

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND



## Monthly Fact Sheet - September 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 30 September 2019

APIR Code ETL0410AU

Exit Price \$1.0046

Fund Size \$78.67 Million

Inception Date 1 July 2014

Companies in Portfolio 80

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
2019	5.52	6.78	-0.15	3.60	-5.19	5.45	2.84	-1.86	0.46			
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)	0.34	1.01	4.24	-2.70	8.41	7.84
Benchmark*	2.01	3.26	6.76	1.95	13.22	12.64
Active Return#	-1.67	-2.25	-2.52	-4.65	-4.81	-4.80
Distribution	0.00	0.00	2.00	2.00	7.23	6.87

\*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.	1.77	USA
SkyWest, Inc	1.60	USA
Quanta Services, Inc.	1.60	USA
Ryman Hospitality Properties, Inc.	1.60	USA
CACI International Inc Class A	1.58	USA
Selective Insurance Group, Inc.	1.57	USA
Sushiro Global Holdings Ltd.	1.55	JAPAN
Callaway Golf Company	1.52	USA
Nomad Foods Ltd.	1.52	UK
Hanover Insurance Group, Inc.	1.52	USA
<b>TOTAL:</b>	<b>15.84%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	10.1	8.9
P/E (Forward 1 Year)	17.4	16.6
LT EPS Growth	12.7	11.9
ROE	15.6	10.5
ROA	7.4	4.8
Operating Margin	18.2	15.1
Yield (%)	1.6	2.1
Price to Book	2.1	1.7
Weighted Average Market-Cap (US\$bil)	3.5	3.4
Number of Holdings	80	4,338
Active Share	96%	

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

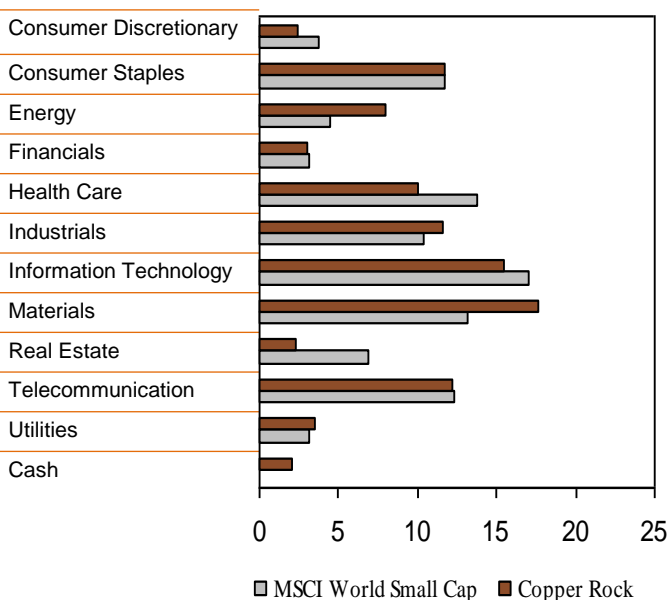
# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

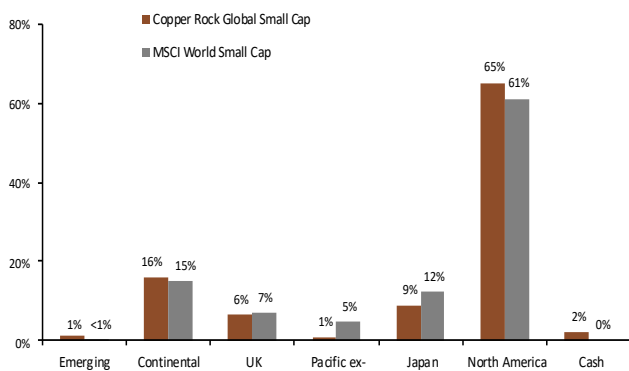
Monthly Fact Sheet - September 2019



## Sector Exposure (%)\*



## 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.

## 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](http://www.spirecapital.com.au)

## Advisor Queries

Dale Holmes, Director  
M: 0401 146 106  
[dale.holmes@spirecapital.com.au](mailto:dale.holmes@spirecapital.com.au)

Chris Niall  
Senior Manager of Investor Relations  
M: 0419 011 628  
[chris.niall@spirecapital.com.au](mailto:chris.niall@spirecapital.com.au)

## Market Commentary

The Copper Rock Global Small Cap Composite returned +0.57% (AUD) in September. The MSCI World Small Cap index returned +2.01% (AUD). Global developed small and emerging markets climbed in September after the market was marked by a steep and swift rotation to value during the first two weeks over fears of an imminent recession and heightened concerns over ongoing global trade tensions not solely isolated to the U.S. – China relations but also the U.S. and the E.U., Japan and Korea, among others. This was a reversal not seen at such a magnitude since 2009 and the Global Financial Crisis. In the first two weeks of September, the market rewarded more value oriented, deep cyclical, higher beta characteristics stocks. Investors, though, saw beyond this on still strong consumer confidence and unemployment figures that lifted stocks considerably. By the middle of September, the markets had once again returned to favor assured growth stocks in a slowing growth environment.

Dream Global is a REIT based in Canada which invests mainly in Western European markets (primarily Germany). Dream Global is largely an office building owner/operator with some industrial estate as well. Copper Rock has been a long term holder in Dream Global on the back of the company's consistent growth strategy and attractive portfolio yield. The stock price rose after the company received a takeover bid by Blackstone Group. Interestingly, the takeover offer values Dream at C\$16.79 per share while Copper Rock's long-term fair value for the company has been C\$16.50. Therefore, the offer from Blackstone is a fair and full one, and Copper Rock will be exiting the stock.

Fox Factory Holding Corp. is a U.S. based company that designs, engineers and manufactures performance ride dynamics products. Given the string of solid, consistent execution on quarterly results, the stock increasingly has attracted momentum investors throughout 2019. The small beat on earnings in the recent quarter, however, was not enough to satisfy the market. In addition, the company announced some management turnover. The CEO will become Executive Chairman and the CFO left the company for personal reasons. The underperformance was driven by the momentum unwind after a smaller beat than usual and management changes. Copper Rock continue to own the stock given its attractive long-term growth profile.

Global manufacturing PMI's have uniformly weakened, pointing to a global contraction in manufacturing triggered by trade tensions and implementation of tariffs. As a result, global growth is likely to remain weak until trade tensions dissipate or with a lag once enough monetary easing is put in place. Copper Rock have remained committed to having the portfolio positioned for the later stages of the cycle as Copper Rock navigate a world with more difficult earnings comps, slowing global growth, and ongoing trade friction. With this backdrop, it remains Copper Rock's contention that the market will reward companies with durable earnings, strong balance sheets and positive free cash flow – those stocks Copper Rock deem "assured growth" stocks.

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") (APR 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.