

Product Assessment

Report data as at 31 Oct 2015
Rating issued on 02 Dec 2015

Spire Copper Rock Capital Global Smaller Companies Fund

VIEWPOINT & RATING

The Spire Copper Rock Capital Global Smaller Companies Fund (the Fund) offers investors a bottom-up and relatively benchmark unaware exposure to the international equities small cap sector. The Fund is managed by investment manager, Copper Rock Capital Partners, LLC (Copper Rock) and distributed by Spire Capital (Spire). Zenith believes Copper Rock's research, stock selection and portfolio construction efforts draw strongly from the team's experience, which we regard positively. **Zenith rates the Fund RECOMMENDED.**

Spire is an independent, boutique funds management company based in Australia. Spire is focused on providing retail investors with access to global investment opportunities, which have previously only been available to institutional investors.

Copper Rock was founded in 2005 and specialises in global smaller companies. As of 30 September 2015, Copper Rock has approximately \$US 4.1 billion in funds under management (FUM). Copper Rock is an affiliate of OMAM, Inc. (formerly Old Mutual (US) Holdings, Inc.), a global multi-boutique asset management company which has approximately \$US 209 billion in FUM as at 30 September 2015.

The investment team is led by Chief Investment Officer (and lead portfolio manager), Stephen Dexter. Dexter is supported by senior portfolio managers Denise Selden and David Shea, portfolio manager Timothy Codrington, two senior research analysts and a senior quantitative analyst. Zenith believes the portfolio management team is highly experienced and possess the required expertise to successfully manage the strategy. Zenith notes that the key members of the team (Dexter, Selden, Shea) worked together at Putnam Investments prior to forming Copper Rock which we believe has contributed to a heightened level of stability and a stronger sense of culture. Codrington also worked with the team at Putnam. Zenith believes that the multiple portfolio management responsibilities across several mandates within Copper Rock does however have the potential to diminish their focus on this strategy.

Copper Rock's investment philosophy is based on the belief that inefficiencies in the market can be exploited through the identification of companies with superior growth rates relative to their peers. Copper Rock seeks to identify such companies through both quantitative and fundamental analysis. The strategy typically looks for resilient and defensible business models that are characterised by underlying unit growth, longer term market share gains (an evidence of competitive strength), high profitability, and significant internal cash generation.

The Fund is constructed under a relatively benchmark unaware and bottom-up approach, which is strongly driven by the stock selection process. Although Dexter is ultimately responsible for the Fund, portfolio construction is collegiate in nature. An optimiser, which seeks to maximise risk-adjusted returns, is used as a guide for portfolio construction. In general, the optimiser will allocate higher weightings to securities which are deemed to be attractive investments by the investment team.

Zenith believes the Fund possesses a well-defined set of guidelines for its sell discipline and is encouraged by the utilisation of a daily portfolio monitoring process which enforces decisive action.

Zenith holds the view that the Fund's fee structure is considerably higher than many other international small cap equities products that we have reviewed, notwithstanding the 0.1% drop in the the Fund's management cost effective 2 November 2015.

FUND FACTS

- Experienced investment team
- Typically holds 80 to 120 stocks
- Expected portfolio turnover of 60% p.a. to 70% p.a.

APIR Code

ETL0410AU

mFund Code

SPC01

Buy / Sell Price: 30-Nov-15

A\$1.1249 / A\$1.1295

Min Investment Amount

\$10,000

Asset / Sub-Asset Class

International Shares
Small Companies

Investment Style

Growth

Investment Objective

To outperform the MSCI World Small Cap Index on an annual basis and to outperform the same index by 2% to 3% p.a. over a full market cycle. Tracking error is expected to be 3% p.a. to 6% p.a.

Zenith Assigned Benchmark

S&P Global Developed Broad Market Index under US\$2b ex Australia

Net Returns (% p.a.)

	1 yr	6 mth	3 mth
Fund	26.44	5.18	-2.85
Benchmark	27.40	6.43	-1.20
Median	26.55	6.18	-2.03

Income (% p.a.)

	Income	Total
FY to 30 Jun 2015	10.85	26.47

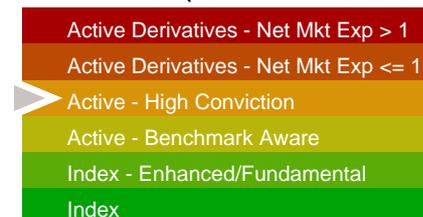
Fees (% p.a.)

Management Cost: 1.38%
Performance Fee: 15% outperformance over MSCI World Small Companies Index \$A net of the Fund's management fee with a high water mark

ABSOLUTE RISK (SECTOR)



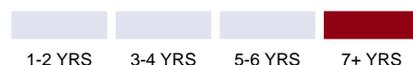
RELATIVE RISK (FUND WITHIN SECTOR)



INCOME DISTRIBUTIONS PER



INVESTMENT TIMEFRAME



APPLICATIONS OF INVESTMENT

SECTOR CHARACTERISTICS

International equities offer Australian investors the ability to access a broader opportunity set, with the potential to invest in sectors not represented or not well represented in the Australian market. Given international markets are not perfectly correlated with the Australian market, International equities also affords portfolio diversification benefits.

The Zenith “International Shares – Small Companies” sector consists of long-only funds that invest in global equity markets. The sector incorporates both benchmark aware and benchmark unaware strategies that focus predominantly on international small capitalisation stocks. Although global equities have disappointed over the past decade in terms of absolute performance, Zenith believes active managers have the ability to add significant alpha above a passive index over the longer-term.

Zenith benchmarks all funds in this sector against the S&P Global Developed Broad Market Index Under \$2 billion ex Australia Index \$A (Unhedged). The index is market-capitalisation weighted, resulting in those companies with the largest market capitalisations receiving the heaviest weightings. The index consists of approximately 4,700 securities listed in 22 developed markets (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States) with the United States currently representing approximately 45% of the index and Japan being the next largest constituent, with approximately 15%. The index excludes emerging and frontier markets but many managers retain the mandate flexibility to invest in emerging markets.

The global share market, as represented by the S&P Global Developed Broad Market Index Under \$2 billion ex Australia Index \$A (Unhedged), is far more diverse, in terms of sector exposures, than the Australian market. Although the Financials sector represents the largest sector index weight, many sectors not well represented in the Australian market, such as Information Technology and Healthcare, are well represented in the global index, with weightings of approximately 15% and 8%, respectively. Despite the market capitalisation weighting methodology, the top 10 index stocks represent less than 1% of the weighting of the index, reflecting the larger universe and less top heavy nature of the universe.

The Unhedged classification indicates that funds in this universe are currency unhedged, resulting in their returns being broadly affected by fluctuations in the Australian Dollar (AUD) versus other global currencies. Returns of unhedged funds are positively impacted by a depreciating AUD, whilst an appreciating AUD will negatively impact returns.

PORTFOLIO APPLICATIONS

In general, compared to most other asset classes, equities offer investors the opportunity for higher capital growth over the longer-term with some income. However, this higher growth is also often associated with higher volatility. International equities provide investors with a broad exposure to industries and countries. With such a broad universe, it is expected that

managers can deliver superior returns to Australian equities and more conservative asset classes. However, the expectation of greater returns comes with increased volatility, especially when currency is factored in. Therefore, it is recommended that investors adopt a longer time frame when investing in international equities. It is also recommended that investments in international equities be blended with domestic equities and other non-correlated asset classes such as fixed income to diversify the impact of a downturn in the global economy.

Zenith suggests international small capitalisation funds are best used in combination with large capitalisation international equities funds in order to achieve a well-blended exposure to international equities. Zenith believes international small capitalisation funds are most appropriate for investors with an investment time horizon of seven or more years.

The Fund's portfolio turnover is expected to be in the range of 60% p.a. to 70% p.a., which Zenith considers to be moderate to high. Investors should therefore be aware that a higher level of portfolio turnover means that a larger portion of the Fund's returns are likely to be delivered via short-term capital gains, which high tax paying investors will need to pay particular attention to.

RISKS OF THE INVESTMENT

SECTOR RISKS

The broad risks of investing in global equities include:

MARKET DOWNTURN: The biggest risk for all global equities based products is a significant downturn across global equities markets, which could lead to periods of negative performance. This risk can be significantly reduced by investors adopting a medium to long-term investment time frame.

REGULATORY / SOVEREIGN RISK: Given the diversity of the global equity investment universe from both a country and sector/industry point of view, the Fund is exposed to regulatory, political and sovereign risk.

AUD CURRENCY APPRECIATION: The AUD has historically experienced declines during weaker market environments, and appreciation in market upturns. For funds that maintain an unhedged currency exposure, an appreciating Australian Dollar (AUD) is likely to have a negative impact on a fund's total return. Conversely, an unhedged fund is likely to benefit relative to hedged global equities funds in periods where the AUD depreciates. Zenith believes that over the long-term, the currency impact on performance will be minimal and therefore does not advocate retail investors making active currency decisions based on near-term currency predictions. For investors who are concerned about the short-term risks associated with taking fully unhedged or hedged currency positions, Zenith suggests blending hedged and unhedged global equity exposures to reduce short-term volatility.

FUND RISKS

Zenith has identified the following key risks associated with the Fund; this is not intended to highlight all possible risks:

KEY PERSON RISK: As with most fund managers, Copper Rock is subject to a level of key person risk. Whilst Zenith acknowledges that there are currently a number of highly

experienced investment professionals within the investment team, a departure amongst its senior ranks would be regarded as a material loss. However, Zenith notes that all senior members of the investment team have equity ownership in the business which can be a strong incentive for them to remain with the firm at least in the medium-term.

CAPACITY/LIQUIDITY RISK: Excessive levels of Funds under Management (FUM) can inhibit a manager's ability to trade portfolio positions effectively, thereby limiting outperformance potential. As at 30 September 2015, Copper Rock managed approximately \$US 4.1 billion in FUM. Approximately \$US 2.4 billion of this amount is invested in the Fund's strategy. Copper Rock has indicated a capacity level of \$US 2 billion for the strategy.

Zenith notes that a true assessment of capacity should also include FUM across Copper Rock's other small capitalisation strategies. As at 30 September 2015, the amount invested in small capitalisation strategies stands at approximately \$US 4 billion. Copper Rock has indicated an aggregate capacity level of \$US 6 billion for its small capitalisation strategies.

Zenith will continue to monitor Copper Rock's level of FUM closely to ensure increasing levels of FUM does not impede on performance.

CURRENCY RISK: The Fund maintains an unhedged currency exposure and an appreciating Australian Dollar (AUD) is therefore likely to have a negative impact on the Fund's performance. Conversely, the Fund is likely to benefit relative to hedged global equities funds in periods where the AUD depreciates significantly. Given the pro-cyclical nature of the Australian currency and its high level of dependence on strong commodity markets, the AUD has historically experienced declines during weak global markets. The AUD and world markets are highly correlated, with the AUD often used as a proxy for global growth. Unhedged funds will offer protection in declining markets and when the relative value of the AUD falls. Over the longer-term, Zenith believes that the impact of currency changes will be minimal. Zenith does not advocate investors to make active currency decisions based on near-term predictions.

EMERGING MARKET RISK: Exposure to emerging markets is allowed up to a maximum of 15%. While exposure to emerging markets adds diversification to the Fund, it can also be a source of added volatility and may be detrimental to the preservation of capital.

FUM CONCENTRATION RISK: The Fund's investments are part of a commingled pool of assets where there are also a number of institutional investors. As at 30 September 2015, a large portion of the pool's assets are sourced from institutional mandates. Zenith would prefer to see less FUM concentration as redemptions from these mandates may potentially result in adverse tax implications for remaining unitholders. Zenith has however been advised that the Responsible Entity of the Fund has the ability to quarantine any such tax implications to the redeeming investor where the redemption exceeds 5% of the net asset value of the Fund, which mitigates our concerns on this risk.

PORTFOLIO MANAGER FOCUS: In addition to this Fund, the portfolio managers are responsible for a number of other strategies within Copper Rock. Although utilising similar

processes, each of the other strategies are standalone strategies with different objectives. Specifically, the portfolio managers are also responsible for the following strategies:

- Emerging Markets Small Cap
- International (ex-US) Small Cap
- Global All Cap

Whilst Zenith acknowledges that the portfolio managers are highly incentivised to ensure the success of this Fund, we believe their other commitments have the potential to draw focus away from this Fund.

QUALITATIVE DUE DILIGENCE

ORGANISATION

Copper Rock Capital Partners, LLC (Copper Rock), was founded in 2005 and is a specialist global smaller companies manager. As of 30 September 2015, Copper Rock has approximately \$US 4.1 billion in funds under management (FUM). Copper Rock is an affiliate of OMAM, Inc. (formerly Old Mutual (US) Holdings, Inc.), a global multi-boutique asset management company which has approximately \$US 209 billion in FUM as at 30 September 2015.

OMAM provides Copper Rock with support in the form of legal & compliance, information technology, human resources, risk management and back office support. OMAM owns 65% of Copper Rock whilst the remaining 35% is owned by Copper Rock staff.

Copper Rock funds have historically been available only to institutions; however, the Global Smaller Companies Fund is the first fund which can be accessed by retail investors.

Spire Capital

Spire Capital (Spire) is an independent, boutique funds management company based in Australia. Spire is focused on providing retail investors with access to global investment opportunities, which have previously only been available to institutional investors.

INVESTMENT PERSONNEL

Name	Title	Tenure
Stephen Dexter	Chief Investment Officer	7 Yr(s)
Denise Selden	Senior Portfolio Manager	7 Yr(s)
David Shea	Senior Portfolio Manager	7 Yr(s)
Timothy Codrington	Portfolio Manager	10 Mth(s)
Matthew Shumway	Senior Research Analyst	6 Yr(s)
Chris Martin	Senior Research Analyst	5 Yr(s)
Brandon Farr	Senior Quantitative Analyst	9 Mth(s)

The investment team is led by Chief Investment Officer (and portfolio manager), Stephen Dexter. Dexter is supported by senior portfolio managers Denise Selden and David Shea, portfolio manager Timothy Codrington, two senior research analysts and a senior quantitative analyst.

Dexter joined Copper Rock in November 2008 and has over 30 years of investment experience. Prior to Copper Rock, Dexter was Managing Director and Chief Investment Officer of the Global and International Growth Equity team at Putnam Investments. In addition, Dexter was a senior portfolio manager with Scudder Kemper Investments and formerly, Kemper Financial Services. Dexter is also the lead portfolio manager for Copper Rock's International Small Cap strategy. As the lead portfolio manager for the strategy, Dexter has final decision making authority and is ultimately responsible for its performance.

Selden joined Copper Rock in November 2008 and has over 30 years of investment experience. Prior to Copper Rock, Selden worked with Dexter as a portfolio manager on the Global and International Growth Equity team at Putnam Investments. Previously, she was a Managing Director with Lehman Brothers where she managed the Global Healthcare Securities Team. Selden is also the lead portfolio manager for Copper Rock's Global All Cap strategy.

Shea joined Copper Rock in November 2008 and has over 25 years of investment experience. Prior to Copper Rock, Shea worked with both Dexter and Selden as a Portfolio Manager on the Global Growth Equity team at Putnam Investments. Previously, Shea was a Director in the Quantitative Research Group at Citigroup Asset Management. Given his prior background in quantitative research, Shea has been largely responsible for Copper Rock's quantitative models and coordinates their research effort with the support of a third-party provider, QSG Research. Shea is also the lead portfolio manager for Copper Rock's Emerging Markets Small Cap strategy.

Zenith believes the portfolio management team is highly experienced and possess the required expertise to successfully manage the strategy. Zenith notes that the key members of the team (Dexter, Selden, Shea) worked together at Putnam Investments prior to forming Copper Rock which we believe has contributed to a heightened level of stability and a stronger sense of culture. Zenith believes the level of portfolio management responsibility across multiple strategies, albeit somewhat related, does however have the potential to diminish focus on this strategy.

Given the relatively small investment team, a flat structure is adopted, with all members assuming an analyst role. All team members are expected to be generalists, that is, they are given the freedom and flexibility to cover any stocks in any sector, rather than dividing research responsibilities amongst traditional sector lines.

Whilst the team is small in comparison to peers, Zenith believes the experience within the team compensates for the lack of analyst head count. Zenith notes that Copper Rock continues to add to the team, for example the addition of Codrington as portfolio manager in February 2015, and Brandon Farr, senior quantitative analyst in March 2015.

Remuneration includes a competitive base salary and a bonus. Team members are primarily assessed based on the performance of their stock recommendations that are implemented in portfolios over a one to three year time period. Qualitative factors such as contributions to team discussions and peer feedback are also considered, although to a lesser

extent. Zenith also notes that all portfolio managers hold equity in the firm.

Overall, Zenith has a high regard for the investment professionals at Copper Rock and notes that the majority of the senior members of the team have a long track record of working together.

INVESTMENT PROCESS

The objective of the Fund is to outperform the MSCI World Small Cap Index by 2% p.a. to 3% p.a. over a full market cycle. The Fund's Tracking error is expected to be within the range of 3% p.a. to 6% p.a.

Copper Rock's investment philosophy is based on the belief that inefficiencies in the market can be exploited through the identification of companies with superior growth rates relative to their peers.

Copper Rock seeks to identify such companies through both quantitative and fundamental analyses. The strategy typically looks for resilient and defensible business models that are characterised by underlying unit growth, longer term market share gains (an evidence of competitive strength), high profitability, and significant internal cash generation.

SECURITY SELECTION

The investment team works with an investable universe of approximately 7,000 stocks and ranks all of these stocks in quintiles by expected return based on its multi-factor quantitative model.

The multi-factor model assesses companies on the following broad categories:

- Valuation
- Earnings momentum
- Growth sustainability and quality

Securities are selected from the full universe of global small capitalisation stocks with a minimum market capitalisation of US\$100 million and generally \$5 billion as the maximum. The output from the model is updated and monitored daily by the investment team. Generally, Copper Rock will focus their fundamental research efforts on companies that rank well based on the output from the quantitative model.

However, unlike many other strategies which utilise negative screens to reduce the investable universe to a more manageable size, Copper Rock undertakes a different approach. Instead, Copper Rock utilises the ranking output from the quantitative model to guide and assist with their idea generation. For example, stocks ranked poorly by the quantitative model may still feature in the portfolio should they be deemed worthy based on the team's fundamental analysis.

Whilst Zenith believes that this provides Copper Rock with the potential to source increased excess return opportunities, we note that this is predicated on the capacity of the relatively small investment team. Notwithstanding the above, Zenith's concerns are somewhat mitigated by the highly experienced nature of the team.

In addition to the output from the quantitative model, the investment team also considers information obtained from multiple meetings with company management, competitors, sell-side research and various industry contacts to assist in

idea generation. The investment team will typically conduct approximately 1,200 company visits each year in their own offices and another 120 to 160 meetings per year as the team travels and visits companies onsite.

Copper Rock's fundamental research process is focused on the following areas:

- Attractive industry fundamentals - whether the company is gaining market share and is in an industry with high barriers to entry
- Improving operating margins and accelerating cashflows
- Attractive valuations
- Stability of cashflows
- Quality management team

In assessing company valuations, Copper Rock utilises multiple metrics such as:

- Price-to-Earnings
- Price-to-Cash Flow
- EV/EBITDA

Each of the above metrics are assessed relative to the security's history, relative to its country or regional peers, and within its global sector universe. In addition, the investment team measures a company's incremental return on invested capital (ROIC), focusing on the absolute rate of directional improvement. Copper Rock believes that incremental ROIC is a powerful predictor of future stock price performance in the global small cap universe.

Zenith believes Copper Rock's stock selection process effectively leverages the experience and expertise within the team.

PORTFOLIO CONSTRUCTION

The Fund is constructed under a relatively benchmark unaware and bottom-up approach, which is strongly driven by the stock selection process. Although Dexter is ultimately responsible for the Fund, portfolio construction is collegiate in nature.

An optimiser which seeks to maximise risk-adjusted returns is used as a guide for portfolio construction. In general, the optimiser will allocate higher weightings to securities which are deemed to be attractive investments by the investment team. The portfolio optimiser is subject to several constraints which are intended to diversify the Fund's excess return sources and risk exposures. The portfolio optimisation process is conducted on a weekly basis, with the output being regularly reviewed by the portfolio managers.

The Fund will generally hold between 80 and 120 stocks. Individual stock positions will generally be held in the range of 0.5% to 3%, with smaller positions expected to increase as conviction builds over time. Individual positions may not exceed 5% of the Fund at cost. Whilst sector and geographic exposures are a residual of the investment process; they are still subject to broad constraints to prevent excessive concentration.

The Fund's cash holdings are not permitted to exceed 10% and are typically held at less than 3%. Whilst not targeted, portfolio turnover is expected to range between 60% p.a. and 70% p.a.

Copper Rock will seek to completely exit their position in a

security where the following scenarios are met:

- A company's fundamental valuation inputs deteriorate, due to changes in its prospects or the fulfilment of its target price
- Quantitative inputs deteriorate due to changes in earnings expectations, valuation, or growth sustainability
- Revenue growth falls short of expectations
- A potential breach in the Fund's risk constraints
- Where a stock appreciates to a market capitalisation greater than US\$10 billion

As an additional check to the sell discipline, on a daily basis Copper Rock monitors the portfolio for stocks that have underperformed by 10% relative to their sector and region over a rolling 30 day period. Where this is the case, the investment team conducts an assessment as to the reason for the underperformance and is required to either sell the entire position or add to the existing position. Zenith believes the Fund's sell discipline process is well-defined and a key point of difference.

In Zenith's view, Copper Rock's portfolio construction process provides the team with a consistent framework, embedding a strong discipline in its buy and sell decisions.

RISK MANAGEMENT

Portfolio Constraints	Description
Security Numbers	80 to 120
Maximum Security Weight - at cost (%)	max: 5%
Weight - Security Rel. Index (%)	-3.5% to 3.5%
Weight - Sector Rel. Index (%)	-6% to 6%
Weight - Region Rel. Index (%)	-6% to 6%
Minimum Security Market Cap - at cost (%)	\$US 100 million
Maximum Security Market Cap - at cost (%)	\$US 5 billion
Maximum Security Market Cap (%)	\$US 10 billion
Cash (%)	0% to 10%
Expected Portfolio Turnover (% p.a.)	60% p.a. to 70% p.a.
Expected Tracking Error (% p.a.)	3% p.a. to 6% p.a.

Risk management is an integral part of the Fund's investment process and is addressed in a number of ways. Risk is considered as part of both the fundamental and quantitative aspects of the research process in addition to the portfolio construction process.

Formal portfolio constraints are broad, but consistent with the Fund's bottom-up investment approach and assist in ensuring appropriate levels of diversification and discipline. These constraints are displayed in the table above.

Zenith believes Copper Rock's sell discipline, as detailed in the portfolio construction process, adds an additional layer of rigour to the risk management process.

Overall, Zenith is comfortable with Copper Rock's approach to risk management, which we believe is embedded into multiple

stages of the investment process.

INVESTMENT FEES

The sector average management cost (in the table below) is based on the average management cost of all flagship International Equities - Small Companies funds surveyed by Zenith.

The Fund's fee structure includes a management cost of 1.38% plus a 15% performance fee applied to excess performance above the MSCI World Small Cap Index \$A (after fees), subject to a high watermark. Overall, Zenith believes the fee structure is considerably higher than many other international small cap equities products that we have reviewed, notwithstanding the 0.1% drop in the the Fund's management cost effective 2 November 2015.

The Fund also applies a buy/sell spread of 0.2% to all applications and redemptions.

(The fees mentioned above are reflective of the flagship version only and may differ when the product is accessed through an alternate investment vehicle such as a platform.)

Fees Type	Fund	Sector Average (Wholesale Funds)
Management Cost	1.38% p.a.	1.19% p.a.
	Description	
Performance Fee	15% outperformance over MSCI World Small Companies Index \$A net of the Fund's management fee with a high water mark	
	Buy Spread	Sell Spread
Buy / Sell Spread	0.20%	0.20%

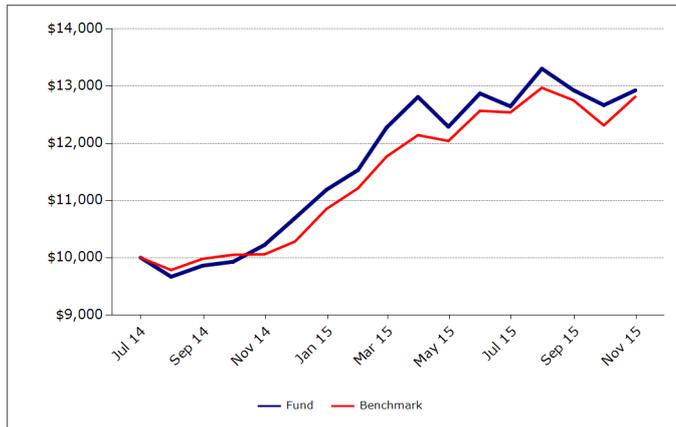
PERFORMANCE ANALYSIS

Report data: 31 Oct 2015, product inception: Jul 2014

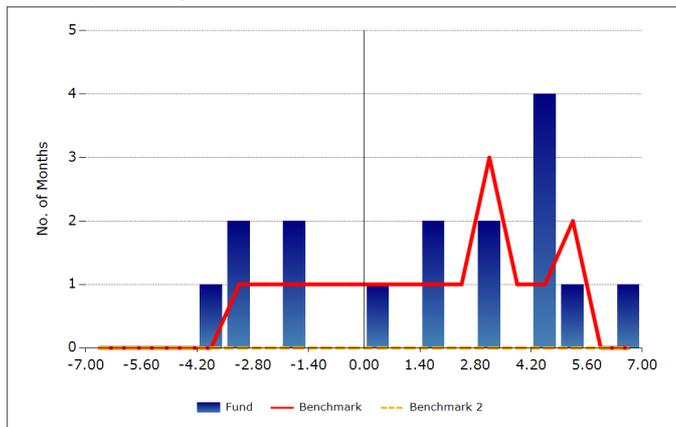
Monthly Performance History (% , net of fees)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FUND YTD	BENCHMARK YTD
2015	3.07	6.43	4.38	-4.07	4.74	-1.75	5.21	-2.82	-2.03	2.05			15.53	18.07
2014							-3.34	2.01	0.69	2.97	4.61	4.62	11.89	8.53

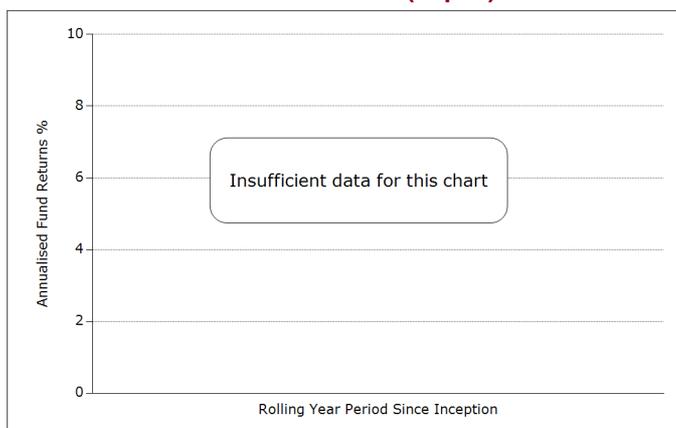
Growth of \$10,000



Monthly Histogram



Minimum and Maximum Returns (% p.a.)



ABSOLUTE PERFORMANCE ANALYSIS

Benchmark: S&P Global Developed Broad Market Index under US\$2b ex Australia

Return	Incpt.	1 yr	6 mth	3 mth
Fund (% p.a.)	21.23	26.44	5.18	-2.85
Benchmark (% p.a.)	20.44	27.40	6.43	-1.20
Median (% p.a.)	21.05	26.55	6.18	-2.03
Ranking within Sector	Incpt.	1 yr	6 mth	3 mth
Fund Ranking	7 / 14	9 / 14	11 / 15	11 / 15
Quartile	2nd	3rd	3rd	3rd
Standard Deviation	Incpt.	1 yr	6 mth	3 mth
Fund (% p.a.)	11.55	12.18	11.32	7.39
Benchmark (% p.a.)	9.19	9.62	10.51	11.14
Median (% p.a.)	13.82	11.48	11.45	10.79
Downside Deviation	Incpt.	1 yr	6 mth	3 mth
Fund (% p.a.)	4.79	4.71	3.97	4.12
Benchmark (% p.a.)	3.44	3.51	4.48	4.89
Median (% p.a.)	7.86	4.52	4.10	4.29
Risk/Return	Incpt.	1 yr	6 mth	3 mth
Sharpe Ratio - Fund	1.62	1.97	0.36	-0.46
Sortino Ratio - Fund	3.91	5.09	1.03	-0.82

For performance analysis purposes, Zenith benchmarks all funds in the global equity - small companies category against the S&P Developed Broad Market Index less than US\$2b ex Australia Net Total Return \$A. It should however be noted that the benchmark for the Fund is the MSCI World Small Cap Index \$A.

All commentary below is as at 31 October 2015.

The objective of the Fund is to outperform the MSCI World Small Cap Index \$A by 2% p.a. to 3% p.a. over a full market cycle.

Given the Fund's recent inception date, there is currently insufficient performance history to conduct meaningful analysis. However, Copper Rock has a longer-term track record for the strategy which dates back to April 2010. Since the strategy's inception, it has exceeded its investment objectives, providing Zenith with confidence in the Fund.

RELATIVE PERFORMANCE ANALYSIS

Alpha Statistics	Incpt.	1 yr	6 mth	3 mth
Excess Return (% p.a.)	0.79	-0.96	-1.25	-1.65
% Monthly Excess (All Mkts)	50.00	50.00	50.00	33.33
% Monthly Excess (Up Mkts)	63.64	62.50	66.67	0.00
% Monthly Excess (Down Mkts)	20.00	25.00	33.33	50.00
Beta Statistics	Incpt.	1 yr	6 mth	3 mth
Beta	1.10	1.12	0.96	0.62
R-Squared	0.76	0.78	0.80	0.86
Tracking Error (% p.a.)	5.71	5.81	5.08	5.08
Correlation	0.87	0.88	0.89	0.93
Risk/Return	Incpt.	1 yr	6 mth	3 mth
Information Ratio	0.14	-0.17	-0.25	-0.32

All commentary below is as at 31 October 2015.

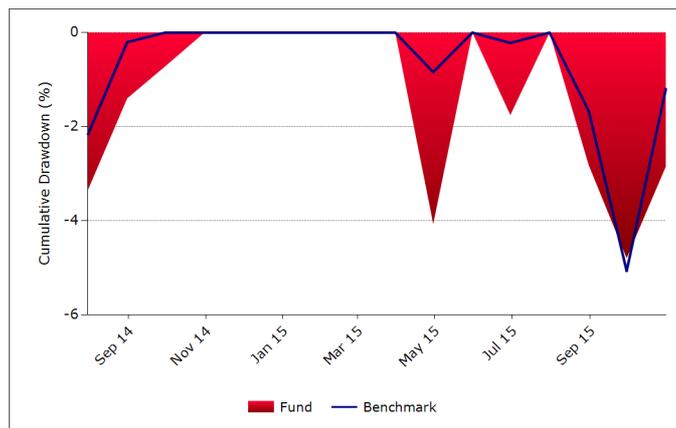
Given the Fund's recent inception date, there is currently insufficient performance history to conduct meaningful analysis.

DRAWDOWN ANALYSIS

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.

Drawdown Analysis	Fund	Benchmark
Max Drawdown (%)	-4.80	-5.07
Months in Max Drawdown	2	2
Months to Recover	-	-

Worst Drawdowns	Fund	Benchmark
1	-4.80	-5.07
2	-4.07	-2.16
3	-3.34	-0.84
4	-1.75	-0.22
5		



INCOME/GROWTH ANALYSIS

Income / Growth Returns	Income	Growth	Total
FY to 30 Jun 2015	10.85%	15.62%	26.47%

Investors should be aware the Fund does not target a specific level of income returns.

The Fund typically distributes income annually (June).

The Fund's portfolio turnover is expected to be in the range of 60% p.a. to 70% p.a., which Zenith considers to be moderate to high. Investors should therefore be aware that a higher level of portfolio turnover means that a larger portion of the Fund's returns are likely to be delivered via short-term capital gains, which high tax paying investors will need to pay particular attention to.

REPORT CERTIFICATION

Date of issue: 2 Dec 2015

Role	Analyst	Title
Author	Bronwen Moncrieff	Head of Research
Sector Lead	Quan Nguyen	Senior Investment Analyst
Authoriser	Andrew Yap	Head of Multi-Asset & Income Research

RATING HISTORY

As At	Rating
2 Dec 2015	Recommended
4 Dec 2014	Recommended
21 Oct 2014	Not Rated - Screened Out
Last 5 years only displayed. Longer histories available on request.	

ZENITH RESEARCH METHODOLOGY & REGULATORY COMPLIANCE

Zenith Investment Partners (“Zenith”) ABN 60 322 047 314 provides the following guidelines on Zenith’s processes and procedures relating to research services, research methodologies and conflict of interest management. Detailed information on [Zenith’s Research Methodology & Regulatory Compliance](#) can be accessed via the Zenith website.

SCOPE OF RATING

The Zenith rating referred to in this document is limited to “General Advice” (as defined by section 766B of Corporations Act 2001) for Wholesale clients and based solely on the assessment of the investment merits of the financial product on this basis. This advice has been prepared without taking into account the objectives, financial situation or needs of any specific person who may read it. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Zenith advises that investors should seek their own independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation or needs. Investors should obtain a copy of, and consider, the product PDS before making any decision. This report is prepared exclusively for clients of Zenith. The material contained in this report is subject to copyright and may not be reproduced without the consent of the copyright owner. The information contained in the report is believed to be reliable, but its completeness and accuracy is not guaranteed. Zenith accepts no liability, whether direct or indirect arising from the use of information contained in this report.

SERVICES & EXPERTISE

Zenith is the holder of Australian Financial Services License No. 226872 which was issued by the Australian Securities & Investments Commission (ASIC) on 10 April 2003 for the purposes of providing **General Advice** as defined under the Corporations Act 2001. Further information on the services we are licensed to provide and our expertise can be found on the [Research Methodology & Regulatory Compliance](#) page of the Zenith website.

CURRENCY OF RATING

This Research Report and Rating is current as at the date it is issued and is valid until it is updated, replaced or withdrawn. Research Reports will be subject to future updates on an ongoing basis unless the Rating is Withdrawn. The Rating may be subject to change without notice and clients are advised to check currency via the Zenith website. Further information on [Currency of Ratings](#) is available on the Zenith website.

COVERAGE POLICY

Zenith’s coverage policy defines the investment universe of products which are potentially eligible to receive an investment rating. This universe primarily focuses on those products available to financial advisers via the major wrap platforms and master trusts. Products predominantly encompass Unlisted Managed Funds and Listed Managed Investments available via the ASX.

Zenith also includes in its coverage policy products in several asset classes which are traditionally only available directly ‘off-platform’. These asset classes include sectors such as Unlisted Direct Property Funds and products in the Alternatives asset class including Hedge Funds and Private Equity Funds. Detailed information on Zenith’s coverage policy, processes, sector classifications and current coverage list can be found on the [Research Methodology & Regulatory Compliance](#) page of the Zenith website.

CONFLICT POLICY

Zenith maintains a Conflict Management Policy regarding the provision of non-research services to Product Issuer’s, Fund Managers or other related parties relevant to the investment being rated. This policy relates to the provision of;

- Underwriting, managerial, consultancy or market making services to such parties;
- Whether such parties are a corporate client of Zenith;
- Whether such parties are related or otherwise associated with Zenith.

Any conflicts relating to these issues will be prominently disclosed on the relevant Zenith Product Assessment Report. Further details on Zenith’s Conflict Policy can be found on the [Research Methodology & Regulatory Compliance](#) page of the Zenith website.

FEE FOR SERVICE

Zenith charges an upfront flat fee to the Product Issuer, Fund Manager or other related parties to produce research on funds that conform to our Research Methodology (Direct business model). This fee is to compensate Zenith for the work required to undertake the process and is not linked to the rating outcome. Fees are generally standardised within each sector however a small number of sectors (typically those dealing with real assets) are charged based on individual complexity. Further details on how the fee for service arrangement is managed can be found on the [Research Methodology & Regulatory Compliance](#) page of the Zenith website and also in Zenith’s [Financial Services Guide \(FSG\)](#).

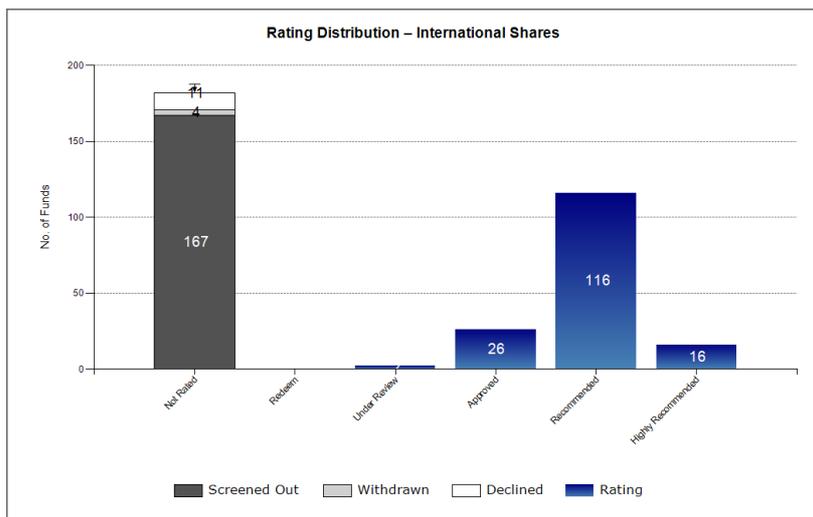
Zenith has charged Copper Rock Capital Partners a fee to produce this report.

ANALYST CERTIFICATION & DISCLOSURE

Analyst remuneration is not linked to the rating outcome. Analysts holdings in investment products must be non-material and done in accordance with Zenith’s [Trading Policy](#). The Analyst certifies that the views expressed in the Product Assessment accurately reflect their personal, professional opinion about the financial product to which this report refers.

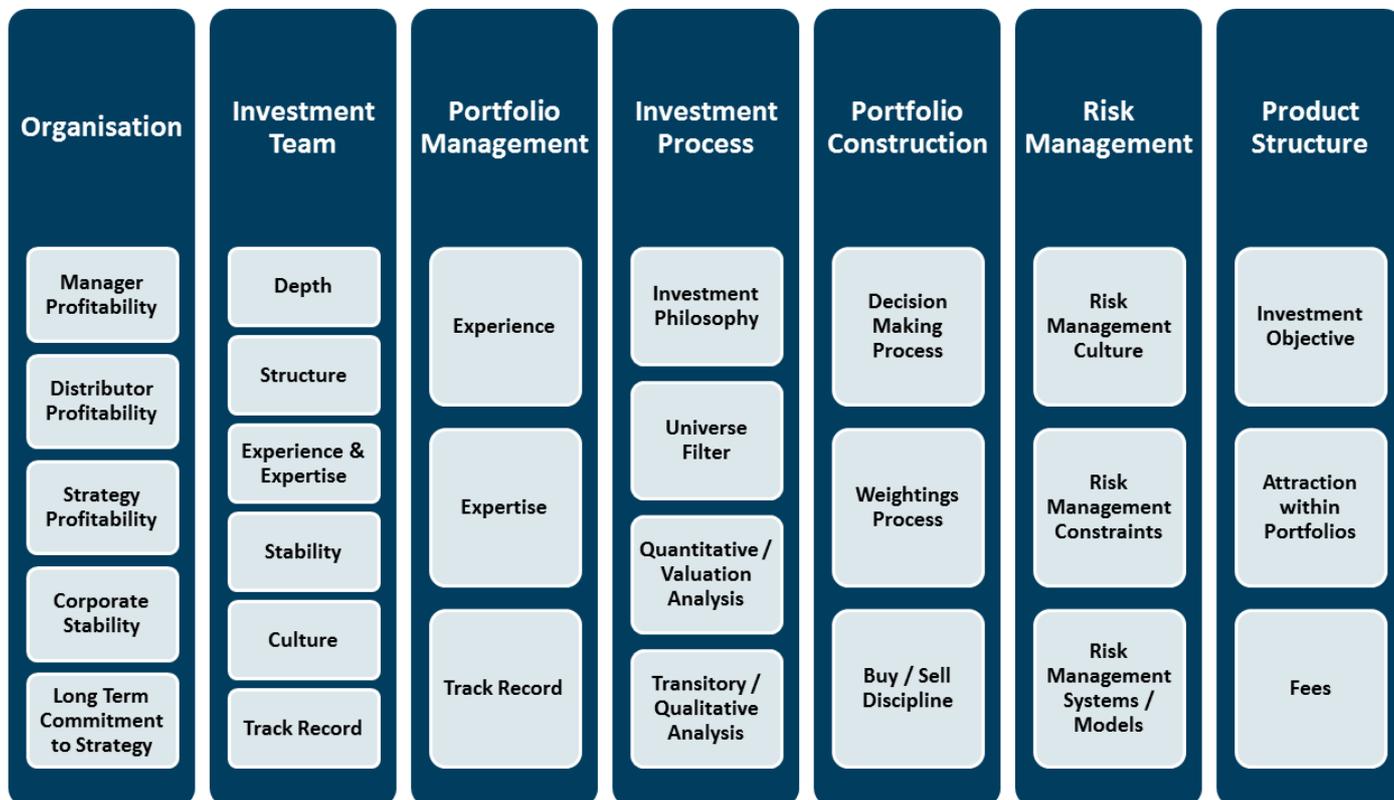
ZENITH RATING DISTRIBUTION

The following chart shows the current breakdown of Zenith’s ratings as at the date of viewing. Ratings are based on the relevant fund peer group as determined by Zenith and include Parent funds only. Users can access more detailed information on ratings spreads on the [Research Methodology & Regulatory Compliance](#) page of the Zenith website.



Ratings Methodology

Zenith’s ratings are based on the output of a proprietary scoring model. This model and its broad factors are shown in the following diagram. Please note we do not disclose the weightings of factors and sub-factors change for each sector. This information should be used as a guide only.



Ratings Bands

Based on the scores assigned by Zenith’s analysts for the above mentioned proprietary scoring model, a rating of Highly Recommended, Recommended, Approved or Not Approved is applied to all funds that have undergone full due diligence by the Zenith research team. As shown in the following table the ratings are determined based on the overall score out of 100. Funds may also be screened prior to conducting full due diligence based on qualitative or quantitative concerns as Zenith’s research model aims to focus on the best investments in each sector.

Rating	Scoring Output (%)	Confidence in Meeting Objectives	Zenith Approved List
Highly Recommended	>= 80	Very High	YES
Recommended	>= 70 - 79	High	YES
Approved	>= 55 - 69	Moderate	YES
Not Rated - Declined	N/A	No previous rating held. The fund has passed Zenith’s preliminary screen however the issuer has declined to participate in a full due diligence review.	
Not Rated - Withdrawn	N/A	Previous Zenith rating withdrawn due to either: Zenith downgrading the rating to below investment grade; the issuer electing to cease ongoing coverage; the fund has been closed to investment; or the fund has been terminated and wound up.	
Not Rated - Screened Out	< 55	No previous rating held. The fund has either passed Zenith’s preliminary screen but failed the full due diligence process; failed Zenith’s preliminary screen making it ineligible for a full due diligence review; or is yet to be included in Zenith’s preliminary screen or sector review process.	
Redeem	N/A	Previous rating removed where there has been a significant event that Zenith strongly believes will severely impacts the product to such an extent that investors are advised to redeem (withdraw) their investment.	

The performance of the investment in this report is not a representation as to future performance or likely return.

ABSOLUTE RISK RATING

The Absolute risk rankings should be viewed as a guide to potential capital volatility (in both gains and losses) of the relevant investment strategy (Zenith Asset Class / Sub Asset Class classification) of this product. A number of factors have been considered in setting this risk level. For liquid asset classes, we have typically used the underlying historical return volatility of the product’s benchmark if the benchmark is a reasonable proxy for returns for this strategy. Where the risk of an investment cannot be reasonably estimated by historical benchmark return analysis, we have made a qualitative assessment of absolute risk and considered factors such as illiquidity risk, transparency, strategy risk, operational risk etc.

VERY HIGH

Funds classified as Very High risk are exposed to sectors with very high historical absolute volatility (typically a 16+% p.a. plus standard deviation over a rolling 20 year period). Where the risk of an investment cannot be reasonably estimated by historical return analysis, we have considered a range of qualitative risks in assigning a Very High absolute risk level.

HIGH

Funds classified as High risk are exposed to sectors with high historical absolute volatility (typically a 8-16% p.a. standard deviation over a rolling 20 year period). Where the risk of an investment cannot be reasonably estimated by historical return analysis, we have considered a range of qualitative risks in assigning a High absolute risk level.

MODERATE

Funds classified as Moderate risk are exposed to sectors with moderate historical absolute volatility (typically a 4-8% p.a. standard deviation over a rolling 20 year period). Where the risk of an investment cannot be reasonably estimated by historical return analysis, we have considered a range of qualitative risks in assigning a Moderate absolute risk level.

LOW

Funds classified as Low risk are exposed to sectors with low historical absolute volatility (typically a 2-4% p.a. standard deviation over a rolling 20 year period). Where the risk of an investment cannot be reasonably estimated by historical return analysis, we have considered a range of qualitative risks in assigning a Low absolute risk level.

VERY LOW

Funds classified as Very Low risk are exposed to sectors with very low historical absolute volatility (typically a <2% p.a. standard deviation over a rolling 20 year period). Where the risk of an investment cannot be reasonably estimated by historical return analysis, we have considered a range of qualitative risks in assigning a Very Low absolute risk level.

RELATIVE RISK RATING

The relative risk rankings should be viewed as a guide to the relative risk of a product within its sector. The relative risk levels are listed from high to low and are intended to provide some insight into the potential divergence of the investment’s return profile relative to its assigned benchmark.