

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND



## Monthly Fact Sheet - October 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 October 2019

APIR Code ETL0410AU

Exit Price \$1.0192

Fund Size \$77.30 Million

Inception Date 1 July 2014

Companies in Portfolio 78

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		
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)	1.45	-0.23	2.20	7.14	8.09	8.00
Benchmark*	0.62	1.45	3.18	11.52	13.07	12.56
Active Return#	0.83	-1.68	-0.98	-4.38	-4.98	-4.56
Distribution	0.00	0.00	2.00	2.00	7.23	6.76

\*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.	1.88	USA
Quanta Services, Inc.	1.74	USA
SkyWest, Inc	1.63	USA
Ryman Hospitality Properties, Inc.	1.61	USA
Assured Guaranty, Ltd.	1.55	USA
Callaway Golf Company	1.55	USA
Sushiro Global Holdings Ltd.	1.55	JAPAN
Air Lease Corporation	1.54	USA
WH Smith PLC	1.53	UK
Crocs, Inc.	1.52	USA
<b>TOTAL:</b>	<b>16.10%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	10.0	9.1
P/E (Forward 1 Year)	17.9	17.0
LT EPS Growth	12.7	11.9
ROE	15.0	10.5
ROA	6.9	4.6
Operating Margin	18.0	17.6
Yield (%)	2.2	2.9
Price to Book	2.2	1.7
Weighted Average Market-Cap (US\$bil)	3.6	3.4
Number of Holdings	78	4,326
Active Share	96%	

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

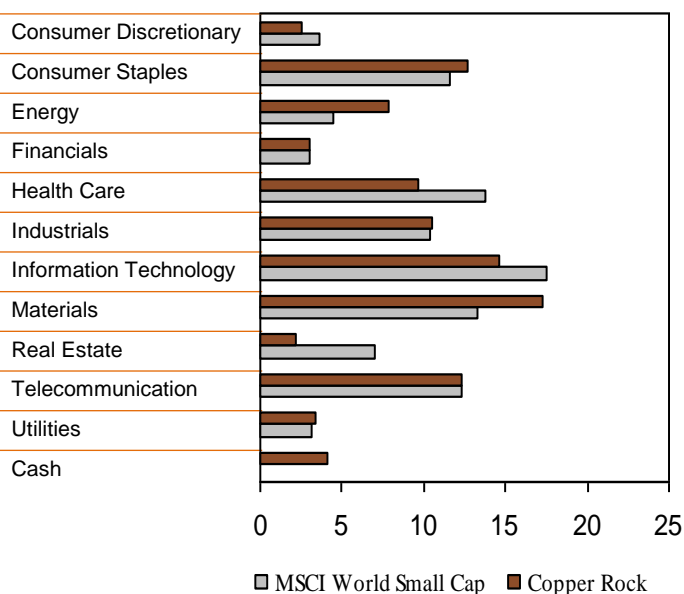
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Monthly Fact Sheet - October 2019



## Sector Exposure (%)\*



## Market Commentary

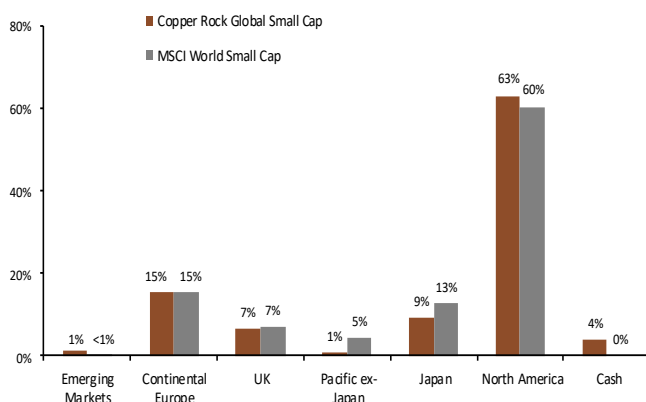
The Copper Rock Global Small Composite registered a strong start to the final quarter of 2019 with a return of +1.53% (AUD) vs. +0.62% (AUD) for the MSCI World Small Cap index for the month of October. Performance was driven by good individual stock selection broadly across the portfolio. In addition, there was strong contribution from stock selection in the U.S. as those stocks that had reversed course with the brief market correction in the first two weeks of September continued to follow through on good earnings results and with the recovery of growth and momentum factors through the end of October. There was also strong contribution from stock selection in Continental Europe and Japan.

Copper Rock's position in Generac Holdings, which manufactures power generation equipment and other power products, was a leading contributor. In October, the company quarterly earnings results beat consensus expectations primarily from increased sales in the residential and commercial/industrial segments. Management raise guidance reflecting higher demand for residential products.

Selective Insurance Group, Inc., which provides property and casualty insurance products, underperformed and the company reported mixed earnings results. While the company's Commercial lines unit posted positive results, the Personal lines segment was weaker than expected, causing the stock to take a pause. Copper Rock continue to own the position.

As Copper Rock navigate the height of earnings season, Copper Rock is closely monitoring their portfolio holdings to ensure that Copper Rock companies are executing in the face of macroeconomic headwinds and delivering strong results. Copper Rock maintain their conviction that the market will reward those assured growth stocks that can continue to meet earnings expectations and raise guidance in this slower growth environment in which Copper Rock are operating. As such, Copper Rock have reduced the number of stocks in the portfolio into those where Copper Rock have the highest confidence. Copper Rock have seen a steady improvement over the course of the year in Copper Rock's stock selection and the combination of troughing cyclical data and lower interest rates augur well for the prospects for global small cap performance.

## 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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