

Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND



Monthly Fact Sheet - May 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
Lonecon – Recommended

Fund Summary as at 31 May 2020

APIR Code ETL0410AU

Exit Price \$0.9072

Fund Size \$60.18 Million

Inception Date 1 July 2014

Companies in Portfolio 59

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							
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)	5.97	-9.53	-15.43	-3.92	0.84	5.10
Benchmark*	5.65	-6.40	-10.22	2.56	7.02	10.18
Active Return#	0.32	-3.13	-5.21	-6.48	-6.18	-5.08
Distribution	0.00	0.00	0.00	2.00	7.23	6.07

*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.	2.60	U.S.
TIS Inc.	2.48	Japan
Inphi Corporation	2.30	U.S.
Repligen Corporation	2.18	U.S.
LHC Group, Inc.	2.16	U.S.
Charles River Lab. Int'l, Inc.	1.93	U.S.
IBIDEN CO., LTD.	1.90	Japan
Chegg, Inc.	1.90	U.S.
Varta AG	1.83	Germany
Toyo Suisan Kaisha, Ltd.	1.83	Japan
TOTAL:	21.11%	

Portfolio Characteristics*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	11.3	7.9
P/E (Forward 1 Year)	20.3	19.5
LT EPS Growth	13.7	12.4
ROE	8.4	9.2
ROA	4.8	4.0
Operating Margin	13.6	16.9
Yield (%)	2.9	3.4
Price to Book	2.1	1.5
Weighted Average Market-Cap (US\$bil)	4.0	3.4
Number of Holdings	59	4,263
Active Share	97%	

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

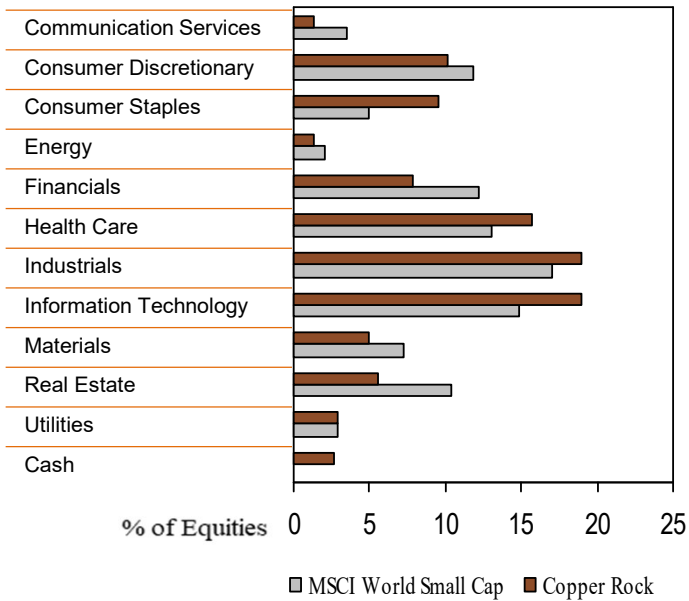
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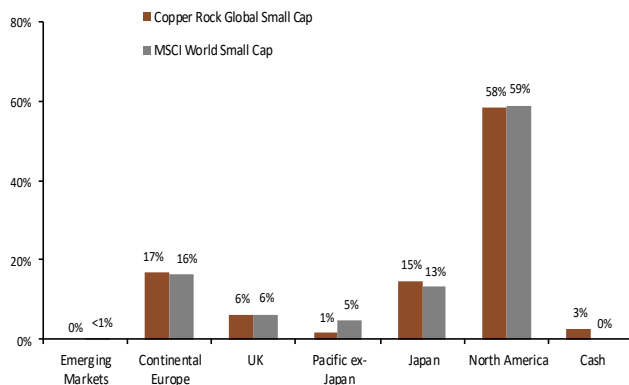
Sector Exposure (%)*



Market Commentary

Global equity markets continued their recovery, reacting positively to further support from government stimulus packages and troughing economic statistics as countries started to ease restrictions that were in place from Covid-19. The Copper Rock Global Small Composite returned +6.03% (AUD) and outperformed the MSCI World Small Cap Index which returned +5.65% (AUD). There was broad positive stock selection across the portfolio with superior contribution in the Consumers and Healthcare sectors. In addition, the underweight allocation versus the index in Real Estate and Financials were additive to relative return. On a regional level throughout May, there was positive selection in Japan, North America, and the UK. Most importantly, Copper Rock saw a good recovery in the portfolio and the types of assured growth companies that the process seeks have been rewarded leading to good absolute and relative performance in May. By the end of the month, the majority of companies had reported earnings and there were positive stock price reactions to good fundamentals.

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 expects market volatility to continue as the year progresses driven by headlines related to both the virus and economic statistics. Although in early June Copper Rock has seen a bit of a risk on rally as countries have reopened and infection rates have remained fairly stable, they continue to believe that much of the market leadership that has been characterized by high valuation, high momentum stocks with little regard to balance sheets, whether or not the companies were generating cash to fund their growth, or fundamental valuation, is sustainable. This “follow the momentum trade” is likely dead as a result of the economic shock to the global economy due to the pandemic. It is Copper Rock’s belief that they have entered a new market phase where there will be significant differentiation between companies that can prosper in the new, tougher economic environment and those that will struggle. This is not all that different from the post financial crises years of 2010-2015 which were characterized by pressure on corporate profits and balance sheets and very slow global GDP growth. During those years, the market offered significant stock picking opportunities between the companies that could succeed in a slow growth environment and those that couldn’t. Copper Rock’s typical companies that exhibit “assured” growth were handsomely rewarded during this period. Copper Rock believes the portfolio is well positioned to take advantage of this scenario again. EAFE Small Cap stocks trade almost inline to EAFE Large Cap stocks versus a typical P/E premium of ~10-15%, which is attractive for this asset class, confirmation that the market should reward an allocation to small cap stocks going forward.

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