

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND



## Monthly Fact Sheet - April 2020

### Fund Objective

To outperform the MSCI World Small Cap Index \$A on an annual basis and to outperform the same index by 2% to 3% p.a. over a full market cycle (e.g. 5 - 7 years).

### Fund Manager

Copper Rock Capital Partners LLC ("Copper Rock"), based in Boston, MA, was founded in 2005 and provides specialised global equity investment management solutions for investors throughout the world with a strong focus on small cap investing globally. Copper Rock had approximately \$6.4 billion (USD) in assets under management as at 31 December 2017.

### Investment Philosophy and Approach

Copper Rock believes that small and mid-cap markets are inefficient and uses a blend of quantitative and fundamental analyses to identify companies with superior growth rates relative to their peers. The Global Small Cap strategy typically looks for resilient and defensible business models that are characterized by underlying unit growth, longer term market share gains (an evidence of competitive strength), high profitability, and significant internal cash generation. Distinguishing elements of the process are also the application of a routinely practiced and proven Sell Discipline and Alert List that provide risk control and are crucial in preserving alpha earned in the portfolio.

### Ratings

Zenith Investment Partners – Recommended  
Lonsec – Recommended

### Fund Summary as at 30 April 2020

APIR Code	ETL0410AU
Exit Price	\$0.8561
Fund Size	\$60.90 Million
Inception Date	1 July 2014
Companies in Portfolio	61
Total Management Fee	1.38%
Indirect Cost Ratio (ICR)	1.38%
Buy / Sell Spread	0.20% / 0.20%
Investment Manager	Copper Rock Capital Partners, LLC
Portfolio Management Team	
Stephen Dexter	Chief Investment Officer
H. David Shea, CFA	Sr. Portfolio Manager
David Dineen, CFA	Sr. Portfolio Manager
Responsible Entity	Equity Trustees Limited
Custodian	State Street Australia Limited

# The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any security discussed will remain in portfolio at any time you receive this report or that securities sold have not been repurchased. The securities mentioned may represent only a small percentage of a portfolio's holdings. It should not be assumed that any of the holdings were or will prove to be profitable, or that the investment recommendations made in the future will be profitable or will equal the performance of the securities presented in this material. All securities recommendations within the preceding 12 months are available upon request.

### Monthly Performance (gross %)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	0.88	-6.55	-17.60	3.86								
2019	5.52	6.78	-0.15	3.60	-5.19	5.45	2.84	-1.86	0.46	1.58	5.38	-0.47
2018	-0.55	-0.30	1.34	1.72	1.76	0.10	0.79	5.49	-1.60	-7.74	-2.93	-6.67

### Performance (%)

Performance %	1 mth	3 mths	6 Mths	1 year	5 years	Inception pa>
Total (net)	3.73	-20.31	-16.00	-14.15	0.61	4.14
Benchmark*	6.08	-16.44	-10.62	-7.78	6.80	9.31
Active Return#	-2.35	-3.87	-5.38	-6.37	-6.19	-5.17
Distribution	0.00	0.00	0.00	2.00	7.23	6.16

\*Benchmark – MSCI World Small Cap \$A

> Inception Date: 1 July 2014 # Based on net performance. The performance data has not been audited. Performance figures are audited on an annual basis. Source: State Street.

### Top 10 Common Stock Holdings\*\*

Companies	% of Portfolio	Country
TIS, Inc.	2.65	Japan
Repligen Corporation	2.45	US
Generac Holdings Inc.	2.45	US
Ibiden Co., Ltd.	2.22	Japan
Tandem Diabetes Care, Inc.	2.02	US
Grocery Outlet Holding Corp.	1.94	US
Inphi Corporation	1.90	US
LHC Group, Inc.	1.86	US
Emergent BioSolutions Inc.	1.85	US
Quanta Services, Inc.	1.84	US
<b>TOTAL:</b>	<b>21.18%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	9.9	7.4
P/E (Forward 1 Year)	18.0	17.1
LT EPS Growth	17.9	12.5
ROE	8.0	9.4
ROA	4.7	4.1
Operating Margin	13.6	17.1
Yield (%)	2.9	4.6
Price to Book	1.9	1.4
Weighted Average Market-Cap (US\$bil)	3.6	3.0
Number of Holdings	61	4,269
Active Share	97%	

\* Data derived from a Copper Rock Global Small Cap representative account expressed in USD. Source: FactSet.

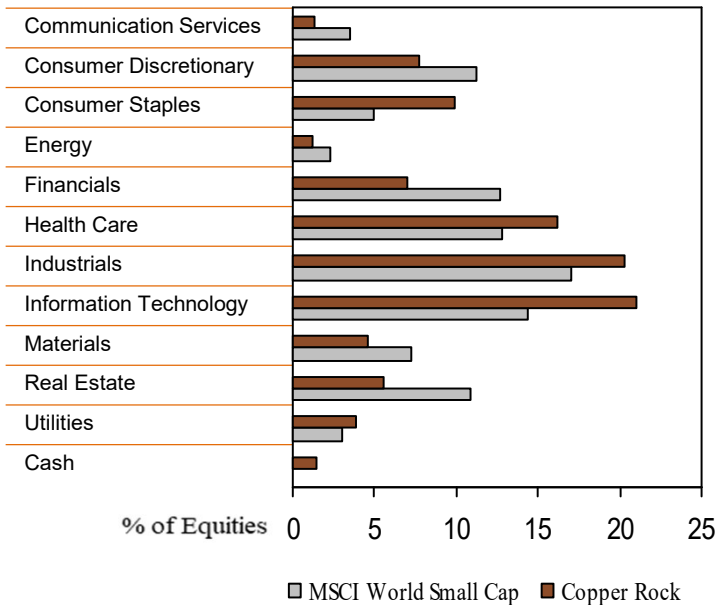
# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

Monthly Fact Sheet - April 2020



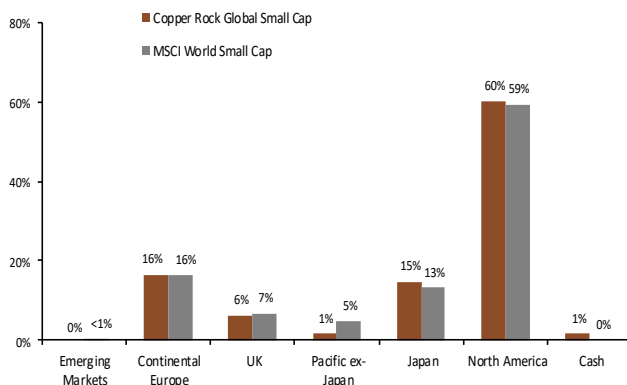
## Sector Exposure (%)\*



## Market Commentary

Global equity markets rose sharply in April, climbing over +10% for the MSCI All Country World Index. Global Small Caps posted even stronger returns as the MSCI World Small Cap index climbed +6.08% (AUD) as rising tides lifted all boats – or stocks, rather, regardless of their quality, including the most over leveraged. The Copper Rock Global Small Composite posted a return of +3.92% (AUD). Maintaining the underweight allocation versus the index in Real Estate and Financials and an overweight versus the index in Information Technology contributed positively to relative return. However, it was hard to keep up with the index in the month given how strongly the broad market performed. The portfolio had been quite fully overweight versus the index in the Consumer Staples sector and fully underweight versus the index in the Consumer Discretionary sector as we repositioned the portfolio in the face of the virus. That led to some underperformance in the portfolio during the last week in March and early part of April. Over the course of the month, the PMs sought to bring those bands closer which has been additive through early May. On a regional level throughout April, there was positive selection in Japan, Continental Europe, and the Emerging Markets.

## Regional Allocation (%)\*



\* Data derived from a Copper Rock Global Small Cap representative account expressed in USD. Source: FactSet. Totals may not add to 100% due to rounding.

Copper Rock expect market volatility to continue as the year progresses driven by headlines related to both Coronavirus and economic statistics. The severity of the economic downturn around the world suggests that a “V” shaped recovery in both stock markets and underlying economies is doubtful. On the basis of Copper Rock’s expectations for a stop/start style economic recovery, they believe that positioning in the portfolio of overweight in defensive growth sectors such as Healthcare, Consumer Staples, and Information Technology makes sense whereas underweights in the more economically sensitive areas of the market such as Materials, and Consumer Discretionary is the correct positioning to have today. Having said this about their positioning, Copper Rock still hold nearly 30% of the portfolio in the more economically sensitive sectors of Industrials, where they are overweight, Materials and Consumer Discretionary on the basis of their belief that global GDP will begin growing again in the second half of 2020. Valuations for U.S. small cap stocks are at the cheapest level they have been since 2011 and on a relative basis, they are the cheapest versus large cap in 19 years. In addition, the EAFE small cap trades at almost a nil premium to EAFE large cap, which is attractive. Both points serve as a confirmation that the market should reward an allocation to small cap stocks. Copper Rock would expect markets to be higher at year-end relative to current levels on the basis of modest valuations today, support from central bankers, and gradual profit and cash flow recovery.

### Contact

Spire Capital Pty Ltd  
Level 30, Suite 4  
Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
T: +61 2 9047 8800  
[www.spirecapital.com.au](http://www.spirecapital.com.au)

### Advisor Queries

Dale Holmes, Director  
M: 0401 146 106  
[dale.holmes@spirecapital.com.au](mailto:dale.holmes@spirecapital.com.au)  
  
Chris Niall  
Senior Manager of Investor Relations  
M: 0419 011 628  
[chris.niall@spirecapital.com.au](mailto:chris.niall@spirecapital.com.au)

### Spire Capital Pty Ltd ABN 21 141 096 120 AFSL No. 344365 (“Spire”)

This document is issued by Spire and relates to Spire Copper Rock Capital Global Smaller Companies Fund (“Fund”) (APR Code ETL 0410AU) for which Spire is the Distributor. The Responsible Entity is Equity Trustees Limited (“EQT”) (ABN 46 004 031 298) (AFSL 240975). The Investment Manager for the Fund is Copper Rock Capital Partners, LLC (“Copper Rock”). Copper Rock is exempt (ASIC class order exemption 03/1100) from the requirement to hold an Australian Financial Services Licence (AFSL) under the Corporations Act in respect of the financial services it provides to wholesale clients only in Australia. Copper Rock is regulated by the SEC under US laws which differ from Australian laws. Spire Capital Pty Ltd (“Spire”) (ABN 21 141 096 120) (AFSL 344365) is licensed to provide general financial product advice in Australia to wholesale clients. Any information provided in this document by Copper Rock is to be considered as general information only and not as financial product advice. This material is for information purposes only. It is not an offer or a recommendation to purchase or sell any security and is not intended to substitute for the Fund’s Product Disclosure Statement (“PDS”) which outlines the risks involved and other relevant information. Please note that past investment performance is not a reliable indicator of future investment performance. This information has not been prepared taking into account your objectives, financial situation or needs. This document may contain information provided directly by third parties. To the maximum extent permitted by law, Spire excludes liability for material provided by third parties. This document is strictly confidential and is intended solely for the use of the person to whom it has been delivered. It may not be reproduced, distributed or published in whole or part, without the prior approval of Spire.