



Portfolio strength delivers sustainable growth.

In a year of significant disruption, it is testament to the strength of OCI's proposition that, despite unprecedented global events, its value has grown materially over the last year. This strength has been underpinned by three factors: the quality of the portfolio companies whose earnings grew an average 20% in 2020; the support and leadership that Oakley Capital and investee company management have shown throughout the pandemic; and the value-enhancing measures taken in the year, including the buy-back and cancellation of 18 million OCI shares.

Portfolio performance

A total net asset value ('NAV') return of 18% in 2020 exceeded the five-year compound annual growth rate of 16%. This repeated level of performance highlights the sustained growth of the portfolio companies and the repeatability of Oakley Capital's origination model, which is described within the Strategic Report, on page 19. The largest contributor to the rise in portfolio value was the growth in investee companies' earnings. With a large majority of the companies delivering their products or services digitally, the portfolio benefited from the rising adoption of consumer and business technology solutions – an already growing trend which accelerated rapidly during the year.



18 million

Shares bought back for cancellation



c.500k

Average daily share liquidity

A stand-out performer within the portfolio was online private university company, Career Partner Group ('CPG'), which added 34 pence to the NAV per share in the period. As a digitally native business, CPG benefited from the growing appetite for online education and achieved record student intake growth of 98% year-on-year. CPG's market-leading position and the structural tail winds it enjoys both typify an Oakley business, and the Board is encouraged by its prospects and continued contribution to OCI's NAV growth.

Portfolio activity

The Funds' Investment Adviser, Oakley Capital, has maintained a high level of activity (see pages 4 and 5), despite the restrictions on travel and the challenge of price discovery during a period of considerable uncertainty. Eight deals were completed, including four bolt-ons, which resulted in a total look-through investment for OCI of £152 million.

Exits and refinancings also continued unabated, including two significant realisations of investments, in Inspired and WebPros, from which OCI received proceeds totalling £341 million. Most notable is the premium achieved at exit, with the average weighted premium over the latest disclosed book value since inception rising to 44%. This underlines the release of value at exit and the continued

successful repositioning of the portfolio companies under Oakley's ownership.

Cash and commitments

At year end, OCI had no leverage and held cash on the balance sheet of £223 million, amounting to 31% of NAV. This cash level, the result of realisations during the period, is significantly higher than the Board's target, with the long-term average being 15–20% of NAV. However, the timing is helpful as we enter a period of significant investment opportunity and it is notable that, on average, fund vintages that follow a macroeconomic downturn outperform.

The Board demonstrated its commitment to maximising OCI's exposure to the Oakley Funds via its participation in the newly launched Oakley Capital Origin Fund. The Company made a total commitment of €129 million (£116 million), which included an increase in commitment at its final close in January 2021. The Origin Fund is a natural progression for Oakley as it looks to continue its strong track record in lower mid-market investments, where it has achieved gross returns of 3.6x MM and 63% IRR to date.

This brings OCI's total outstanding commitments to the Oakley Funds to £534 million, which we expect to be deployed over the next five years.

CHAIR'S STATEMENT CONTINUED

We are confident in the long-term performance of the Oakley Funds and their ability to create sustainable and consistent value for shareholders.

Direct investments

In keeping with the Board's intention to realise direct investments over the short to medium term, outstanding loan notes with Time Out and Daisy were repaid, and a direct equity stake in Inspired was realised. In addition, all adviser management and performance fees have been removed from current direct investments and the interest rate on the remaining debt position in North Sails has been increased from a blended rate of 8% to 10%.

Share purchases and liquidity

In line with the Board's commitment to the Company it has continued its share buy-back programme, acquiring and cancelling a total of 18 million shares in the year at an average 230 pence per share. This resulted in a NAV per share uplift of 12.6 pence. This level of shareholder value creation endorses our approach to capital management, with further buy-backs anticipated, as the balance of cash and future drawdowns allow.

OCI Board members and Oakley partners continued to purchase OCI shares throughout the year, with their combined holding reaching 10% of the shares in issue. This further reinforces the alignment of interests between the Board, Oakley Capital and our shareholders.

We are pleased to report that a combination of share buy-backs, increased and improved disclosure and higher levels of investor engagement have significantly improved OCI's share liquidity and share register diversification. Since 2019, the top ten shareholders' combined holding has fallen from 70% to 66% and the average daily share volume had reached almost 500,000 in 2020. Most encouraging is the increasing presence of private investors on the register, with OCI providing liquid access to the superior returns generated by private equity investment, which may otherwise be inaccessible to them.

ESG

At OCI we believe that investing responsibly will protect and create value, beyond the standard drivers of compliance and risk management. As part of our commitment to responsible investing, we are pleased to report that Oakley Capital has appointed a Head of Sustainability who has been working closely with the Board to assist with our ESG engagement and reporting. We have begun to revise and further develop methods to better assess and integrate ESG into the investment cycle, and will continue to launch new policies and procedures over the coming months. As referenced in the ESG report on page 41, we are proud of how Oakley and the portfolio companies responded to COVID-19 and continue to support efforts which will help ease the burden on employees and local communities.

Discount

The share price volatility, driven by widespread uncertainty as to the economic impact of the pandemic, resulted in OCI's share price discount to NAV per share widening considerably in the period. Some of this ground has been recovered, with a total shareholder return of 9% during the year, but a material discount persists. We expect that sustained strong performance across the portfolio, alongside the continued work of the Board and its advisers, as outlined above, will result in closing the discount over time.

Board update

At the beginning of October, the Board welcomed Fiona Beck as an independent Non-Executive Director. Fiona is a member of the Chartered Accountants of Australia and New Zealand, and brings a wealth of technology and public company board experience to OCI. In strengthening the Board by adding independent members with diverse perspectives and deep expertise, we believe

we are well-positioned to support OCI as it continues to grow.

During the period, Laurence Blackall retired from the Board after over ten years' service and Craig Bodenstab also stepped down. We thank them both for their significant contributions to OCI and wish them all the very best for the future.

Dividend

In October, an interim dividend of 2.25 pence per share was paid for the period ending 30 June 2020. We are pleased to announce that a final dividend for 2020 of 2.25 pence per share will be paid in April 2021.

Prospects

The outlook for the global economy and equity markets remains uncertain as a consequence of the unknown impact of the COVID-19 pandemic. All businesses have been affected by the turbulence of the past 12 months and we expect this disruption to continue to impact the companies in the Oakley portfolio to varying degrees.

However, we remain confident in the long-term performance of the Oakley Funds and their ability to create sustainable and consistent value for OCI shareholders. The existing portfolio of companies is well-positioned to meet the changing needs of consumers and businesses and, as detailed in the Investment Adviser's report, Oakley is appraising a considerable number of attractive and proprietary investment opportunities, which should ensure that the performance of the Oakley Funds is sustainable for many years to come.

Caroline Foulger
Chair

10 March 2021