

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - March 2017



### 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 \$4.9 billion (USD) in assets under management as at June 30, 2016.

### 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 March 2017

APIR Code ETL0410AU

Exit Price 1.0093

Inception Date 1 July 2014

Companies in Portfolio 87

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
2017	-3.78	1.68	2.46									
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
2015	3.20	6.55	4.51	-3.95	4.87	-1.63	5.34	-2.70	-1.92	2.18	-2.09	-2.29

### Performance (%)

Performance %	1 mth	3 mths	6 mths	1 year	2 years	Inception pa>
Total (net)	2.33	-0.12	8.63	12.39	0.59	9.89
Benchmark*	1.60	0.01	8.70	19.36	6.97	13.46
Active Return#	0.73	-0.13	-0.07	-6.97	-6.38	-3.57
Distribution				11.78	11.31	8.10

\*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
HILL-ROM HOLDINGS, INC.	1.8	USA
ESSENT GROUP, LTD.	1.8	USA
THE CHILDREN'S PLACE INC	1.7	USA
COLUMBIA BANKING SYSTEM, INC.	1.7	USA
MEREDITH CORPORATION	1.7	USA
INSPERITY, INC.	1.7	USA
CHALLENGER LIMITED	1.7	AUSTRALIA
WEBSTER FINANCIAL CORPORATION	1.6	USA
NEXITY	1.6	FRANCE
APOGEE ENTERPRISES, INC.	1.6	USA
<b>TOTAL:</b>	<b>16.9%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	10.9	10.3
P/E (Forward 1 Year)	15.8	18.3
LT EPS Growth	11.3	12.7
ROE	15.4	9.8
ROA	6.2	4.3
Operating Margin	15.2	14.3
Yield (%)	1.8	1.8
Price to Book	2.4	1.9
Weighted Average Market-Cap (US\$bil)	2.9	3.0
Number of Holdings	87	4,264
Active Share	97%	

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

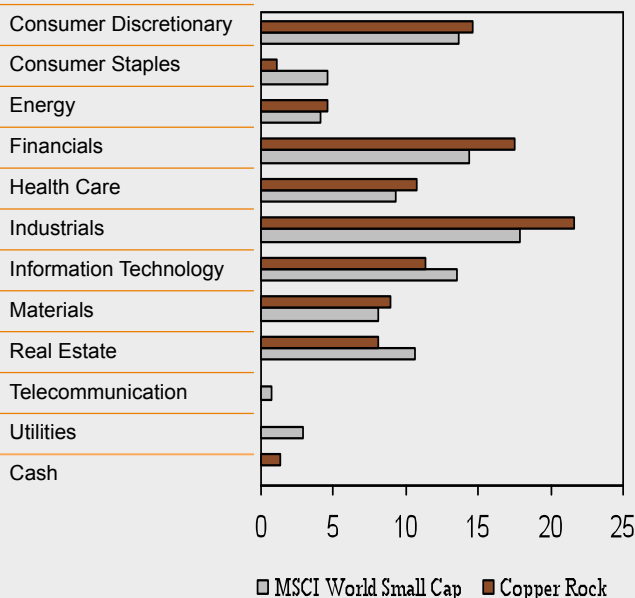
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## Sector Exposure (%)\*



## Market Commentary

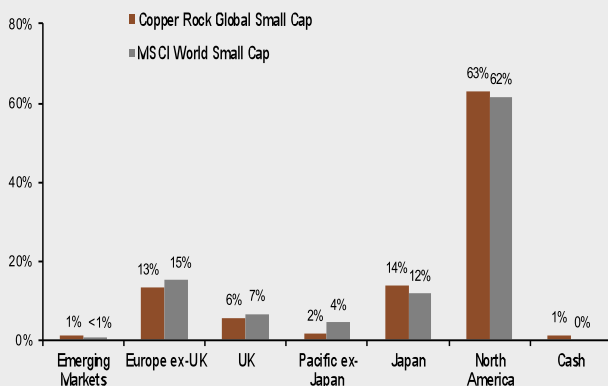
In March, the Copper Rock Global Small Cap Composite returned +2.40% (AUD) and outperformed the MSCI World Small Cap index which returned +1.60% (AUD). For the 1<sup>st</sup> quarter of 2017, the Copper Rock Global Small Cap Composite returned +0.10% (AUD) and outperformed the MSCI World Small Cap index which returned +0.01% (AUD).

In the month of March, there was positive stock selection in the Financials, Energy, Industrials, Information Technology, Consumer Discretionary, and Real Estate sectors. Regionally, positive stock selection from North America, Japan, Pacific ex-Japan, and the Emerging Markets contributed to relative return. A leading individual contributor to performance in March was Lumentum Holdings, Inc. which provides optical and photonic products in the telecommunication networking and data communications end markets. Lumentum Holdings is a high quality and growth company that continues to have momentum. The company's 3D sensing technology which provides facial and object recognition, is among the new technology being deployed to mobile devices and should have widespread adoption.

On the downside, individual stock selection in the Consumer Staples and Materials sectors detracted from relative return. The leading detractor from relative return in the month was Leroy Seafood Group ASA, a Norwegian seafood and salmon distributor. Copper Rock expected global salmon prices would remain strong through the Easter holiday as they typically do and fundamentals overall metrics were strong. However, there was some extra supply as places harvested sooner than typical which caused prices to fall.

At the end of March, the portfolio has an overweight position relative to the index in the Industrials, Financials, Healthcare, Consumer Discretionary, Materials, and Energy sectors. It has more significant underweight positions relative to the index in the Consumer Staples, Utilities, Real Estate, Information Technology, and Telecommunication Services sectors. Regionally, the portfolio is overweight relative to the index in Japan and North America while maintaining an allocation of about 1% to Emerging Markets. The portfolio maintains an underweight allocation to the index in Pacific ex-Japan, Continental Europe, and the UK.

## 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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