

OC Dynamic Equity Fund

Fact Sheet



Key facts

Manager

OC Funds Management

Responsible entity

Copia Investment Partners

Inception date

December 2000

Benchmark

S&P/ASX Small Ordinaries Accumulation Index

Investment time frame

At least 5 years

Relative risk

High

Minimum investment

\$20,000

Minimum additional investment

\$5,000

Distribution

Yearly

Establishment fee

NA

Termination fee

NA

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

Suitable investors

- Investors seeking diversified exposure to quality Australian small and mid-cap companies, plus select catalyst-driven opportunities.
- Investors looking to complement core large-cap Australian equity holdings or funds.
- Investors seeking an active investment approach.
- Those with an investment horizon of five years or more.

OC Funds Management

Founded in 2000, OC Funds Management is a highly rated boutique investment management company. Under the leadership of Robert Frost, the investment team is comprised of six highly experienced Australian equity specialists. Together, this well-resourced and aligned team boasts over 100 years of combined experience in investment management.

Fund overview

Managed by OC Funds Management, the OC Dynamic Equity Fund is a benchmark-unaware unit trust that typically invests in 30 to 50 high quality small to medium-sized Australian companies with sustainable business models, strong management and attractive fundamentals listed, or about to list, on the ASX, and may invest up to 20% of capital in smaller emerging leaders (market capitalisation of \$50 million to \$350 million) and event-driven opportunities expected to benefit from a positive catalyst or change.

Investment objective

The Fund aims to provide investors a total return of (after fees and expenses) 3 - 5% per annum above the S&P/ASX Small Ordinaries Accumulation Index over a rolling five-year period.

Investment approach

The Fund can invest in all companies listed, or about to list, on the ASX regardless of size or sector. Within this broad universe, OC focuses on smaller businesses (ex ASX 100), believing they are easier to understand, simpler to value, and more accessible to research.

To minimise the risk of poor performing investments, OC looks to invest in companies with:

- strong management
- simple and transparent business models
- high cash conversion and capital light
- sustainable competitive advantages
- favourable operational risk characteristics, and
- attractive valuation metrics based on OC's proven financial analysis and valuation techniques.

Access to key management and clear earnings transparency is also critical.

The team places heavy emphasis on risk management throughout each stage of its investment process, screening out businesses with no profitability or cash flow, a market capitalisation below \$50 million (due to liquidity and quality considerations), complex technologies that are difficult to forecast, unproven business models, insufficient diversification of product or supply such as reliance on a single commodity or single mine, or management that is not aligned with shareholders or is inaccessible.

Case for smaller companies

“Companies with smaller market capitalisation, or small-cap stocks, can present excellent investment opportunities and play an important role in an investor’s portfolio.”

Smaller companies, or small-cap stocks, can offer compelling investment opportunities and play an important role in a diversified portfolio. They provide added diversification because small caps tend to operate in sectors and business models that differ from large-cap companies. This diversification can help reduce exposure to concentrated parts of the market, such as banks and resource stocks, which dominate large-cap indices like the S&P/ASX 100.

A challenging domestic economy has created tough operating conditions for many large businesses on the ASX. A key advantage of small-cap investing is that, despite these broader macro headwinds, it is still possible to find companies that are performing well and operating with much lower earnings bases than their larger peers.

Stronger growth potential

Small-cap companies are often at an earlier stage of development, which gives them greater capacity to grow. For example, it is usually easier for a company making \$50 million

in profit to double that amount than it is for a \$500 million-profit company. Faster-growing companies can also be harder to find among large caps, as many already operate in more mature industries.

Better alignment of investor and management interests

Smaller companies typically have higher levels of founder or management ownership. This “skin in the game” means leadership teams are more likely to act in ways that align with investors’ long-term interests.

Greater investment choice and reduced concentration

There are more listed small-cap companies than large caps, offering a broader opportunity set for portfolio construction. The top 10 small-cap stocks make up around 15% of the small-cap index, compared with the top 10 large-cap stocks comprising over 50% of the S&P/ASX 100. This lower concentration gives active managers more opportunities to identify companies with strong fundamentals and superior return potential.

Why invest

OC offers extensive expertise in the small-companies sector through an experienced team led by Robert Frost, who has managed small-cap portfolios since 2001. Over this time, OC has built strong relationships with management teams, providing deep insight into the businesses it invests in.



Proven investment process

OC applies a bottom-up, benchmark-aware and risk-averse process designed to deliver consistent long-term returns across market cycles.



Quality-focused portfolio construction

Recognised for its disciplined approach and rated “Highly Recommended” by Lonsec, OC focuses on selecting high-quality small companies with robust business models, attractive fundamentals and thoughtful capital management. This includes emerging companies as well as short-term catalyst-driven opportunities.



Long-term track record

The Fund has delivered strong long-term results through a wide range of market conditions. As co-investors in the Fund, the investment team’s interests are aligned with those of investors, reinforcing a shared focus on long-term performance.



Investment team

OC is one of Australia's most experienced mid, small and micro-cap fund managers, with Robert Frost successfully managing small and micro-cap Australian equities since 2001.



Robert Frost
Head of Investments
BCom, LLB

- Joined in 2001
- 25 years industry experience



Nga Lucas
Portfolio Manager
BCom, GDipAppFin

- Joined in 2024
- 21 years industry experience



Robert Calnon
Portfolio Manager/Dealer
BCom, GDipAppFin, CA

- Joined in 2007
- 18 years industry experience



Stephen Evans
Portfolio Manager
BCom, CA

- Joined in 2010
- 20 years industry experience



Daniel Stein
Senior Investment Analyst
BCom, CFA

- Joined in 2017
- 11 years industry experience



Aaron Yeoh
Senior Investment Analyst
BCom (Hons), BA, CFA

- Joined in 2022
- 13 years industry experience

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For further information, please contact our distribution partner, **Copia Investment Partners**

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