

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - January 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  
Lonsac – Recommended

### Fund Summary as at 31 January 2019

APIR Code ETL0410AU

Exit Price \$0.9236

Fund Size \$83.90 Million

Inception Date 1 July 2014

Companies in Portfolio 89

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											
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	4 years	Inception on pa>
Total (net)	5.39	-4.75	-9.12	-4.82	3.84	6.60
Benchmark*	6.51	-2.00	-6.63	2.36	9.73	11.57
Active Return#	-1.12	-2.75	-2.49	-7.18	-5.89	-4.97
Distribution	0.00	0.00	0.00	6.41	8.58	7.43

\*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
Parex Resources Inc.	1.58	CANADA
Itochu Techno-Solutions Corporation	1.56	JAPAN
ACI Worldwide, Inc.	1.53	USA
Selective Insurance Group, Inc.	1.51	USA
Kobe Bussan Co., Ltd.	1.49	JAPAN
Darling Ingredients Inc.	1.48	USA
Verint Systems Inc.	1.44	USA
Ingevity Corporation	1.44	USA
Quanta Services, Inc.	1.44	USA
ICF International, Inc.	1.42	USA
<b>TOTAL:</b>	<b>14.90%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	11.0	9.3
P/E (Forward 1 Year)	16.0	15.5
LT EPS Growth	23.2	12.3
ROE	14.5	10.4
ROA	6.1	4.5
Operating Margin	16.5	17.7
Yield (%)	2.3	3.0
Price to Book	1.9	1.7
Weighted Average Market-Cap (US\$bil)	3.1	3.2
Number of Holdings	89	4,362
Active Share	96%	

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

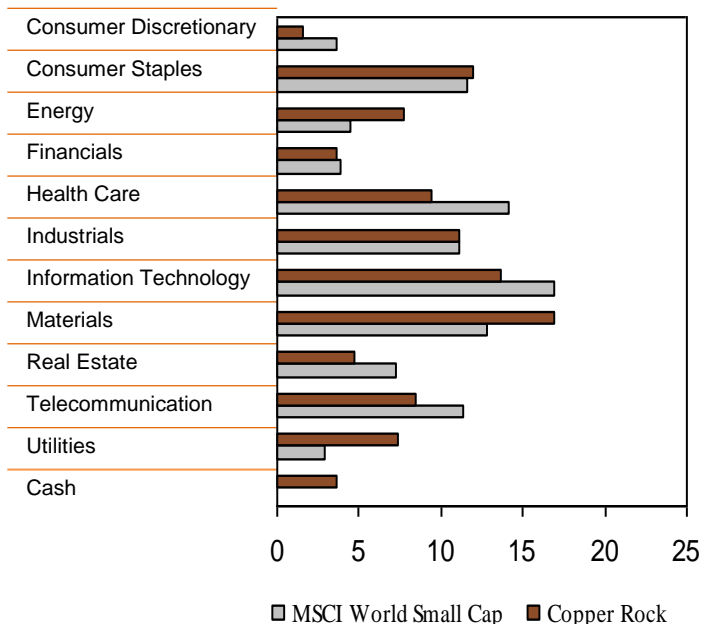
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## Sector Exposure (%)\*

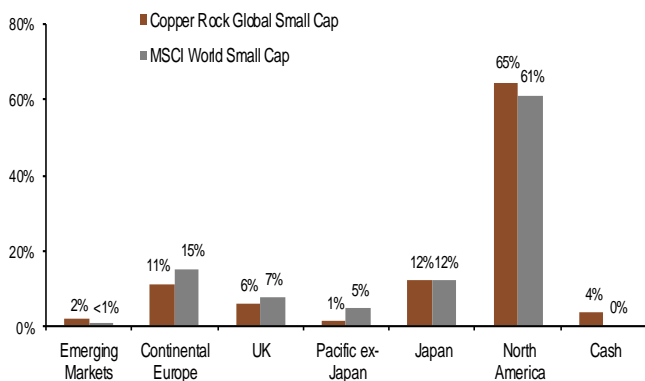


## Market Commentary

In January, the Copper Rock Global Small Cap Composite returned +5.45% (AUD). The MSCI World Small Cap index returned +6.51% (AUD). In January, positive stock selection in the Consumer Discretionary, Energy, Telecommunication Services, and Real Estate sectors contributed to relative return. Regionally, stock selection in the Pacific ex-Japan and the U.K. was additive. Boot Barn Holdings, Inc., which operates retail chain stores of western and work-related footwear, apparel, and accessories, was the leading contributor in the period. The company preannounced favorable quarterly earnings results. Better than expected same store sales were primarily driven by strong online growth. In addition, there was good merchandise margin expansion.

Another top contributor from the Consumer Discretionary sector was Penn National Gaming, Inc., which operates gaming and racing facilities and video gaming terminal operations with a focus on slot machine entertainment. In January, the company completed its acquisition of the Margaritaville Resort Casino in Louisiana which was viewed positively by investors for the potential synergies with its portfolio holdings.

## Regional Allocation (%)\*



On the downside, there was some underperformance from individual stock selection in the Healthcare, Information Technology, and Financials sectors. Selective Insurance Group, Inc. (Financials) is a U.S. based holding company for ten property and casualty insurance companies, was a leading detractor in the month. The stock was down in the month despite a good earnings report. It was more a reflection of the market bouncing quite hard from the December lows and as a conservative insurance company, its stock price did not keep up. Copper Rock continue to hold the position.

\* 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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Nihon Kohden Corp. is a Japanese producer of medical electronic equipment focused on cardiology, hematology and other patient monitoring products. The company missed guidance expectations partly due to postponement of shipments of a new product. Despite this, management maintained its full year outlook. Copper Rock continue to own the position in the portfolio.

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

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