

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - January 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 31 January 2016

APIR Code	ETL0410AU
Exit Price	1.0527
Inception Date	1 July 2014
Companies in Portfolio	95
Total Management Fee	1.28%
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											
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)	-4.11	-8.48	-11.09	2.59	11.16
Benchmark*	-5.11	-8.20	-9.34	3.55	11.00
Active Return#	1.00	-0.28	-1.75	-0.96	0.16
Distribution				10.85	6.70

\*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
GMO PAYMENT GATEWAY, INC.	1.8	JAPAN
EURONET WORLDWIDE, INC.	1.8	USA
HEARTLAND PAYMENT SYSTEMS, INC.	1.7	USA
SOUTH STATE CORPORATION	1.6	USA
AMERICAN STATES WATER COMPANY	1.6	USA
EL PASO ELECTRIC COMPANY	1.4	USA
VECTREN CORPORATION	1.4	USA
TELEFLEX INCORPORATED	1.3	USA
NAUTILUS, INC.	1.3	USA
GERRESHEIMER AG	1.3	GERMANY
<b>TOTAL:</b>	<b>15.2%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	10.4	8.7
P/E (Forward 1 Year)	16.8	16.1
LT EPS Growth	13.6	12.7
ROE	16.5	10.9
ROA	7.0	5.0
Operating Margin	14.1	16.6
Yield (%)	2.2	3.0
Price to Book	2.3	1.6
Weighted Average Market-Cap (US\$bil)	2.2	2.6
Number of Holdings	95	4,332

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

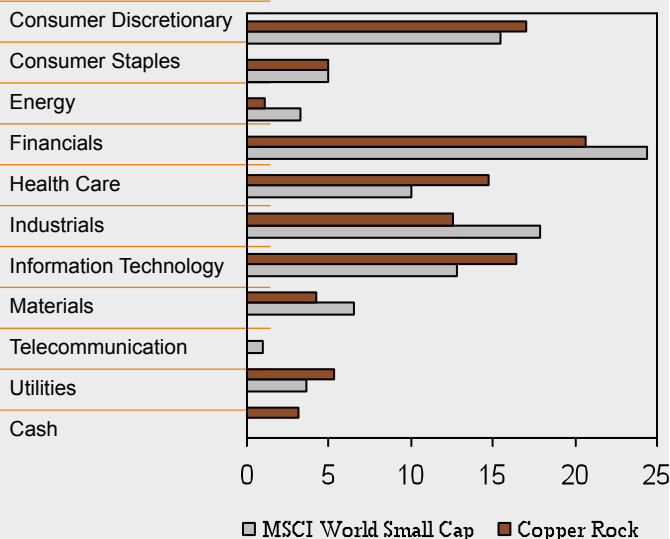
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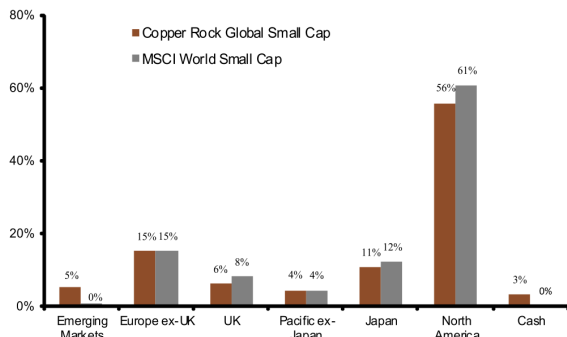
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## Sector Exposure (%)\*



## 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.

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### Advisor Queries

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## Market Commentary

For the month of January, the Copper Rock Global Small Cap strategy returned -4.04% (AUD) and outperformed the MSCI World Small Cap index which returned -5.11% (AUD). 2016 started off in negative territory as the slowdown in China and the severe slowdown in global growth sounded a big horn throughout the markets.

There was positive stock selection within the Information Technology, Healthcare, Utilities and Consumer Discretionary sectors. The portfolio's overweight allocation versus the benchmark in the Utilities sector was also additive to relative return. Individual stock selection within the Consumer Staples, Financials, Industrials, Energy, and Materials sectors detracted from relative return in the month. Regionally, stock selection in North America, the UK, Continental Europe, and Emerging Markets contributed to relative return. Individual stock selection in Pacific ex-Japan and Japan detracted from relative returns.

The five leading contributors in the month included Nautilus, Inc. (Consumer Discretionary/US), Euronet Worldwide, Inc. (Information Technology/US), GMO Payment Gateway, Inc. (Information Technology/Japan), American States Water Company (Utilities/US), and Paddy Power Betfair Plc (Consumer Discretionary/Ireland). Nautilus, Inc. markets, develops, and manufactures branded health and fitness products under brand names. In January, Nautilus, Inc. preannounced better than expected quarterly results driven by strong sales from the MAX Trainer and Treadclimber cardio products in the direct and retail distribution channels. The rollout of the new product line introduction and international distribution of the MAX Trainer should add further momentum to the stock's performance in 2016. GMO Payment Gateway, Inc. provides payment processing services for credit card transactions and the online commerce. The company has continued to benefit from its recent strong annual results. The e-commerce segment has benefited from an increase in smartphone usage. The company's credit card segment has benefited from a rise in credit card shopping particularly via online versus in-store retailers. GMO Payment Gateway is also positioned for long term growth with the growing popular trend for consumers to pay living expenses including rent, utilities, and medical costs with their credit cards.

The five leading detractors in the month included American Axle & Manufacturing Holdings, Inc. (Consumer Discretionary/US), The Greenbrier Companies, Inc. (Industrials/US), Linamar Corp. (Consumer Discretionary/Canada), Natus Medical, Inc. (Healthcare/US), and Greatbatch, Inc. (Healthcare/US). American Axle & Manufacturing Holdings, Inc. supplies driveline and drive train components to automobiles. In January, management announced a conservative guidance causing the stock price to fall. Copper Rock believes the underperformance is short term as American Axle & Manufacturing still has good fundamentals including a strong backlog and Copper Rock continues to own the position in the portfolio. The Greenbrier Companies is one of the largest manufacturers of freight railcars and barges in North America. While company had been a long time outperformer in the portfolio, GBX's stock had repeatedly been hit in the past couple of quarters on declining oil prices and fears of slowing demand for enhanced railcars for oil delivery. This was driven by an unfavorable outlook for tank car deliveries in direct response to the decline in oil prices particularly in the rich oil sands region in Canada. The stock hit the Alert List and the fund exited the position in favor of other opportunities.

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

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