

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - November 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 \$5.7 billion (USD) in assets under management as at June 30, 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 November 2017

APIR Code ETL0410AU

Exit Price 1.0703

Fund Size \$89.8 Million

Inception Date 1 July 2014

Companies in Portfolio 91

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	4.11	0.12	2.12	-1.98	1.03	4.45	4.96	1.29	
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	3 years	Inception pa>
Total (net)	1.17	10.64	11.48	20.50	12.01	12.64
Benchmark*	3.24	12.68	9.89	20.94	15.87	15.51
Active Return#	-2.07	-2.04	1.59	-0.44	-3.86	-2.87
Distribution				8.71	10.44	9.09

\*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
ESSENT GROUP LTD.	1.9	USA
NEXITY SA	1.8	FRANCE
MAEDA CORPORATION	1.7	JAPAN
PALTEC CORPORATION	1.6	JAPAN
COLUMBIA BANKING SYSTEM, INC.	1.5	USA
MGIC INVESTMENT CORPORATION	1.5	USA
SILICON LABORATORIES, INC.	1.5	USA
RYMAN HOSPITALITY PROPERTIES, INC.	1.5	USA
GMS, INC	1.5	USA
PAREX RESOURCES, INC.	1.4	CANADA
<b>TOTAL:</b>	<b>15.9%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	13.4	11.0
P/E (Forward 1 Year)	17.5	19.4
LT EPS Growth	16.0	13.3
ROE	13.9	9.7
ROA	6.3	4.2
Operating Margin	14.2	16.6
Yield (%)	1.9	2.5
Price to Book	2.5	2.0
Weighted Average Market-Cap (US\$bil)	3.0	3.5
Number of Holdings	91	4,252
Active Share	97%	

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

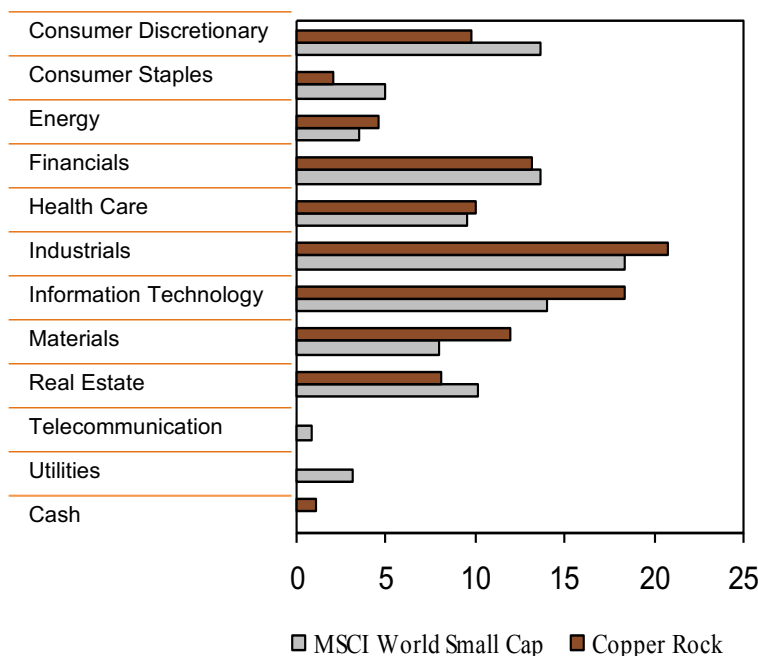
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## Sector Exposure (%)\*



## Market Commentary

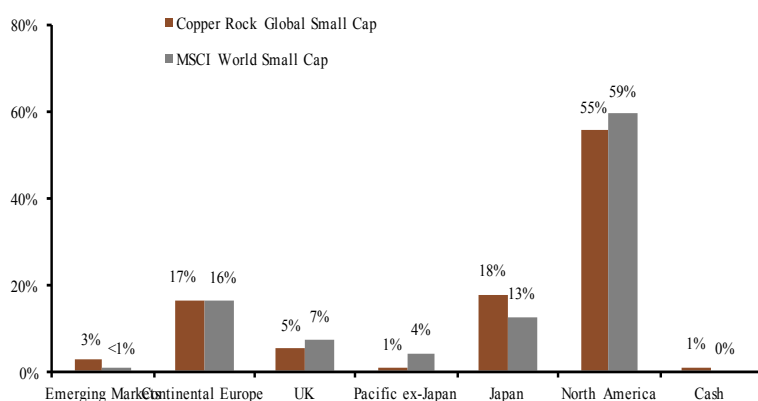
During the month of November, the Copper Rock Global Small Cap Composite returned +1.33% (AUD) versus +3.24% (AUD) for the MSCI World Small Cap index. In November, global equities continued to face an environment of lower volatility and positive returns, with US stocks leading with gains of ~3.1% (S&P 500 Index) outperforming the international equities.

During the month, positive stock selection in the Materials, Healthcare, and Consumer Staples sectors contributed to relative return. On a regional basis, individual stock selection in Japan and the US contributed to relative return. Inspireity, Inc., which is a US based company which provides an array of human resources and business solutions designed to help improve business performance, was a leading contributor to relative returns in November. The company reported better than expected quarterly earnings stemming from higher revenues per worksite employee (WSE).<sup>1</sup> The outlook for this stock also remains very favorable. The company expects the number of WSE to increase by double digits in 2018.

On the downside, there was some underperformance from individual stock selection in the Information Technology, Consumer Discretionary, Industrials, and Real Estate sectors. For example, our position Despegar.com, an online travel agency in South America, was the top detractor in the month. Copper Rock's position in Despegar.com performed well initially but got overwhelmed by a shift in sentiment towards all listed online travel agencies like Expedia and Trivago; Expedia is Despegar.com's second largest shareholder. While the company's operating metrics are strong, the stock lost quantitative model support and, given the sentiment headwinds, the fund decided to sell the position.

As the portfolio enters December 2017, it remains overweight relative to the index in the Information Technology, Materials, Industrials, Energy and Healthcare sectors, while being underweight in the Consumers, Utilities, Real Estate, Telecommunication Services, and Financials sectors. Regionally, the portfolio has an overweight allocation versus the index in Japan and the Emerging Markets. The portfolio is essentially equal weighted relative to the index in Continental Europe and underweight in North America, Pacific ex-Japan, 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.

### Contact

Spire Capital Pty Ltd  
Level 14, 25 Blich Street  
Sydney NSW 2000  
T: +61 2 9377 0755  
[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)

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

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