



# Ironbark Copper Rock Emerging Markets Opportunities Fund

## Monthly Investment Report as at 31 May 2018

### Asset Class

Global Shares

### Investment Objective

To outperform the benchmark net of fees over rolling 5 year periods

### APIR Code

MGL0019AU

### ARSN

124 220 202

### Fund Inception Date

19 March 2007

### Manager Appointed

30 September 2016<sup>1</sup>

### Benchmark

MSCI Emerging Markets Small Cap Index AUD

### Distribution Frequency

Semi-Annually

### Minimum Investment

\$20,000

### Fund Size

\$86.0m

### Exit Price

\$0.8920

### Performance Review

The Ironbark Copper Rock Emerging Markets Opportunities Fund (the 'Fund') returned -4.43% (net) in May, underperforming the benchmark return of -2.29% by 2.14%.

In May, the rising US dollar and negative sentiment that comes with rising interest rates pressured emerging market stocks and weakened returns. Regardless, emerging market small cap stocks outperformed their large cap emerging market counterparts and have continued to outperform them on a year-to-date basis.

Within the MSCI Emerging Market Small Cap index, only Taiwan (up 3.98%), China (up 4.60%), United Arab Emirates (up 1.19%), and Russia (up 0.44%) made positive returns in May. Brazil and Mexico, comprising approximately 8% of the index, declined 17% and 11% respectively. The Fund's underweight position to Mexico added to the month's performance. At the sector level, information technology fared the best within the index and returned 5.36% while all other sectors declined. The Fund faced a challenging environment within the industrials, information technology, health care and materials sector which led the Fund to underperform the index on a relative basis. The position in Indian industrial company Dilip Buildcon declined sharply in the month and was a leading detractor. This stock specifically declined as a result of speculation over the resignation of its auditor. The company had recently reported strong quarterly results, yet the stock was punished over this news. Subsequently, management confirmed that the auditors had in fact not resigned and this was also confirmed by the auditor. Collectively, Taiwan and Korea comprise approximately 34% of the index and approximately 32% of the Fund. The Fund was narrowly underweight in both markets and faced some underperformance in its holdings like TCI Corporation and Douzone Bizon. The investment manager believes in the long term opportunity for these companies and continues to hold them despite the underperformance.

Despite the near term negative return environment, the investment manager continues to find attractive investment opportunities broadly across sectors and emerging markets countries. Although as more macro-economic volatility has crept into the market, the investment manager has not strayed from their investment process and continue to believe in the growth opportunities that arise from the emergent consumer and burgeoning wealth patterns across the emerging markets small cap complex.

### Performance

Net Returns	1 month (%)	3 months (%)	1 year (%)	3 years p.a. (%)	5 years p.a. (%)	10 years p.a. (%)	Since inception p.a. (%) <sup>4</sup>
<b>Ironbark Copper Rock Emerging Markets Opportunities Fund<sup>1</sup></b>							
MSCI Emerging Markets Small Cap NR <sup>2</sup>	-4.43	-3.60	9.15	-1.06	1.48	1.63	3.49
<i>Active Return</i>	-2.14	-3.11	-3.28	-8.73	-10.12	-6.15	-3.69
<b>Copper Rock Emerging Markets Small Cap Strategy<sup>3</sup></b>							
MSCI Emerging Markets Small Cap NR	-4.42	-3.66	9.24	4.61	9.24	N/a	13.49
<i>Active Return</i>	-2.13	-3.17	-3.19	0.65	0.06	N/a	1.61

<sup>1</sup>Shaded Fund performance prior to 30 September 2016 is not attributable to Copper Rock, but the previous investment manager. The Fund invests in the Copper Rock Emerging Markets Small Cap Strategy, returns are presented below for reference.

Past performance is not an indicator of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution.

<sup>2</sup>The MSCI Emerging Markets Small Cap NR AUD was adopted as the Fund's performance benchmark on 30 September 2016. Benchmark calculations prior to this date are based on the MSCI World ex Australia Index Hedged AUD.

<sup>3</sup>The Copper Rock Emerging Markets Small Cap Strategy AUD referred to is based on the Copper Rock Emerging Markets Small Cap Equity Composite USD share class converted to AUD. The composite inception date is 1 October, 2012. Performance for the strategy is stated net of fees with a 1.25% p.a. fee applied, calculated monthly. Source: Copper Rock and Morningstar Direct.

<sup>4</sup>This figure represents the annualised performance from the first full month of operation.

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# Ironbark Copper Rock Emerging Markets Opportunities Fund

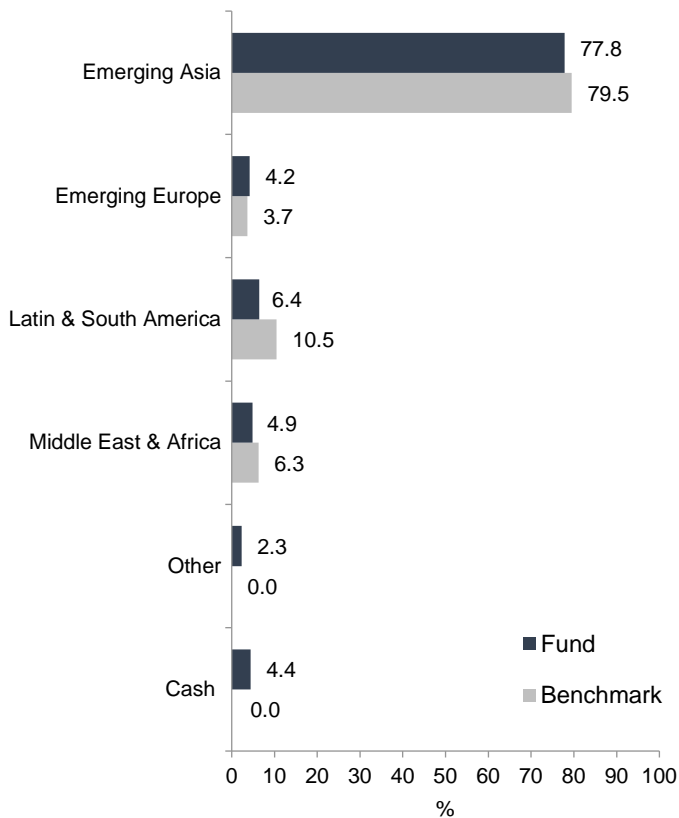
Monthly Investment Report as at 31 May 2018

## Top 5 Holdings

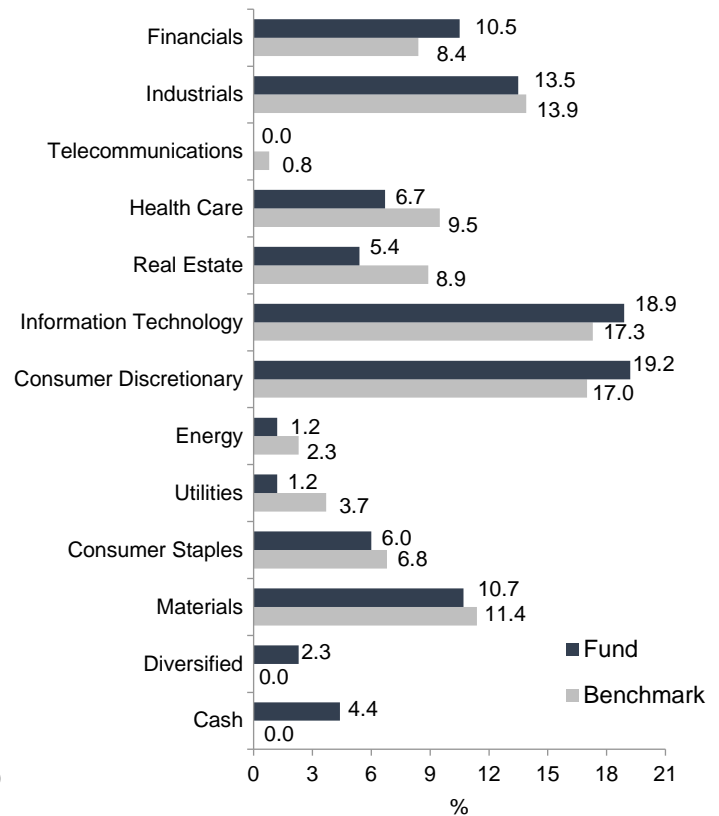
Stock	Country	Sector	%
iShares MSCI Emerging Markets Small Cap ETF	Other	Diversified	2.29
Tianneng Power International	China	Consumer Discretionary	1.91
Kiwoom Securities Corporation	Korea	Financials	1.84
China Resources Cement Holdings	China	Materials	1.77
Lonking Holdings	China	Industrials	1.71

## Asset Allocation

Regional Weights (%)<sup>1</sup>



Sector Weights (%)



<sup>1</sup> The allocation to Other is the iShares MSCI Emerging Markets Small Cap ETF holding.

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## Top 5 and Bottom 5 Contributors for the Month

Stock	Country	Active position	%
Micro-Star International	Taiwan	Overweight	0.36
Xiabuxiabu Catering Management (China) Holdings	Hong Kong	Overweight	0.33
China Resources Cement Holdings	Hong Kong	Overweight	0.24
Lonking Holdings	Hong Kong	Overweight	0.23
Tianneng Power International	Hong Kong	Overweight	0.19

Stock	Country	Active position	%
Dilip Buildcon	India	Overweight	-0.38
Yirendai	China	Overweight	-0.27
Walsin Technology Corporation	Taiwan	Underweight	-0.26
lochpe Maxion	Brazil	Overweight	-0.24
Usinas Siderurgicas de Minas Gerais	Brazil	Overweight	-0.24

## Important information

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