



Ironbark Copper Rock Emerging Markets Opportunities Fund

Monthly Investment Report as at 31 December 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 2016¹

Benchmark

MSCI Emerging Markets Small Cap Index AUD

Distribution frequency

Semi-annually

Minimum investment

\$20,000

Fund size

\$87.1m

Exit price

0.7424

Performance review

The Ironbark Copper Rock Emerging Markets Opportunities Fund (the 'Fund') returned 2.01% (net) in December, underperforming the benchmark return of 2.12% by 0.11%.

During December, most sectors declined with energy (down 7.3%) faring the worst due to previously declining oil prices. The best returning sector in the MSCI Emerging Markets Small Cap Index was utilities which registered barely half a percent return. Within the Fund, the best performing sectors were consumer discretionary, industrials, consumer staples, and financials, which in its own right, has a large focus on consumer oriented finance companies. As a result, there was positive contribution to return from individual stock selection in each of those sectors combined with some modest benefit from allocation. Although the Fund benefited from positions in health care companies such as Taidoc Technology Corporation, Bioteque Corporation, and Medy-Tox, there was some underperformance from individual positions in SSY Group, Mega Lifesciences, and Jubilant Life Sciences. This led the sector to be a leading detractor from relative return in December.

At the country level, stock selection in China was the driver for underperformance generated from positions in SSY Group, Anton Oilfield Services Group, and a few others. Anton Oilfield Services Group's share price tends to move with the price of oil which had been down significantly, though began climbing. The Chinese government wants more domestic oil and gas production which provides an opportunistic backdrop for this company whose stock price should begin to recover with the rising price of oil and as operational and financial data around new projects outside of China are reported to the market. Although India was a strong contributor in the overall quarter, it underperformed within the Fund in December primarily on weakness from two companies, HEG and Sterlite Technologies. The overweight allocation to the market was additive as the market rose approximately 2% in the index. On a positive note, stock selection in Korea was additive due to strong contribution from Shingsegae International Company, Orion Corporation, Fila Korea, and Douzone Bizon Company.

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. ⁴
Ironbark Copper Rock Emerging Markets Opportunities Fund¹	2.01	-5.53	-15.23	1.13	-0.93	7.30	2.05
MSCI Emerging Markets Small Cap NR ²	2.12	-4.52	-9.23	5.19	6.34	11.62	5.82
<i>Active return</i>	-0.11	-1.01	-6.00	-4.06	-7.27	-4.32	-3.77
¹ 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.							
Copper Rock Emerging Markets Small Cap Strategy³	2.24	-5.52	-14.96	4.12	5.63	n/a	9.41
MSCI Emerging Markets Small Cap NR	2.12	-4.52	-9.23	5.14	6.24	n/a	8.61
<i>Active return</i>	0.12	-1.00	-5.73	-1.02	-0.61	n/a	0.80

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. Returns are rounded to two decimal places. Slight variations to actual calculations may occur.

² 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.

³ 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.

⁴ This figure represents the annualised performance from the first full month of operation.

Contact details

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Performance review (continued)

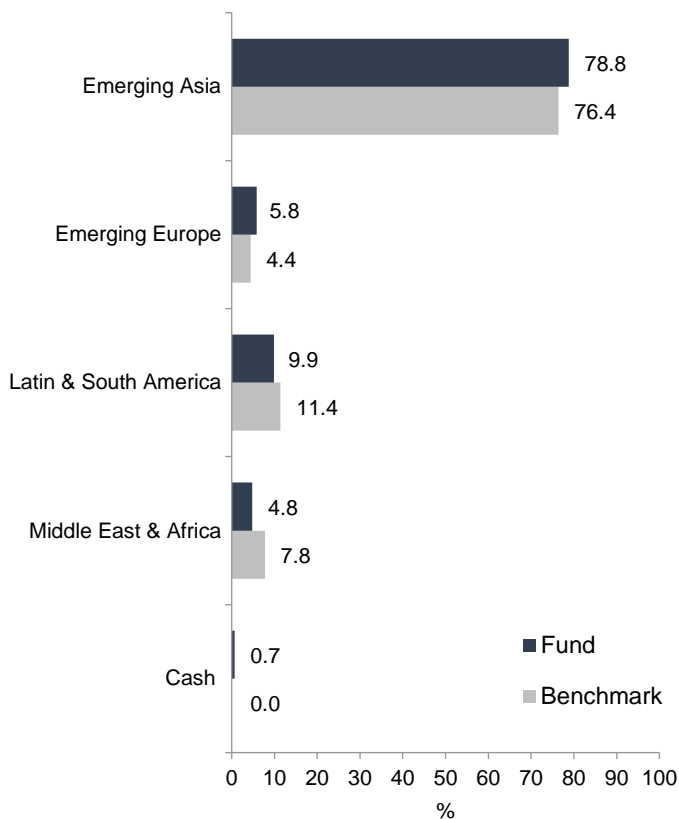
Although global risks remain prevalent, there continues to be opportunity to see good and steady stock price appreciation in the Fund. Countries like India remain more insulated from the global risks of trade wars and other policy concerns emanating from the China and US debates and the risks of rising interest rates have declined in the face of global uncertainty. Other countries that have continued to improve balance sheets have proven they are also more insulated from the global macro headwinds that persisted in 2018. There remain vibrant spots for investment across the globe, including in Brazil, India, Turkey, China, Taiwan, Malaysia, South Africa, among others. The investment manager continues to hunt for those stocks that will benefit from trends of rising wealth, digitalisation of the economy, the upgrading of e-commerce and reinvestment in infrastructure that create opportunities for emerging markets stock investment.

Top 5 holdings

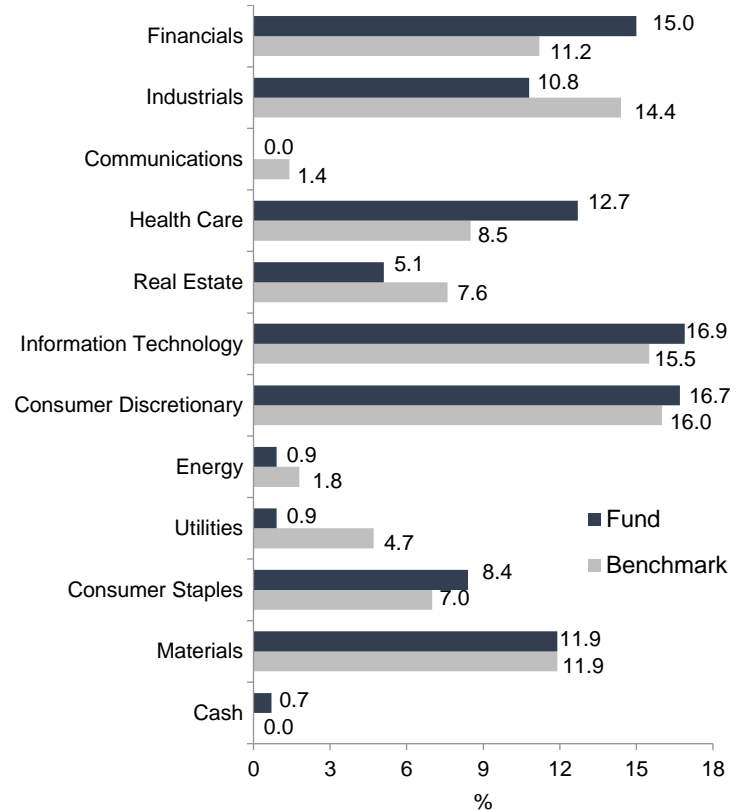
Stock	Country	Sector	Weight (%)
Taidoc Technology Corporation	Taiwan	Health Care	2.05
Fila Korea	Korea	Consumer Discretionary	1.78
Muangthai Capital Public Company	Thailand	Financials	1.71
Mphasis	India	Information Technology	1.68
Chailase Holding Company	Taiwan	Financials	1.66

Asset allocation

Regional weights (%)



Sector weights (%)



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Top 5 and bottom 5 contributors for the month

Stock	Country	Active position	%
Taidoc Technology Corporation	Taiwan	Overweight	0.25
IRB Brasil Resseguros	Brazil	Overweight	0.19
AirAsia Group	Malaysia	Overweight	0.18
African Rainbow Minerals	South Africa	Overweight	0.18
Malaysia Airports Holdings	Malaysia	Overweight	0.17

Stock	Country	Active position	%
SSY Group	China	Overweight	-0.35
Anton Oilfield Services Group	China	Overweight	-0.21
HollySys Automation Technologies	China	Overweight	-0.14
KrungThai Card Public Company	Thailand	Overweight	-0.14
West China Cement	China	Overweight	-0.14

Important information

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