limited downside and retain optionality to a competing proposal ahead of expected implementation in the first quarter of 2027.

Maas Group Holdings (MGH, +33.5%) was a key contributor during the quarter as the market gained a greater appreciation for the company's pivot towards electrical and digital infrastructure. The standout in its FY26 result was +64% EBITDA growth in the Civil Construction and Hire division, driven by electrical subsidiary JLE. JLE manufactures modular power generation infrastructure for Firmus' AI factory in Launceston, and the electrical segment has \$1.2bn of work in hand including \$855m of purchase orders from Firmus, providing strong earnings visibility into FY27 and beyond. MGH also received FIRB and ACCC clearance for the \$1.7b sale of its construction materials business to Heidelberg Materials. The sale will significantly de-gear the balance sheet and we expect founder Wes Maas to redeploy the proceeds with his usual focus on return on capital. MGH has also invested \$300m in Firmus through pre-IPO rounds. With Firmus set to list in late October, we believe the market is increasingly recognising the value of this stake.

Dicker Data (DDR, +21.0%) re-rated after reporting an excellent H1 FY26 result and FY26 guidance which came in well ahead of expectations. This was largely driven by stronger gross margins during the period as DDR was able to leverage its scale and balance sheet to pre-purchase IT hardware at lower prices and benefit from significant increases in hardware prices which came through during the period owing to a global shortage in memory. During the period DDR also saw strong growth in adjacencies such as networking, which benefitted from data centre refresh demand. Software was a standout, growing 18% on contributions from recently added vendors and strong demand in areas such as storage and cyber security. Whilst we have reduced our position in DDR following its strong outperformance and re-rating, we remain positive on the company's prospects. DDR enters H2 FY26 with a backlog of over \$400m and significant demand from potential large AI-related deals.

Zip Co (ZIP, -37.4%) was a material detractor during the quarter, giving back much of its June quarter recovery despite a record FY26 result. Group cash EBTDA rose 57.9% to \$268.9m and statutory NPAT increased 45.7% to \$116.4m, with the company meeting or exceeding all of its FY26 guidance metrics. The US remains the engine of growth, with total transaction volume (TTV) and revenue up 42.5% and 44.3% respectively in US dollar terms. Credit losses were also well managed, falling to 1.67% of US TTV

in the fourth quarter, comfortably below management's guidance of less than 1.75%. Momentum has continued into FY27, with US TTV growth above 30% in July. ZIP has guided to FY27 US TTV growth of more than 30% and Group cash EBTDA of \$340m, implying 26% growth. It also announced an on-market buyback of up to \$50m, reflecting its strong balance sheet and continued free cash flow generation.

ZIP rallied 14.7% on the day of its result but sold off over the remainder of the quarter as high oil prices, inflation concerns and expectations of further rate increases in Australia and the US weighed on rate-sensitive growth stocks. We view the share price reaction as disconnected from the operating trajectory, and ZIP remains a high-conviction position. With only 4.6m customers out of a potential market of more than 100 million low- to middle-income Americans underserved by traditional credit, we believe ZIP is in the early stages of a multi-year growth opportunity. We are also encouraged by potential new product adjacencies, which we expect to hear more about in the coming months. At around 10x NTM cash earnings for more than 20% medium-term growth, ZIP's valuation is compelling, and we expect the stock to re-rate as the company continues to deliver.

Investment Outlook

Bond markets have sold off heavily in recent weeks, with yields driven higher by a combination of soaring energy costs, stubborn inflation, persistent fiscal deficits, the continued strength of the US economy and the enormous capital demands of the AI investment boom. The US 10-year yield is trading near 5.3%, while oil remains above US\$100 a barrel as the conflict with Iran continues to disrupt supply.

Central banks have responded. The US Federal Reserve raised rates in September for the first time since 2023, and markets expect further increases. In Australia, the RBA lifted the cash rate to 4.6% on 29 September, its fourth increase this year and the highest level since November 2011, and has left the door open to further tightening. We are not assuming a quick return to the lower-rate environment the market was pricing at the start of the year. Encouragingly, though, the RBA has acknowledged that this year's increases are already slowing the economy, a sign that tightening is having its intended effect. In this environment, pricing power and balance sheet strength matter more than usual, and the portfolio has been positioned accordingly.

Rising bond yields have weighed most heavily on small industrial stocks, and the sector is now deeply out of favour. The Small Industrials Index trades on a 12-month forward PE of 17.8x, well below its 10-year average of 19.7x. It fell

close to 16x during the initial escalation of the conflict with Iran, a level rarely seen outside moments of acute stress such as the onset of COVID-19. Sentiment is poor, but in our experience periods of peak anxiety have consistently marked attractive entry points for patient capital. We have used the volatility to add to high-quality businesses at prices we consider compelling.

We remain structurally underweight single-commodity, single-mine resource stocks, given their elevated earnings volatility and dependence on commodity prices they cannot control. We prefer to gain exposure to the resources cycle through "picks and shovels" service providers. Declining ore grades, stronger commodity prices and rising demand for critical minerals are driving sustained exploration and maintenance spend, which we expect to accelerate alongside the AI-led infrastructure build-out. Our holdings in NRW Holdings and Mineral Resources position the portfolio to benefit from this capex cycle without taking direct commodity price risk.

We increased conviction exposures to businesses with clear structural growth drivers, including Codan, Austal and GenusPlus Group. GenusPlus is a good example: national grid upgrades, the renewable energy rollout and rising data demand underpin its growth. Multi-year contracts, including HumeLink in NSW, Western Power's Clean Energy Link and NBN upgrades, give it strong revenue visibility.

Alongside growth, we maintained exposure to businesses that can grow earnings largely independent of the economic cycle, including Ventia Services, Kelsian Group, Telix Pharmaceuticals and NIB Holdings. Ventia's long-term contracts, typically five to seven years, include inflation pass-through mechanisms that protect margins in exactly the environment we are now seeing.

With domestic growth tracking below 2.0% and the RBA still tightening, the portfolio also owns US dollar earners priced on ASX small-cap multiples rather than US market valuations. Breville Group and Megaport sit alongside Codan and Austal in this group. Breville's pricing power, built on decades of R&D investment and a rolling new product pipeline, has protected its margins through both input cost inflation and US tariffs. Following valuation dislocations during the quarter, we also added to Lovisa Holdings, a business with durable competitive advantages and a long runway for global store rollout.

The upcoming AGM season will be an important test of earnings resilience, particularly as higher rates flow through to households and businesses. We expect trading updates to separate companies that can pass on rising costs and protect margins from those whose FY27 guidance rested on

more benign assumptions. We will be watching the quality of earnings closely, and where we see signs of deterioration, we will act decisively.

The clearest evidence that the listed market is undervaluing quality industrials is coming from buyers with longer investment horizons. A number of our holdings have received takeover proposals in the past six months, each following a period of share price weakness driven by short-term cyclical pressures. The proposals were for Steadfast from a KKR-led consortium (52% premium), Reliance Worldwide from Brookfield (29%), Cleanaway from EQT Infrastructure (32%) and FleetPartners from multiple bidders (65%). That buyers are paying premiums of this size despite sharply higher funding costs underlines the gap between share prices and fundamental value that our process identified. With valuations still below long-run averages, we expect this activity to continue.

We are approaching the months ahead with confidence and the Fund is close to fully invested. Our universe is out of favour, sentiment is poor and valuations are below long-term averages, yet the portfolio is made up of cash-generative businesses with strong market positions, pricing power and sound balance sheets. That combination has historically rewarded patient investors, and we believe the Fund is well positioned for an improvement in sentiment. We thank investors for their continued support.

Top 5 holdings[#]

Company	ASX code
Breville Group Limited	BRG
Codan Limited	CDA
Genusplus Group Ltd	GNP
Maas Group Holdings Limited	MGH
Megaport Limited	MP1

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

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[†]The total return performance figures quoted are historical, calculated using hard-close 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 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. 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 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.