OC FUNDS MANAGEMENT

OC Micro-Cap 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. (Nov 2003)
OC Micro-Cap Fund	7.7	(4.7)	(2.2)	8.0	(0.6)	9.6	11.0	11.9
S&P/ASX Emerging Companies Accum.	13.9	3.7	23.6	17.5	7.9	10.7	6.3	7.2
Outperformance	**(6.2)**	**(8.4)**	**(25.8)**	**(9.5)**	**(8.5)**	**(1.1)**	**4.7**	**4.7**
S&P/ASX Small Ordinaries Accumulation	5.2	(0.2)	(1.2)	9.8	2.2	6.5	5.2	6.2
Outperformance	**2.6**	**(4.5)**	**(1.0)**	**(1.8)**	**(2.9)**	**3.1**	**5.8**	**5.7**

Performance review

Gold prices surged in August, with key contributors to the S&P/ASX Emerging Companies Accumulation Index (XEC) dominated by Gold and Lithium companies. Against this backdrop, the OC Micro-Cap Fund returned +7.7%. The Fund lagged the broader XEC Index by 6.2% (given the portfolio's resources underweight) but finished ahead of the S&P/ASX Small Ordinaries Accumulation Index (+5.2%) after many positions in the portfolio delivered strong FY26 results and encouraging guidance for FY27.

The Koala Company (KOA, +39.3%) climbed above its IPO price after a firm initial FY27 trading update, comforting investors that its growth trajectory, particularly in the immature US market, remains supportive. **Count Limited (CUP, +29.5%)** re-rated after a forced institutional seller cleared and the market responded to a strong FY26 result. Tax accounting and financial planning firms such as CUP are likely to see additional demand from the proposed changes to the CGT regime. **Lycopodium Limited (LYL, +28.8%)** traded to record highs as the market welcomed the company's FY27 earnings guidance. LYL is a global resources engineering services provider and is well positioned in the buoyant commodities market as clients look to advance their minerals projects.

Outlook

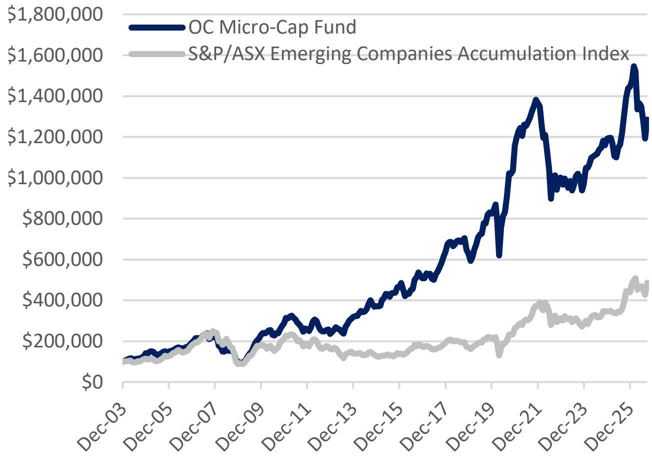
Markets are facing a challenging mix of softer growth and persistent inflation in both the US and Australia. In the US, cooling labour demand — with ADP reporting just 38,000 private jobs added in August — is coinciding with renewed energy pressure, limiting the Fed's scope to ease while higher mortgage 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 micro-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: Genesis Capital and WHSP Holdings bid twice for Monash IVF (held) and private equity funded Volue made an unsolicited cash bid at a 47% premium to 1 Month VWAP for Energy One (also held). 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
Acusensus Limited	ACE
betr Entertainment Limited	BBT
Forrestania Resources Limited	FRS
Frontier Energy Limited	FHE
The Koala Company Limited	KOA

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 and primarily invests micro-cap securities listed, or near listing, on the ASX or the New Zealand Stock Exchange with sustainable business models and attractive investment qualities. OC will also invest in a small number of concept stocks that have robust business models and a pathway to profitability within five years and event driven and thematic stocks where we anticipate near term price appreciation. Micro-cap companies, for the purposes of the Fund, are companies with a market capitalisation of less than $500 million at the time of the initial acquisition.

Responsible entity
Copia Investment Partners

Inception date
October 2016 as the OC Micro-Cap Fund. The Fund was previously the OC Concentrated Equity Fund which was established in December 2003.

Benchmark
S&P/ASX Emerging Companies Accumulation Index

Investment time frame
At least 5 years

Minimum investment
Initial: $5,000
Additional: $1,000

Distribution
Yearly

Management fee
1.20% p.a. (including GST net of RITC)

Performance fee
20.5% (including GST net of RITC) on any performance (after deducting the management fee) above the Performance Hurdle, subject to the high-water mark and after recovering any past underperformance.

Performance hurdle
S&P/ASX Emerging Companies Accumulation Index

High-water mark
Yes

Typical Investment Exposure

Cash	0%-20%
Equities	70%-100%
Including:	
S&P/ASX 300 Constituents	0%-20%
Unlisted Securities	0%-10%
NZX/Foreign Listed Securities	0%-10%

Platforms
AMP MyNorth | BT Panorama | CFS First Wrap | Hub 24 | Insignia (Expand) | Xplore (Linear) | Macquarie | Netwealth | Powerwrap | Praemium | DASH | Mason Stevens

Recommended Lonsec Research

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†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 as levied at the time. The index does not incur these costs. This information is provided for general comparative purposes. The returns for the OC Concentrated Equity Fund are used prior to the conversion to the OC Micro-Cap Fund. The inception date of the fund is 21/11/2003, the inception date of the index is 31/12/2003. *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 Emerging Companies 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 Micro-Cap 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 Micro-Cap Fund (ARSN 126 537 424). 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.

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