

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND



## Monthly Fact Sheet - July 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 31 July 2020

|                           |                                   |
|---------------------------|-----------------------------------|
| APIR Code                 | ETL0410AU                         |
| Exit Price                | \$0.9188                          |
| Fund Size                 | \$40.66 Million                   |
| Inception Date            | 1 July 2014                       |
| Companies in Portfolio    | 60                                |
| 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 | 6.10  | -0.57 | 3.00 |       |       |       |       |       |
| 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)    | 2.88  | 8.27   | -13.72 | -9.26  | 0.61    | 5.33          |
| Benchmark*     | -0.22 | 4.29   | -12.85 | -5.43  | 6.13    | 9.66          |
| Active Return# | 3.10  | 3.98   | -0.87  | -3.83  | -5.52   | -4.33         |
| Distribution   | 0.00  | 0.87   | 0.87   | 0.87   | 5.23    | 6.05          |

\*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.      | 2.86           | U.S.    |
| TIS Inc.                   | 2.27           | Japan   |
| Chegg, Inc                 | 2.06           | U.S.    |
| LHC Group, Inc.            | 2.04           | U.S.    |
| FTI Consulting, Inc.       | 2.01           | U.S.    |
| Azimut Holding Spa         | 2.00           | Italy   |
| AutoNation, Inc.           | 1.97           | U.S.    |
| Tandem Diabetes Care, Inc. | 1.95           | U.S.    |
| Arcosa Inc                 | 1.91           | U.S.    |
| FirstService Corp.         | 1.88           | Canada  |
| <b>TOTAL:</b>              | <b>20.95%</b>  |         |

### Portfolio Characteristics\*

| Characteristics                       | Fund | MSCI World Small Cap Index (USD) |
|---------------------------------------|------|----------------------------------|
| Price / Cash Flow                     | 12.2 | 7.7                              |
| P/E (Forward 1 Year)                  | 19.3 | 19.5                             |
| LT EPS Growth                         | 12.9 | 12.1                             |
| ROE                                   | 9.0  | 8.0                              |
| ROA                                   | 5.1  | 3.3                              |
| Operating Margin                      | 13.6 | 16.5                             |
| Yield (%)                             | 2.6  | 3.4                              |
| Price to Book                         | 2.0  | 1.6                              |
| Weighted Average Market-Cap (US\$bil) | 4.2  | 3.4                              |
| Number of Holdings                    | 60   | 4,228                            |
| Active Share                          | 97%  |                                  |

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

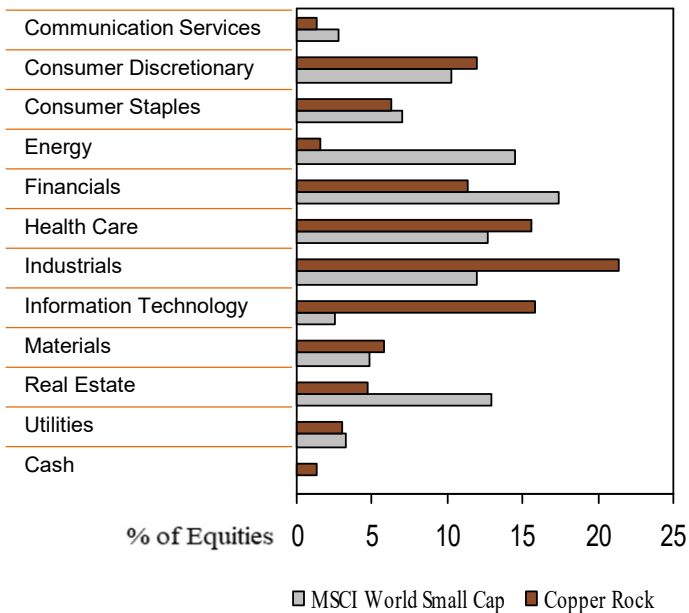
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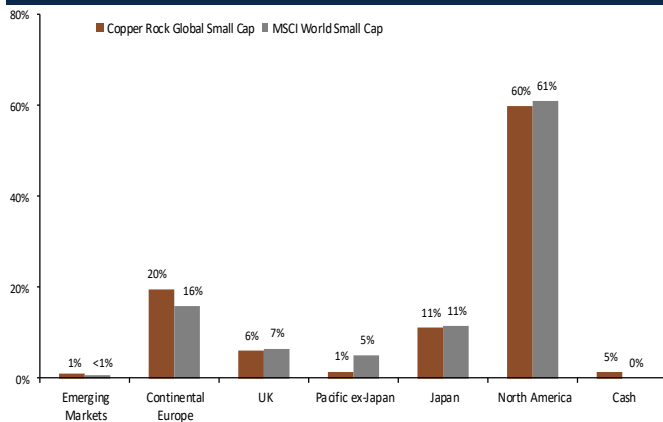
## Sector Exposure (%)\*



## Market Commentary

The Copper Rock Global Small Cap Composite returned +2.89% (AUD) in the month of July and outperformed the MSCI World Small Cap index which returned -0.22% (AUD). There was broad based contribution to return across the portfolio in eight of eleven sectors led by selection in Healthcare, Industrials, Financials, Real Estate and Consumer Staples. There was some modest underperformance in specific stocks in the Materials and Information Technology sectors. Sector allocation decisions versus the index were modestly additive, while the primary driver for returns was overall stock selection at both a sector and regional level. As earnings season began in the latter part of the month and followed into August, the Copper Rock portfolio continued to see good results from companies that reported solid earnings. More differentiation is apparent in the market and investors are seeing clearer separation between the stock winners versus the stock losers. The portfolio continues to be concentrated towards the lower range of holdings as further confirmation of the conviction in our stock selection.

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

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