

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - September 2018



### 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 30 September 2018

APIR Code ETL0410AU

Exit Price 1.0524

Fund Size \$95.9 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 CIO, Lead Portfolio Manager

Denise Selden, CFA Portfolio Manager

H. David Shea, CFA 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
2018	-0.55	-0.30	1.34	1.72	1.76	0.10	0.79	5.49	-1.60			
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
2016	-3.99	-1.90	-0.37	0.98	8.09	-5.85	2.49	0.22	-1.27	-3.76	8.84	4.21

### Performance (%)

Performance %	1 mth	3 mths	6 mths	1 year	4 years	Inception on pa>
Total (net)	-1.72	4.24	7.60	11.41	11.38	10.48
Benchmark*	-1.43	4.21	11.88	19.99	16.22	15.31
Active Return#	-0.29	0.03	-4.28	-8.58	-4.84	-4.83
Distribution	0.00	6.41		6.41	8.58	8.05

\*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
CHARLES RIVER LABORATORIES INT.	1.63	USA
INGEVITY CORPORATION	1.62	USA
TIS, INC.	1.61	JAPAN
PAREX RESOURCES, INC.	1.52	CANADA
GENERAC HOLDINGS, INC.	1.47	USA
NOMAD FOODS, LTD.	1.44	UK
ITOCHU TECHNO-SOLUTIONS CORP.	1.42	JAPAN
ICF INTERNATIONAL, INC.	1.41	USA
DREAM GLOBAL REAL ESTATE INVEST. T	1.40	CANADA
OMNICELL, INC.	1.38	USA
<b>TOTAL:</b>	<b>14.90%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	13.0	10.4
P/E (Forward 1 Year)	16.9	17.5
LT EPS Growth	15.4	13.4
ROE	15.3	10.2
ROA	6.1	4.4
Operating Margin	15.5	14.1
Yield (%)	1.1	1.8
Price to Book	2.2	2.0
Weighted Average Market-Cap (US\$bil)	3.3	3.6
Number of Holdings	91	4,348
Active Share	96%	

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

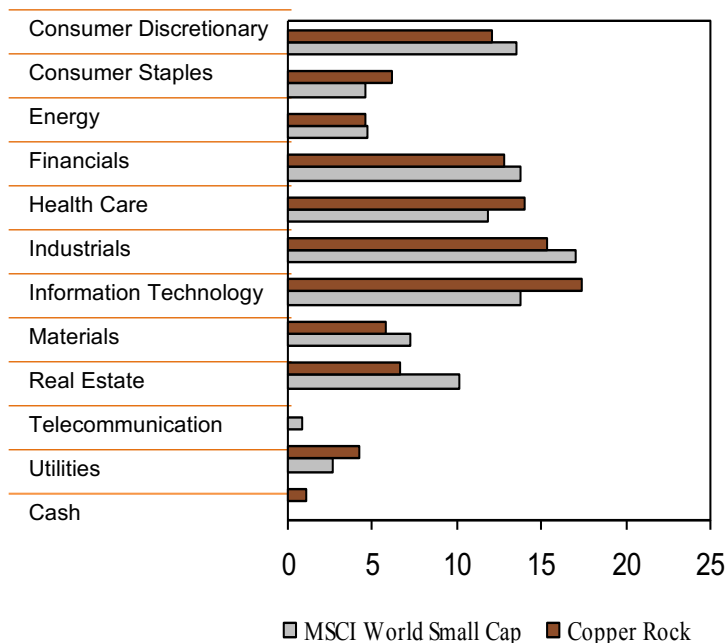
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## Sector Exposure (%)\*



## Market Commentary

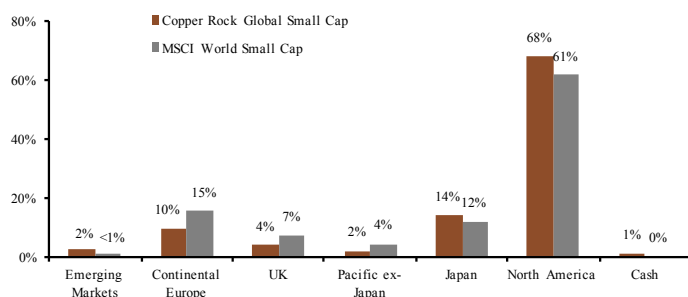
In the month of September, the Copper Rock Global Small Cap Composite returned -1.57% (AUD) while the MSCI World Small Cap index returned -1.43% (AUD). For the 3<sup>rd</sup> quarter, the Copper Rock Global Small Cap Composite returned +4.59% (AUD) and outperformed the MSCI World Small Cap Index which returned +4.21% (AUD).

During the month, there was strong contribution in the UK, Japan and Consumer sectors which played out nicely also in the quarter. The portfolio's overweight allocation relative to the index in the Real Estate and Financials sectors was also additive. The portfolio's position in Integrated Device Technology, Inc. which manufacturers modules focused on a broad spectrum of the memory interface, sensor and wireless power end market segments, was the top contributor in September. The stock outperformed on news of a takeover approach from Japanese company, Renesas Electronics.

Regionally, there were some laggards from the US and Emerging Markets. Copper Rock's position in Korn/Ferry International, a global organizational consulting firm, was a top detractor in September. Despite strong continued results and hiring trends, this was the first time in recent periods that the company did not upgrade its numbers in earnings results and the stock reacted to the downside, but Copper Rock continues to own for its long term growth opportunity.

At the end of September, the portfolio continues to have an overweight position allocated to opportunities with structural growth in Information Technology - with an emphasis on software and services, and Healthcare. The portfolio has an underweight allocation relative to the index in the Real Estate, Industrials, Materials, Consumer Discretionary, Financials, and Telecommunication Services sectors. Regionally, the portfolio is overweight relative to the index in North America and Japan. The portfolio has an underweight allocation relative to the index in Continental Europe, the U.K., and Pacific ex-Japan.

## 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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