



-4.1%

Fund down 4.1%
over the past 3
months

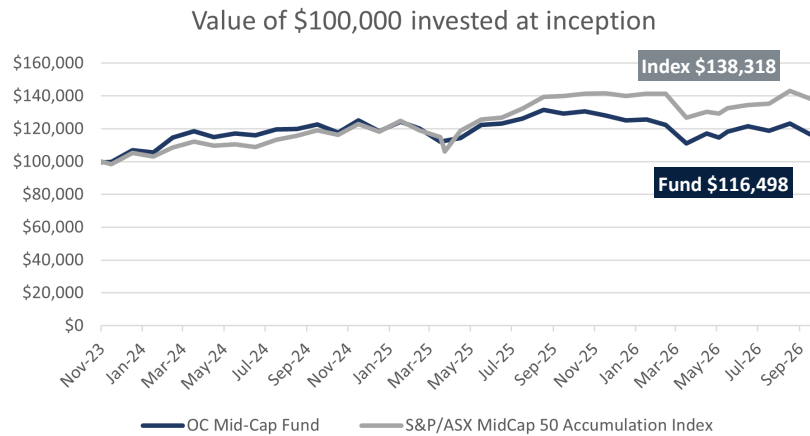


5.6% p.a.

Returned 5.6%
per annum since
inception



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



Total returns

At 30 September 2026 [†]	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	10 yrs % p.a.	Incep. % p.a. (Nov 2023)
OC Mid-Cap	-5.5	-4.1	-9.9	-	-	-	5.6
S&P/ASX MidCap 50 Accumulation Index	-3.4	2.9	-1.2	-	-	-	11.9
Outperformance	-2.1	-7.0	-8.6	-	-	-	-6.4

Inception date for the Fund is November 2023.

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, with gold, copper and energy benefiting from the inflationary backdrop and ongoing supply tightness. This drove a sharp divergence within the mid-cap market: the S&P/ASX Mid-Cap Resources Accumulation Index returned +12.0% for

the quarter, while the S&P/ASX Mid-Cap Industrials Accumulation Index fell -0.6%. Against this backdrop, the OC Mid-Cap Fund returned -4.1%, finishing the quarter behind the broader S&P/ASX Mid-Cap Accumulation Index which finished the quarter up +2.9%.

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.

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.

Ramsay Health Care (RHC, +27.7%) rallied during the quarter after reporting a strong FY26 result which came in ahead of market expectations and provided evidence that key building blocks of a multi-year turnaround are beginning to take shape. Australia was the core driver, with EBIT up 11.2% (15.9% in H2 FY26), supported by improved private health insurer indexation, higher theatre utilisation, a better acuity mix and cost management. In the UK, both Ramsay UK and mental health business Elysium outperformed expectations through a greater focus on private volumes, higher-margin case mix and cost control. The Australian operating environment is also more stable, with close to 50% of RHC's insurer contracts now on dynamic indexation, allowing pricing to track changes in its cost base more closely. Further margin upside should come from centralised procurement and new rostering and revenue management systems. The next catalyst is the proposed demerger of RHC's 52.8% stake in Ramsay Santé, which will sharpen focus on the core Australian hospital business, with the scheme booklet due in October and the scheme meeting later in November. With management expecting Funding Group EBIT growth and margin improvement in FY27, including in Australia and both UK businesses, we believe a simplified Ramsay is well placed to benefit from structural growth in private hospital demand.

AMP (AMP, +63.9%; +25.0% from Fund acquisition) was a standout performer during the quarter after a July trading update provided H1 FY26 profit guidance well ahead of expectations. The stock continued to rally after the August result, which gave greater detail on the composition of earnings across the business. The key driver has been AMP's China partnerships, in particular its 19.99% stake in China Life Pension Company (CLPC), which lifted China

Partnerships profit from \$27m a year ago to \$56m in H1 FY26. CLPC is the largest specialist pension and retirement savings manager in the Chinese pension system, focused on the administration and management of workplace pension schemes. Over the past 10 years, it has grown AUM at 23% per annum, with operating leverage driving operating profit growth of 35% per annum. The Platforms segment also performed well, with NPAT growing +15%, per annum as solid flows and a stable revenue margin on the North platform delivered strong operating leverage. Capital generation continued to improve. AMP generated \$236m of surplus capital during the half, returned \$201m to shareholders, announced a further \$150m on-market buyback, and lifted the interim dividend to 3 cents per share, ahead of previous guidance of 2 cents.

AMP is a relatively new position to the portfolio which we initiated at the start of the quarter. With China Partnerships now contributing close to a third of underlying group NPAT, we continue to see a re-rating opportunity as the market better understands CLPC's growth outlook. We also remain positive on the Platforms segment and see scope for further capital returns through optimisation of the capital structure at AMP Bank.

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. Mid-Cap industrial stocks have suffered similar falls. The S&P/ASX MidCap Industrial Index trades on a 12-month forward PE of 18.1x, which is well below its 10-year Average of 19.7x. It fell close to 17x 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 Orica Limited, ALS Limited 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 Pro Medicus and Codan. Codan offers rare ASX exposure to global defence electronics, an industry being reshaped by the shift towards networked and unmanned warfare. With militaries now building this capability into long-term budgets, we see Codan's growth runway extending well beyond current conflict-driven demand.

Alongside growth, we maintained exposure to businesses that can grow earnings largely independent of the economic cycle, including Sigma Healthcare, Ramsay Healthcare, Resmed and Ventia Services. 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% and the RBA still tightening, the portfolio also owns US dollar earners priced on ASX multiples rather than US market valuations. Breville Group and Zip Co are 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.

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 mid-cap 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%), and Cleanaway from EQT Infrastructure (32%). 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
Charter Hall Group	CHC
Genesis Minerals Limited	GMD
Mineral Resources Limited	MIN
NEXTDC Limited	NXT
Orica Limited	ORI

[#] 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 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 Mid-Cap Fund (the Fund) is designed to provide, are different regarding risk and investment profile to index returns. A performance fee of 20.5% is accrued daily on any excess performance (after deducting the management fee) above the performance benchmark within a performance period. Any accrued performance fee will become payable if the Fund's return is positive at the end of the performance period. If the Fund's return is negative, any performance fee accrual will continue to be carried forward. The performance benchmark is the return of the S&P/ASX MidCap 50 Accumulation Index. The inception date of the S&P/ASX MidCap 50 Accumulation Index is 03 April 2000. 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 suitability of the information for 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 MidCap Fund (ARSN 679 449 293). A current PDS is available from Copia located at Level 47, 80 Collins Street (North Tower), Melbourne VIC 3000, by visiting ocfunds.com.au, by calling 1800 442 129 (free call) or by emailing clientservices@copiapartners.com.au. A person should consider the PDS before deciding whether to acquire or continue to hold an interest in the Fund. Any opinions contained in this document are based on information available to Copia at the time and may be subject to change without notice. Copia is under no obligation to update or keep any information contained in this document current.