

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND



## Monthly Fact Sheet - December 2019

### 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 31 December 2019

APIR Code ETL0410AU

Exit Price \$1.0663

Fund Size \$80.15 Million

Inception Date 1 July 2014

Companies in Portfolio 77

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

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### Monthly Performance (gross %)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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
2017	-3.78	1.68	2.46	4.11	0.12	2.12	-1.98	1.03	4.45	4.96	1.29	-2.36

### Performance (%)

Performance %	1 mth	3 mths	6 mths	1 year	5 years	Inception pa>
Total (net)	-0.60	6.14	7.22	24.02	7.12	8.64
Benchmark*	-0.40	5.41	8.85	26.97	12.27	13.11
Active Return#	-0.20	0.73	-1.63	-2.95	-5.15	-4.47
Distribution	0.00	0.00	0.00	2.00	7.23	6.54

\*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
Generac Holdings Inc.	1.75	US
WH Smith PLC	1.74	UK
Crocs, Inc.	1.70	US
ACI Worldwide, Inc.	1.62	US
SkyWest, Inc	1.62	US
UNITE Group plc	1.62	UK
Gray Television, Inc.	1.61	US
Assured Guaranty Ltd.	1.60	US
Ryman Hospitality Properties, Inc.	1.56	US
Air Lease Corporation Class A	1.55	US
<b>TOTAL:</b>	<b>16.37%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	9.4	9.3
P/E (Forward 1 Year)	17.3	17.5
LT EPS Growth	14.6	11.9
ROE	14.3	10.3
ROA	7.1	4.4
Operating Margin	18.4	17.4
Yield (%)	2.3	2.8
Price to Book	2.0	1.8
Weighted Average Market-Cap (US\$bil)	3.7	3.4
Number of Holdings	77	4,330
Active Share	96%	

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

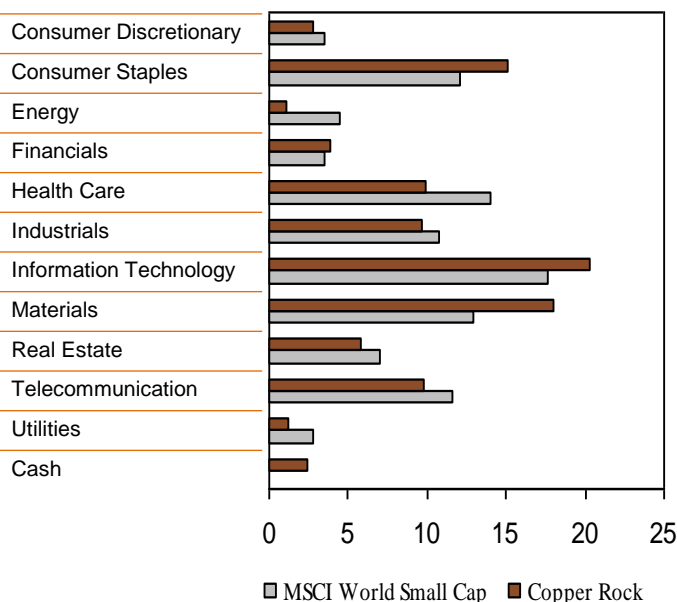
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Monthly Fact Sheet - December 2019



## Sector Exposure (%)\*



## Market Commentary

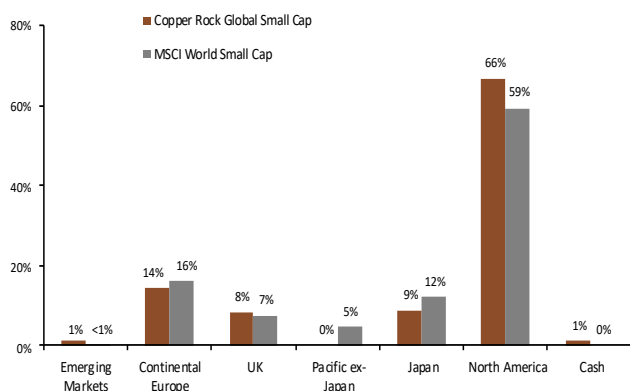
The Copper Rock Global Small Composite posted a return of +3.37% (USD) vs. +3.51% (USD) for the MSCI World Small Cap index in the month of December. For the 4th quarter of 2019, the Copper Rock Global Small Composite returned +10.82% (USD) and outperformed the MSCI World Small Cap index which returned +9.87% (USD). Performance was driven by good individual stock selection in the Consumer Discretionary, Consumer Staples, and Healthcare sectors. There was also strong contribution from stock selection in the U.S. and Emerging Markets. There was some individual underperformance in the Materials and Industrials sectors and the U.K. and Japan regions.

Parex Resources, Inc., a Canadian oil company, was the top contributor in December. The company announced good 4th quarter production updates as well as optimistic activities in Colombia and potential resource growth. The market responded favorably to the news.

GrafTech International, Ltd. produces graphic electrodes for use in steel production in the U.S. Copper Rock owns the stock because the cash generation profile of the company (20%+ free cash flow yield) and visibility into earnings over the next 2-3 years are both attractive. The stock was hit by after a secondary offering by the company's largest shareholder. While a secondary offering was certainly a consideration when Copper Rock bought the stock, the price at which the selling shareholder executed the offering was surprising. Given that the investment thesis remains intact, Copper Rock continue to hold their position.

In contrast to 2019, where markets faced headwinds of slowing macroeconomic data, the impact of tighter monetary policy and trade friction, the backdrop for global small cap equities looks more constructive with more accommodative monetary policy, troughing/improving macro statistics and the Phase 1 Trade agreement between the U.S. and China, which are supportive for an earnings recovery. Boris Johnson's sweeping election victory in the U.K. provides clarity and stability to U.K. politics. Geopolitical risks are increasing as the recent Iran/U.S. military strikes serve as a reminder of continued instability in the region. Meanwhile, in Hong Kong protests continue with daily regularity, and Yellow Vests have returned to France. Copper Rock have added exposure to cyclical sectors where they see signs of inflecting earnings momentum.

## 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.

## 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")

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