

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - April 2016



### 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 \$4.7 billion (USD) in assets under management as at December 31, 2015.

### 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 April 2016

APIR Code	ETL0410AU
Exit Price	1.0352
Inception Date	1 July 2014
Companies in Portfolio	97
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
2016	-3.99	-1.90	-0.37	0.98								
2015	3.20	6.50	4.51	-3.95	4.87	-1.63	5.34	-2.70	-1.92	2.18	-2.09	-2.29
2014	n/a	n/a	n/a	n/a	n/a	n/a	-3.22	2.13	0.81	3.10	4.73	4.75

### Performance (%)

Performance %	1 mth	3 mths	6 mths	1 year	Inception p a>
Total (net)	0.86	-1.66	-10.01	-5.34	8.60
Benchmark*	3.21	3.69	-4.81	1.17	11.64
Active Return#	-2.35	-5.35	-5.20	-6.51	-3.04
Distribution				10.85	5.77

\*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
SOUTH STATE CORPORATION	1.6	USA
CSG SYSTEMS INTERNATIONAL, INC.	1.5	USA
EL PASO ELECTRIC COMPANY	1.5	USA
TELEFLEX INCORPORATED	1.4	USA
GMO PAYMENT GATEWAY, INC.	1.4	JAPAN
WHITECAP RESOURCES, INC.	1.4	CANADA
GURUNAVI, INC.	1.4	JAPAN
AMN HEALTHCARE SERVICES, INC.	1.4	USA
CHALLENGER LIMITED	1.3	AUSTRALIA
WEBSTER FINANCIAL CORPORATION	1.3	USA
<b>TOTAL:</b>	<b>14.2%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	10.5	9.2
P/E (Forward 1 Year)	16.8	17.0
LT EPS Growth	14.5	12.6
ROE	16.0	9.2
ROA	5.6	4.2
Operating Margin	15.5	16.4
Yield (%)	2.5	2.9
Price to Book	2.4	1.7
Weighted Average Market-Cap (US\$bil)	2.2	2.7
Number of Holdings	97	4,281

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

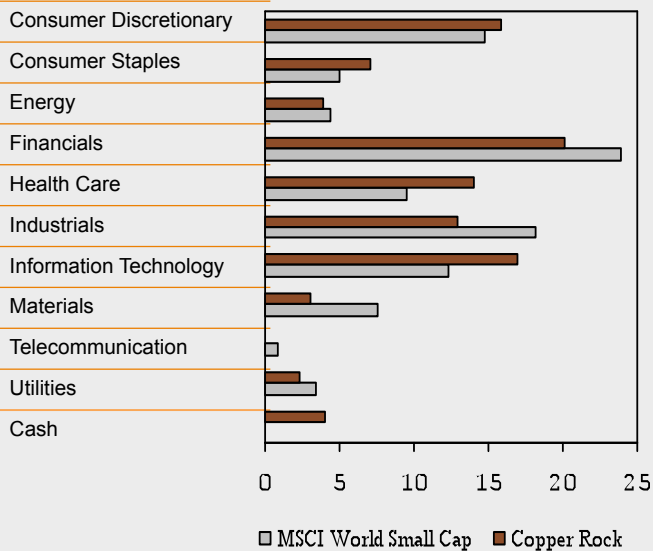
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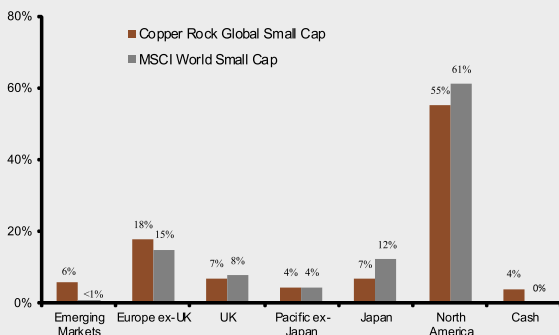
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## Sector Exposure (%)\*



## 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

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### Advisor Queries

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## Market Commentary

For the month of April, the Copper Rock Global Small Cap strategy returned +1.00% (AUD) and underperformed the MSCI World Small Cap index which returned +3.21% (AUD).

There was positive stock selection within the Energy sector, while our underweight allocation relative to the index in Utilities was also additive to relative return. Individual stock selection within Industrials, Information Technology, Materials, and Healthcare sectors detracted the most from relative return. Individual stock selection in the portfolio was down across all regions. Much of the style headwind from the end of the 1st quarter persisted in early April.

The five leading contributors in the month included Whitecap Resources, Inc. (Energy/Canada), Select Comfort Corp. (Consumer Discretionary/US), Parex Resources, Inc. (Energy/Canada), Cardinal Energy, Ltd. (Energy/Canada), and INC Research Holdings, Inc. (Healthcare/US). Whitecap Resources, Inc. develops and produces crude oil and natural gas in Western Canada. In April, management announced a revised budget by doubling its investment from 2015. The increased spending is funded by increased cash flow, a reduced dividend, and a stronger commodity outlook. Select Comfort Corp. designs, manufactures, and markets a line of adjustable firmness mattresses, as well as bases and bedding accessories. Management reported inline quarterly earnings results off of increased sales and maintained its positive guidance. The company announced it had resolved implementation issues of its vertically integrated enterprise resource planning ("ERP") platform which had negatively impacted earnings in the two prior quarters. This news was also well received by investors.

The five leading detractors in the month included Infinera Corp. (Information Technology/US), Bottomline Technologies, Inc. (Information Technology/US), Covenant Transportation Group, Inc. (Industrials/US), Betsson AB (Consumer Discretionary/Sweden), and Air New Zealand, Ltd. (Industrials/New Zealand). Infinera Corp. provides optical transport networking equipment, software, and services to telecommunication carriers. While the company reported good quarterly earnings results, a disappointing guidance caused the stock price to fall. The weak outlook stemmed from market lumpiness and a spending pause from a large client. Despite this news, Copper Rock believes Infinera remains an attractive stock for its high exposure to the favorable web scale market and good gross margins. The fund continues to own the position. Covenant Transportation Group, Inc. provides truckload transportation services. In April the company reported inline quarterly earnings, but a soft guidance caused the stock to underperform. The outlook was a result of lower demand in April and higher ramp up costs on new accounts. Copper Rock believes the underperformance is short term as the company has 2 large accounts whose benefits should materialize in the 2nd half of 2016. Copper Rock continues to own the position.

### Spire Capital Pty Ltd ABN 21 141 096 120 AFSL No. 344365 ("Spire")

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