OC FUNDS MANAGEMENT

OC Micro-Cap Fund

Fund Update | 31 July 2026

Total returns†

At 31 Jul 2026	1 Mth %	3 Mths %	1 Yr %	3 Yrs % p.a.	5 Yrs % p.a.	10 Yrs % p.a.	Incep % p.a. (Nov 2003)
OC Micro-Cap Fund	(6.8)	(12.6)	(2.1)	5.8	(1.6)	9.1	11.5
S&P/ASX Emerging Companies Accum.	(5.1)	(8.1)	19.2	11.0	6.6	8.9	6.6
Outperformance	(1.7)	(4.6)	(21.4)	(5.2)	(8.2)	0.2	4.9
S&P/ASX Small Ordinaries Accumulation	(3.2)	(3.2)	1.8	7.5	2.2	5.8	5.9
Outperformance	(3.7)	(9.4)	(3.9)	(1.7)	(3.8)	3.3	5.6

Performance review

Global equity markets were weaker in July as escalating US-Iran tensions pushed Brent crude oil above US$100 per barrel and rising bond yields coincided with a sharp AI-led equities sell off. While these macro cross currents weighed on sentiment and prompted extensive hedge fund de-grossing, broader equity market weakness was largely driven by global positioning rather than company specific disappointments. Several of our recent winners were caught up in the unwind, with the OC Micro-Cap Fund finishing down -6.8%, behind the S&P/ASX Emerging Companies Accumulation Index, which fell -5.1%.

GenusPlus (GNP, -20.2%) retraced recent gains, moving with global electrical contractors caught up in the AI-trade unwind, however its order book and outlook remain strong. Electrical contractor, **Mayfield Group (MYG, -30.2%),** traded to nine months lows in line with many of its peers and as investors took profits post 30 June tax year end. **Advanced Innergy (AIH, -47.0%)** disappointed the market with a negative trading update pointing to ongoing customer uncertainty and contract award delays relating to the war in the middle east. We see this as a deferral of earnings and not a loss of contracts and continue to hold the position. **Energy One (EOL, +10.0%)** moved higher late in the month (to finish around +40% off its intra-month lows) after attracting corporate interest in a takeover of the company at a significant premium to its prevailing share price. We continue to hold the position.

Outlook

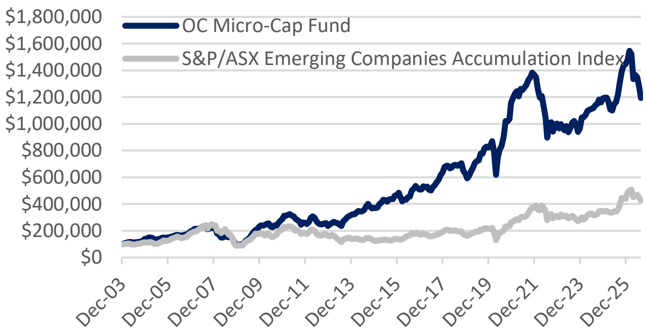
The re-escalation of hostilities in the Middle East was the most significant macro development during July, reversing the more constructive de-escalation backdrop we highlighted last quarter. Higher oil prices, renewed disruption to Red Sea shipping and the associated pressure on freight, insurance and input costs have reintroduced a supply-side inflation risk at a time when markets had become more comfortable with the disinflation trajectory. While this has added to near-term uncertainty, we believe the market has moved quickly to price in much of this risk, creating a more balanced starting point for fundamental investors.

Domestically, the conflict has complicated the interest rate outlook by lifting imported inflation risks and making the RBA's task more difficult. The RBA held rates steady at 4.35% in June, but its August decision will require it to weigh persistent inflation against clear signs of pressure on the consumer and softness in housing. We remain measured on the most rate sensitive domestic cyclicals, but the recent pullback has also improved prospective returns in a number of high quality businesses where earnings resilience remains intact.

More positively, the AI-led sell off that drove much of July's volatility appears to be easing. Heavy hedge fund degrossing swept through crowded technology, fintech and AI-infrastructure names, often with little regard for company fundamentals. Positioning in these sectors is now materially cleaner and indiscriminate selling is showing signs of abating. In our experience, once forced deleveraging subsides, the market's focus generally returns to earnings quality, balance-sheet strength and the durability of growth, areas where we believe a number of our portfolio positions remain well placed.

That sets up an important August reporting season. Small and micro-cap equities continue to trade at a meaningful valuation discount to large caps, in part reflecting the continued rise of passive flows, index concentration and reduced price discovery outside the largest names. We see reporting season as a key opportunity for fundamentals to reassert themselves, particularly for businesses that can demonstrate resilient earnings, disciplined cost control and confidence in their outlook. Some of our July detractors remain amongst our highest conviction positions heading into results season. While we remain alert to macro risks, we believe the portfolio is well positioned heading into reporting season and that positive earnings delivery can help close the gap between share prices and underlying business value.

Performance Comparison of $100,000 Since Inception*



Top 5 holdings#

Company	ASX Code
Acusensus Limited	ACE
Betr Entertainment Limited	BBT
Forrestania Resources Limited	FRS
The Koala Company Limited	KOA
Viva Leisure Limited	VVA

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

Zenith RECOMMENDED

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