

Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND



Monthly Fact Sheet - March 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 March 2020

APIR Code ETL0410AU

Exit Price \$0.8253

Fund Size \$58.80 Million

Inception Date 1 July 2014

Companies in Portfolio 62

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									
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)	-17.70	-22.60	-17.85	-14.37	-0.95	3.54
Benchmark*	-16.48	-19.57	-15.22	-9.49	5.08	8.33
Active Return#	-1.22	-3.03	-2.63	-4.88	-6.03	-4.79
Distribution	0.00	0.00	0.00	2.00	7.23	6.25

*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.	2.67	Japan
Generac Holdings Inc.	2.60	US
Repligen Corporation	2.29	US
Grocery Outlet Holding Corp.	2.26	US
LHC Group, Inc.	2.24	US
Arcosa, Inc.	2.08	US
Ibiden Co., Ltd.	2.08	Japan
Toyo Suisan Kaisha, Ltd.	2.03	Japan
Essent Group, Ltd.	1.86	US
Itochu Techno-Solutions Corp.	1.82	Japan
TOTAL:	21.93%	

Portfolio Characteristics*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	8.1	6.7
P/E (Forward 1 Year)	14.0	13.4
LT EPS Growth	19.0	12.5
ROE	7.2	9.5
ROA	5.0	4.2
Operating Margin	13.9	14.4
Yield (%)	1.6	2.8
Price to Book	1.4	1.3
Weighted Average Market-Cap (US\$bil)	3.1	2.7
Number of Holdings	62	4,280
Active Share	97%	

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

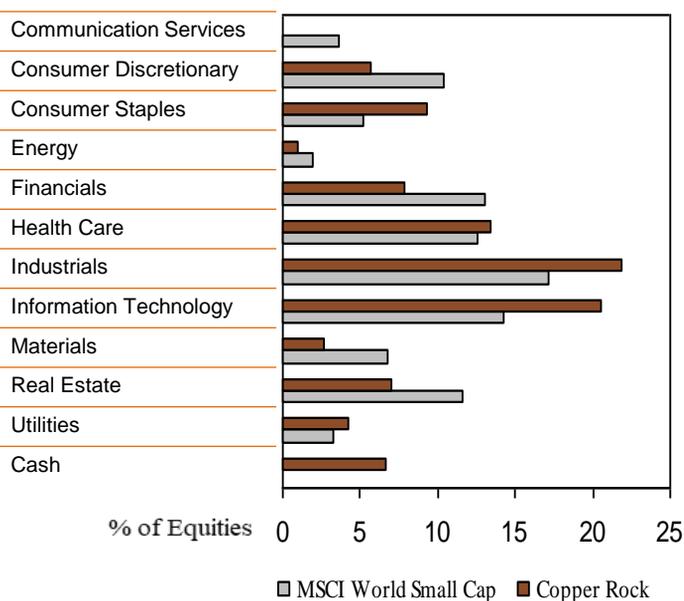
Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

Monthly Fact Sheet - March 2020



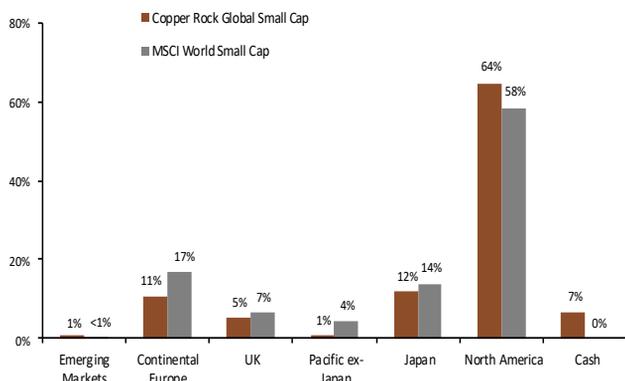
Sector Exposure (%)*



Market Commentary

The Copper Rock Global Small Composite posted a return of -17.65% (AUD) vs. -16.48% (AUD) for the MSCI World Small Cap index in the month of March. At the end of 2019, we had positioned the Portfolio for global economic recovery. Unfortunately, Copper Rock was not positioned for the Coronavirus pandemic that sharply came into focus after February 21st and impacted global markets most severely from February 24th through March 31st. During this period, the market was very fickle and there was a reversal of performance across a myriad of sectors. For example, where the Consumer Staples sector had underperformed the overall index in the first 7 weeks of the quarter, it outperformed the index in the final 5 weeks by ~1,450 bps, proving difficult to keep up with as the portfolio had initially been underweight the sector. On the other hand, the Real Estate sector had outperformed the overall index in the first 7 weeks of the quarter only to underperform it in the final 5 weeks. Unfortunately, for the strategy in March, the Consumer Discretionary and Financials sectors detracted the most from relative return. Copper Rock had owned Consumer Discretionary stock, Cogna Educacao, a Brazilian education services provider. On the 30th of March, the company reported that it had missed numbers due to rising student delinquencies and thereby derailing the recovery Copper Rock had projected for the company. Copper Rock exited the position. The stock accounted for a sizable portion of the underperformance in the portfolio during the month. The portfolio also faced underperformance from Ryman Hospitality Properties which Copper Rock failed to exit soon enough given the severe impact the pandemic had on its hospitality business operations. Although Copper Rock had reviewed past period of extreme stress on the stock, including the period of the 2008 GFC and found that Ryman's business significantly outperformed traditional hotels as Ryman's contracts provide that the commonly gets paid by convention organizers even if the convention gets cancelled, history did not prove repeatable in this case. Irrespective of the company's more differentiated payment stream, the market didn't care and hit Ryman's stock just as hard as traditional hotel stocks.

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 a "V" shaped recovery in both stock markets and underlying economies is doubtful. Copper Rock therefore feel that a gradual economic recovery led by central bank easing and fiscal spending will lead to a stuttering style recovery. On the basis of this expectations for a stop/start style economic recovery, Copper Rock believe the 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 positioning, Copper Rock still hold nearly 30% of the portfolio in the more economically sensitive sectors of Industrials, where it is overweight, Materials and Consumer Discretionary on the basis of the belief that global GDP will begin growing again in the second half of 2020. 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

Advisor Queries

Dale Holmes, Director
M: 0401 146 106
dale.holmes@spirecapital.com.au

Chris Niall
Senior Manager of Investor Relations
M: 0419 011 628
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") (APIR 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.