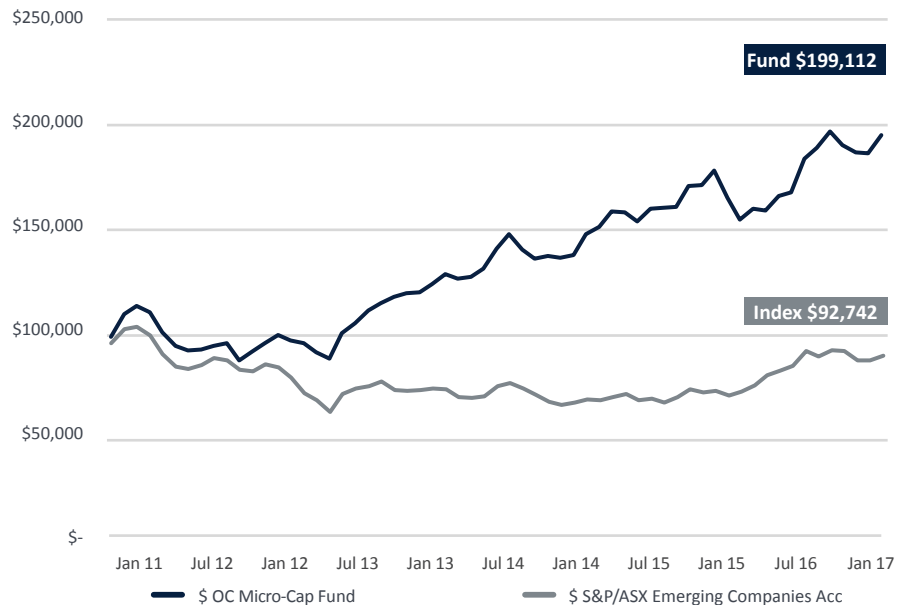


4.7% Fund up 4.7% for the month

2.7% 2.7% ahead of benchmark since Micro-Cap launch

We remain confident the Fund is well placed to deliver strong long-term returns

Performance comparison of \$100,000 over 5 years*



In October 2016, the OC Concentrated Equity Fund became the OC Micro-Cap Fund. The Fund previously comprised three underlying investment strategies, one of which, the Emerging Leaders strategy, is now the primary underlying investment strategy of the OC Micro-Cap Fund.

Total returns

At 31 January 2017	1 mth %	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Incep. % p.a. (Nov 2003)
OC Micro-Cap	4.7	2.5	18.4	18.0	14.8	12.2	9.5	13.5
S&P/ASX Emerging Comp. Accum	2.8	-2.7	32.4	8.2	-1.5	0.4	-0.9	N/A
Outperformance	2.0	5.2	-14.1	9.8	16.3	11.8	10.4	N/A

Inception date for the Fund is 21/11/2003. Inception date for the Index is 31/12/2003. The performance reflects the performance of the OC Micro-Cap Fund since the change of strategy on 30 September 2016 and the performance of the OC Concentrated Equity Fund prior to that date. Performance is after fees applicable at the time.

Performance review

The OC Micro-Cap Fund enjoyed a strong start to the new calendar year returning +4.7% for the month of January. This was ahead of the S&P/ASX Emerging Companies Accumulation Index which was up 2.8% for the month. The Fund managed to avoid the numerous stock-specific downgrades that plagued the small and micro-cap space over the month and we are upbeat about the prospects of our holdings for the coming reporting season

The best performers for the month included:

Bubs Australia (BUB, +123.9%) – produces Australian-made, certified organic infant food products including fruit and vegetable purees, protein meals, healthy toddler snacks and goat milk infant formula. BUB received early stage backing from Australian-based entrepreneur, Albert Tse (ex PM Kevin Rudd’s son in law) and important Chinese social media influencer, Zhang Zetian (wife of JD.com founder). The combination of having an

attractively priced IPO in an attractive niche market and having a high profile share register saw the stock take off immediately following its listing to over-priced levels and we took the opportunity to exit our position for some healthy gains. We continue to closely monitor BUB with a view to re-entering our position should the opportunity present itself.

Blackham Resources (BLK, +67.8%) – owns and operates the Western Australian-based Matilda gold project which has been rapidly brought into production over the past 18 months and is expected to produce more than 50,000 ounces of gold in FY17 and be profitable. BLK’s production profile is moving to +100,000 ounces in FY18 (at all in sustaining production costs well below current spot gold prices) and its resource base continues to grow with further drilling, but presently sits at +6 million ounces. BLK’s share price bounced in January following a period of underperformance, with the uptick being driven by a change in sentiment toward the gold sector as the gold price has rallied in the new world of President Trump.

We believe BLK represents good value against its peers at these levels and it remains a key Fund holding.

Pacific Energy (PEA, +19.3%), NRW Holdings (NRW, +5.3%) and RCR Tomlinson (RCR, +5.8%) – are mining services and engineering businesses that performed well during the month as sentiment toward these sectors continued to improve. **PEA** provides remote mine site energy solutions (usually in the form of diesel generators) on long-term “build, own, operate, maintain” contracts and with the improved gold price, the equity market is beginning to factor in stable annuity earnings growth for the business. **NRW**, as a key mining services provider to the iron ore and coal industries, has been highly leveraged to the recent rapid recovery in the bulk commodity prices and is well positioned to outperform in the short to medium term. **RCR** is a diversified engineering and infrastructure business exposed to increased civil infrastructure spend on the east coast of Australia and is also enjoying renewed demand for its services from the resurgent resources sector. The OC Micro Cap Fund will continue to look for and invest in businesses that are leveraged to investment themes, such as the above, that we can see playing out in the equity market.

Clean Teq Holdings (CLQ, +17.7%) - owns a world-class, shallow, high-grade scandium/nickel/cobalt deposit at Syerston in outback NSW. The core elements within this deposit are critical ‘future economy’ minerals including:

- scandium (for use in light-weight alloy strengthening such as in jet aircraft), with CLQ recently signing a collaboration agreement with French giant, Airbus, and
- cobalt (for use in lithium-ion batteries) for which the world’s rapidly evolving battery manufacturing industry has no reliable western world supplier.

CLQ is co-chaired by executive director, Sam Riggall, who was previously Rio Tinto’s lead negotiator on its enormous +US\$20bn Oyu-Tolgoi copper mine in Mongolia. Riggall’s co-chair at CLQ is Richard Friedland, a billionaire resources industry veteran who recently addressed CLQ investors on a global roadshow and shared his vision of Syerston as being a game-changing project for CLQ. The company also has a water purification business with pilot projects in China which we expect will be realised at a good premium to its current valuation in the short to medium term.

Outlook

The domestic economy remains fragile as evidenced by the high number of earnings revisions for Australian small

companies, a theme that has continued unabated into the new year. At its recent February meeting, the RBA board noted the weak economic data but stated it expects the economy to return to “reasonable” growth. Economic performance continues to vary markedly by state. The Victorian and New South Wales economies are robust and there are signs of improvement in WA, which is beginning to benefit from ongoing strength in commodity prices.

Domestic inflation continues to be well contained, tracking at around 1.5%. Subdued growth in labour costs means inflation is expected to remain low for some time. Importantly, this leaves scope for the RBA to cut rates further should the domestic economy fail to bounce back in coming quarters.

From a global perspective, little has changed with the US economy on track in the early days of the Trump presidency, despite an elevated level of civil unrest and ongoing uncertainty about several key policy areas including protectionism and immigration. In the Chinese economy, a key to Australia’s ongoing prosperity, growth has accelerated in the second half of 2016 driven by higher spending on infrastructure and construction which has helped to underpin commodity price rises. Nevertheless, a rapid increase in borrowing in the Chinese economy could present challenges and is something we continue to monitor particularly if it requires central government intervention which could put the brakes on the economy.

The Fund is conservatively positioned ahead of reporting season with the cash level approaching 10%. We have several stocks we do not own that are screening positively under our process and the recent market pull-back has presented a more attractive entry level. We expect we may deploy some of this cash in the coming months after we meet with management and assuming the outlook remains unchanged.

February is a busy month for the team and we will be meeting with the management of all of our core holdings that are releasing results over the coming weeks and many others. We look forward to reporting back to investors again in March and we remain upbeat on the prospects of the portfolio over the coming year.

Top 5 holdings[#]

Company	ASX code
Blackham Resources Ltd	BLK
Ive Group Ltd	IGL
QMS Media Ltd	QMS
RCR Tomlinson Limited	RCR
Updater Inc	UPD

Fund overview

Long only and benchmark unaware, the OC Micro-Cap Fund (previously the OC Concentrated Equity Fund) is predominantly invested in 25 to 60 micro-cap stocks listed, or about to list, on the Australian Securities Exchange (ASX) or the New Zealand Stock Exchange.

The Fund aims to provide investors strong long-term capital growth by investing in companies with:

- a market capitalisation of less than \$350 million at the time of initial acquisition
- sustainable business models, and
- attractive investment qualities.

Over a rolling five-year period, the Fund aims to provide a total return of 5%+ in excess of the S&P/ASX Emerging Companies Accumulation Index.

Strategic asset allocation

Listed securities (including hybrid securities such as convertible notes, redeemable preference shares and partly paid shares)	70 - 100%
Cash	0 - 20%
S&P/ASX 300 Index	0 - 20%
Unlisted securities*	0 - 10%
New Zealand listed securities	0 - 10%
Derivatives	0%

*Must have a pathway to IPO within six months.

Number of stocks	25 - 60
Maximum ownership of any company	7.5%
Maximum absolute stock position	8%

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* The performance comparison of \$100,000 over 5 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. There is no guarantee these objectives will be met.

The top 5 portfolio holdings are in alphabetical order and may not be representative of current or future investments. The securities listed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

Past performance is not a reliable indicator of future performance. The total return performance figures quoted are historical, calculated using 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 indices do not incur these costs. This information is provided for general comparative purposes. Positive returns, which the OC Micro-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 Emerging Companies Accumulation Index. The inception date of the S&P/ASX Emerging Companies Accumulation Index is 31 December 2003. 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 Micro-Cap Fund (ARSN 126 537 424). A current PDS is available from Copia located at Level 25, 360 Collins Street, 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.