



Ironbark Copper Rock Emerging Markets Opportunities Fund

Monthly Investment Report as at 30 September 2017

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

Buy/Sell Spread

+0.25%/-0.25%

Management Costs

1.13% p.a.⁵

Distribution Frequency

Semi-Annually

Minimum Investment

\$20,000

Fund Size

\$79.0m

Exit Price

\$0.8539

Performance Review

The Ironbark Copper Rock Emerging Markets Opportunities Fund (the 'Fund') returned -0.11% net in September, underperforming the benchmark return of 1.14% by 1.25%.

Emerging markets have continued to experience economic recovery following the strong global technology cycle, improved commodity prices and the solid economic environment in China. As a result, earnings estimates across the asset class continued to rise in the third quarter which has helped drive share price performance.

In September, positive stock selection in the materials, utilities, and industrials sectors contributed to relative return. Within materials, the Fund had strong performance in Chinese companies such as Nine Dragons Paper Holdings, West China Cement, and China Resources Cement Holdings. Within utilities, the Fund's position in Indian company, Indraprastha Gas, was a top contributor. During the month, there was some underperformance in the financials, information technology, consumer discretionary, and health care sectors.

On a country basis, South Korea was the leading detractor among major emerging market countries primarily due to geopolitical concerns. Despite having an underweight allocation versus the index in this country, the Fund's performance was negatively impacted by individual stock selection in stocks including Jusung Engineering, Value Added Technology, Kiwoom Securities, and Vieworks. Kiwoom Securities provides capital market and financial investment services. Over the past two years Kiwoom has diversified into asset management, investment banking, retail banking, and proprietary trading. The market still treats Kiwoom as a pure online retail broker, and as a result, the stock sold off with weak trading volumes on the Kosdaq through most of the third quarter. In addition, the company issued a convertible bond, which concerned the market about dilution. Finally, the new administration in Korea has increased regulation in the financial services market broadly, and it appears to be going to lower interest rates on margin lending. These three issues combined to push the stock down. However, the investment manager believes the market has overreacted to the potential impact of these issues. The investment manager still likes the longer-term outlook and the stock remains well-rated by the quantitative model.

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	-0.11	5.16	15.77	-0.15	2.17	1.79	3.20
MSCI Emerging Markets Small Cap NR ²	1.14	3.41	12.37	8.08	13.35	5.97	6.58
<i>Active Return</i>	-1.25	1.75	3.40	-8.23	-11.18	-4.18	-3.38
¹ Fund performance prior to 30 September 2016 is not attributable to Copper Rock, but the previous investment manager. Copper Rock Emerging Markets Small Cap Strategy returns are presented below for reference.							
Copper Rock Emerging Markets Small Cap Strategy³	-0.11	5.14	17.18	10.11	13.96	N/a	14.22
MSCI Emerging Markets Small Cap NR	1.14	3.41	12.37	7.26	10.98	N/a	11.18
<i>Active Return</i>	-1.24	1.73	4.81	2.85	2.98	N/a	3.04

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. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

²The 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.

³The 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 is stated net of fees with a 1.25% p.a. fee applied, calculated monthly. Source: Copper Rock and Morningstar Direct.

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

⁵For full breakdown of management costs, refer to the PDS dated 30 September 2017.

Contact Details

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Performance Review (cont'd)

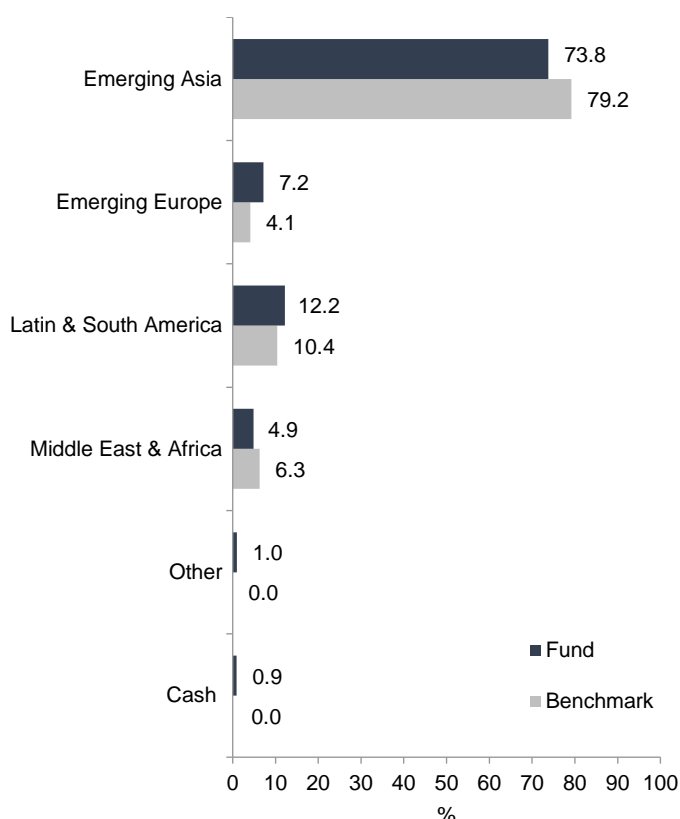
The investment manager anticipates steady economic growth across the emerging markets in 2018 and believes earnings should continue to rise. The asset class has seen only a minor re-rating, especially compared to developed markets, and the investment manager believes greater confidence in the economic cycle in emerging markets will lead to higher multiples. In particular, the investment manager views the economy in Brazil is continuing to recover from its deep recession. Along with lower interest rates, the investment manager remains positively disposed towards Brazil which remains the Fund's largest country overweight relative to the index. The Fund maintains an overweight allocation relative to the index in consumer discretionary and financials sectors, focusing on the long-term trends of rising discretionary spending and financial market participation in emerging markets. In addition, the Fund is meaningfully overweight in the industrials sector as global growth continues. The Fund is cautiously positioned with respect to consumer staples as valuations have risen in that sector, and the investment manager expects more growth in discretionary spending.

Top 5 Holdings

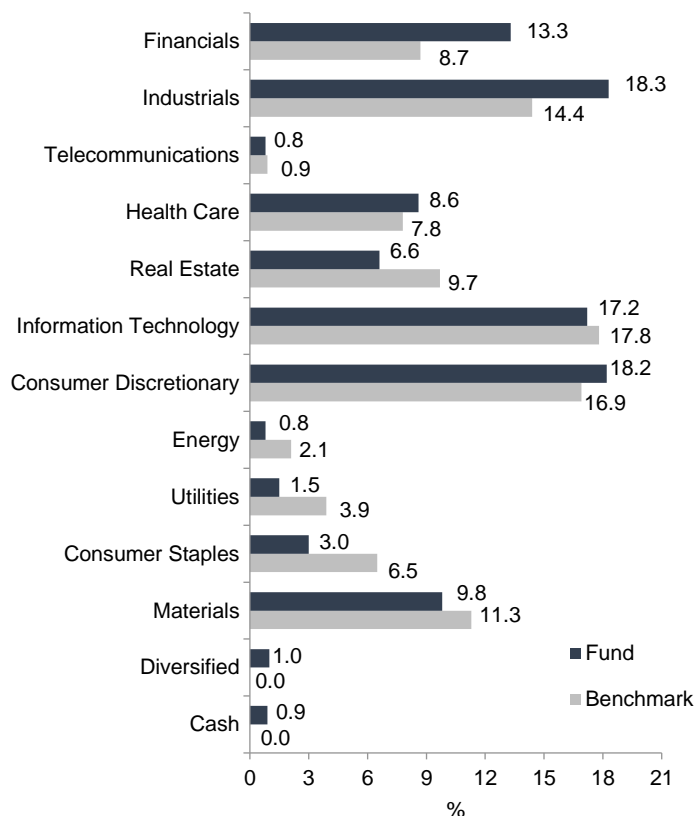
Stock	Country	Sector	%
Edelweiss Financial Services	India	Financials	1.59
China Resources Cement	China	Materials	1.59
West China Cement	China	Materials	1.56
Indraprastha Gas	India	Utilities	1.55
Lonking Holdings	China	Industrials	1.54

Asset Allocation

Regional Weights (%)¹



Sector Weights (%)



¹ The allocation to other is the iShares MSCI Emerging Markets holding.

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Top and Bottom 5 Contributors for the Month

Stock	Country	Active position	%
Tianneng Power International	Hong Kong	Overweight	0.25
Indraprastha Gas	India	Overweight	0.19
Nine Dragons Paper Holdings	Hong Kong	Overweight	0.17
West China Cement	Hong Kong	Overweight	0.15
China Resources Cement Holdings	Hong Kong	Overweight	0.15

Stock	Country	Active position	%
Reliance Capital	India	Overweight	-0.25
China General Plastics Corporation	Taiwan	Overweight	-0.23
Jusung Engineering Co.	South Korea	Overweight	-0.20
Value Added Technology Co.	South Korea	Overweight	-0.18
PT Waskita Karya (Persero) Tbk	Indonesia	Overweight	-0.17

Important information

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