

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - February 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 28 February 2019

APIR Code ETL0410AU

Exit Price \$0.9851

Fund Size \$88.30 Million

Inception Date 1 July 2014

Companies in Portfolio 91

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										
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	4 Years	Inception pa>
Total (net)	6.66	4.78	-8.00	1.94	3.90	7.97
Benchmark*	6.36	6.69	-5.49	9.11	9.92	12.85
Active Return#	0.30	-1.91	-2.51	-7.17	-6.02	-4.88
Distribution	0.00	0.00	0.00	6.41	8.58	7.31

\*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
Kobe Bussan Co., Ltd.	1.81	JAPAN
Ingevity Corporation	1.80	USA
Selective Insurance Group, Inc.	1.71	USA
Itochu Techno-Solutions Corporation	1.70	JAPAN
ACI Worldwide, Inc.	1.65	USA
Verint Systems Inc.	1.61	USA
Darling Ingredients Inc.	1.54	USA
Ryman Hospitality Properties, Inc.	1.44	USA
Dream Global Real Estate Investment Trust	1.44	CANADA
Quanta Services, Inc.	1.43	USA
<b>TOTAL:</b>	<b>16.12%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	10.4	9.4
P/E (Forward 1 Year)	15.4	16.2
LT EPS Growth	13.4	12.7
ROE	16.3	10.7
ROA	6.8	4.7
Operating Margin	16.8	17.8
Yield (%)	2.3	2.9
Price to Book	2.0	1.8
Weighted Average Market-Cap (US\$bil)	3.3	3.4
Number of Holdings	91	4,344
Active Share	96%	

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

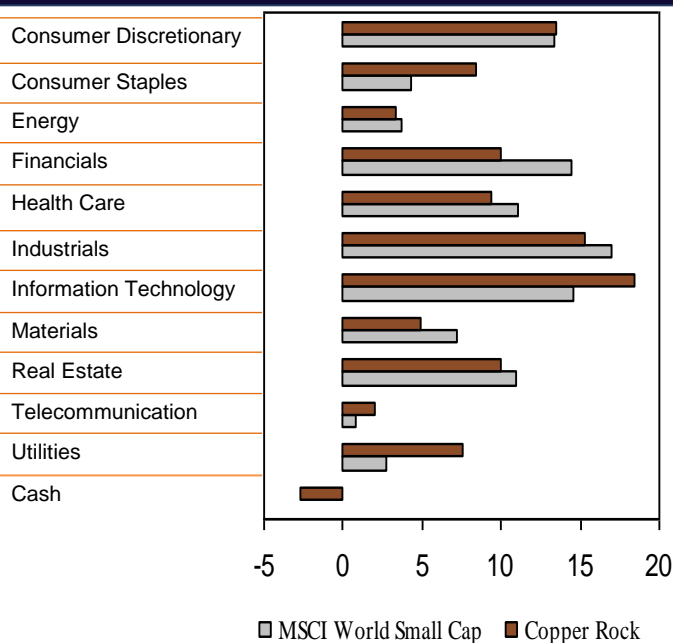
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## Sector Exposure (%)\*



## Market Commentary

In February, the Copper Rock Global Small Cap Composite returned +6.72% (AUD) and outperformed the MSCI World Small Cap index which returned +6.36% (AUD). Positive stock selection in the Information Technology, Consumer Discretionary, Consumer Staples, Healthcare, Real Estate, and Materials sectors contributed to relative return. Regionally, stock selection in the Japan, Continental Europe, and North America (primarily the US) was additive. The top contributor in the month was Ingevity Corp. which manufactures specialty chemicals and carbon materials through the following segments: Performance Chemicals and Performance Materials. Management reported better than expected quarterly earnings results. The Performance Chemicals' results were primarily from lower raw material costs. The Performance Materials segment had robust sales due to higher US auto production and greater pelletized carbons in China and Europe where new regulations are beginning to motivate adoption.

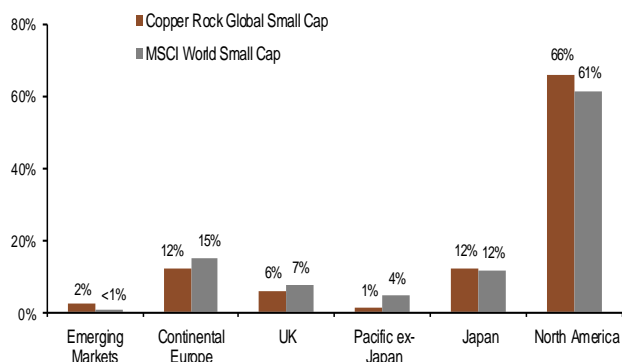
Copper Rock continues to see favorable trends unfold during earnings season, with the portfolio holdings being rewarded by the market for strong earnings reports and positive outlooks. The high momentum/high valuation dynamic which had been driving market returns for the last two years is stalling and the market environment has become more conducive to the Copper Rocks investment process.

Copper Rocks portfolio positioning has responded well as they continue to see positive contribution from those stocks that have been added to the portfolio in Q2 and Q3 in light of these market expectations. Some of these stocks were among the top contributors in February including Omnicell, Inc., Boot Barn Holdings, Inc., and ICF International.

On the downside, there was some underperformance from individual stock selection in the Telecommunication Services, Energy, Financials, Utilities, and Industrials sectors. Evolution Mining, Ltd. engages in the exploration of gold mines and is based in Australia. Despite reporting favorable quarterly results, management's flat guidance which included rising costs caused the stock price to fall. Copper Rock still owns this stock as the combination of declining capex, lower production costs, and accelerating cash flow are the legs of the investment thesis.

Copper Rock continues to believe they are positioned correctly for this later cycle economic environment with slower global growth and remain focused on identifying high quality, attractively valued stocks, with assured growth that will be rewarded in 2019.

## 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.

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