

# Spire Copper Rock Capital Global Smaller Companies Fund

A SPIRE GLOBAL INVESTMENT SERIES FUND

## Monthly Fact Sheet - September 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 \$4.9 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 30 September 2016

APIR Code	ETL0410AU
Exit Price	0.9291
Inception Date	1 July 2014
Companies in Portfolio	94
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	8.09	-5.85	2.49	0.22	-1.27			
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
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	2 years	Inception pa>
Total (net)	-1.39	1.04	3.45	-5.80	9.64	8.16
Benchmark*	-0.27	4.46	9.81	5.43	13.85	12.43
Active Return#	-1.12	-3.42	-6.36	-11.23	-4.21	-4.27
Distribution				11.78	11.31	9.97

\*Benchmark – MSCI World Small Cap SA

> 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
INSPERITY, INC.	1.5	USA
NUTRISYSTEM, INC.	1.5	USA
WHITECAP RESOURCES, INC.	1.5	CANADA
MEREDITH CORPORATION	1.5	USA
CHALLENGER LIMITED	1.5	AUSTRALIA
PAREX RESOURCES, INC.	1.5	CANADA
NEXITY	1.5	FRANCE
EL PASO ELECTRIC COMPANY	1.5	USA
GERRESHEIMER AG	1.5	GERMANY
HILL-ROM HOLDINGS, INC.	1.4	USA
<b>TOTAL:</b>	<b>14.9%</b>	

### Portfolio Characteristics\*

Characteristics	Fund	MSCI World Small Cap Index (USD)
Price / Cash Flow	11.1	9.4
P/E (Forward 1 Year)	17.9	17.6
LT EPS Growth	12.6	12.7
ROE	13.8	8.9
ROA	5.9	3.9
Operating Margin	14.6	13.5
Yield (%)	1.5	1.9
Price to Book	2.6	1.8
Weighted Average Market-Cap (US\$bil)	2.3	2.8
Number of Holdings	94	4,275

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

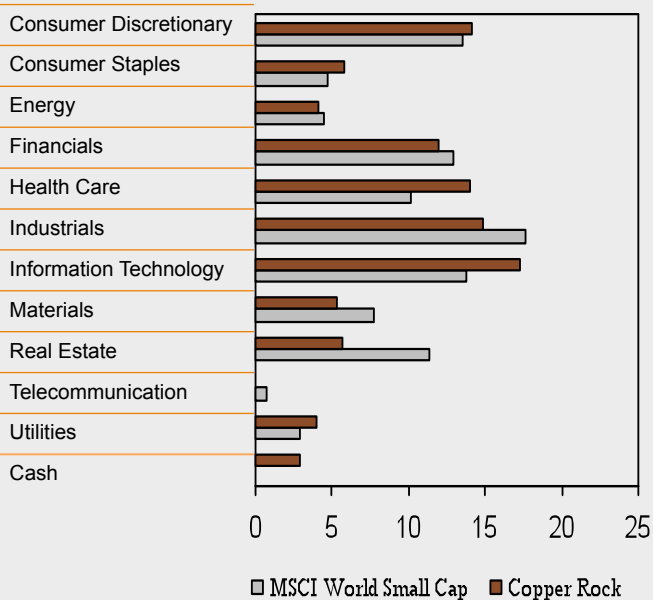
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## Sector Exposure (%)\*



## Market Commentary

The Copper Rock Global Small Cap composite returned -1.27% (AUD) in September but underperformed the respective index, the MSCI World Small Cap index, which returned -0.27% (AUD).

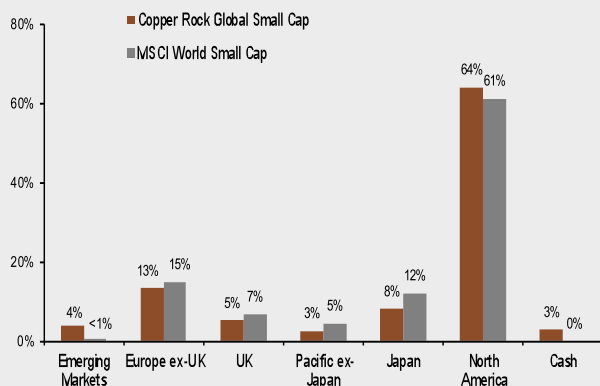
During the 3rd quarter, although there was some return towards an environment with an appetite for risk, there were some underlying style currents that impacted the portfolio. For example, when Copper Rock analyzed the universe a bit further, they saw that exposure to high beta and high volatility factors led to strong performance in the quarter particularly within the US. The investment process delivers a portfolio that is traditionally not overexposed to high beta and naturally underexposed to high volatility. Therefore, this backdrop in concert with some fundamental issues impacted performance in September.

The portfolio benefited from positive contribution to return from stock selection in Information Technology, Financials, Consumer Staples, Utilities, and Energy. The position relative to the index in the Information Technology and Healthcare sectors was also additive. Within Information Technology, the position in Lumentum Holdings, Inc., a US based manufacturer of photonic and optical products sold to telecom and datacom customers, was the top individual contributor to performance in the month. Lumentum Holdings, Inc. has benefited from good quarterly earnings results and a favorable competitive position primarily driven from growth in China. Regionally, stock selection was positive in the UK, Pacific ex-Japan, and Japan. The overweight position relative to the index in the Emerging Markets region was also beneficial.

Much of the underperformance in September was concentrated in the US due to a mixture of fundamental and style concerns. One such position which had some fundamental issues but to which Copper Rock is committed was US Concrete, Inc. which produces ready-mix concrete in the US. The stock was down in September as extremely heavy rain and flooding in Texas negatively impacted quarterly results. While the stock hit the Alert List, Copper Rock believes the company's fundamentals remain intact and they added to their position.

At the end of September, the portfolio maintains its overweight position relative to the index in the Healthcare, Information Technology, Utilities, and Consumer Staples sectors. It has more significant underweight positions relative to the index in the Real Estate, Industrials, and Materials sectors. There are modest underweight exposures relative to the index in the Financials and Telecommunication Services sectors and the portfolio remains approximately neutral weighted in the Consumer Discretionary and Energy sectors. Regionally, the portfolio is overweight relative to the index in Emerging Markets and North America. The portfolio maintains an underweight allocation to the index in Japan, Pacific ex-Japan, UK, and Continental Europe.

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

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