

Big world, big returns, small stocks.

Brookvine and THB launch the THB International (ex.USA) Micro Cap Fund.

Connecticut-based THB and Brookvine have brought international micro cap investing to Australia with the launch of the THB International (ex. USA) Micro Cap Fund. Providing sought-after access to the large and under-invested universe of international micro cap stocks, the Fund invests in all major developed markets outside the US.

The new Fund complements the THB US Micro Cap Fund, which launched in 2014, to provide a genuine global exposure to the opportunity. It leverages THB's 20 years' experience investing in US micro cap stocks and follows a 21.3% p.a. return (in USD) since the international (ex. USA) strategy's inception in 2015 through to 31 July 2018.

Seeded by IOOF Investment Management Ltd with an initial investment of \$40 million, the Fund is now available to wholesale investors in Australia and New Zealand.

IOOF's Deputy CIO, Stanley Yeo, said IOOF Investments is a longstanding supporter of emerging opportunities that can produce out-sized returns and add to overall portfolio diversification. He has been tracking THB's international micro cap strategy since it commenced in 2015. "THB's specialist management of this inefficient and under-invested segment of the non-US equity market expands our global equity opportunity set, with a view to contributing to long-term returns for the IOOF MultiMix International Shares Trust" Stanley said.

Brookvine CEO, Steven Hall, said that he was excited by the expansion of the 4-year partnership with THB which had focused to date on US micro caps. "Like its US counterpart, international (non-US) micro cap stocks have favourable characteristics including a large universe of companies, little-to-no sell side coverage, few investment managers with a credible track record or process and a low correlation to global equities" Steven added.

"We've received strong interest from forward thinking investors who wish to diversify their equities exposure across markets and beyond large cap stocks. Many investors also view micro caps as an alternative to private equity."

"THB's dedicated focus has always been on lesser known companies," THB's CEO and Portfolio Manager, Christopher Cuesta said "Our stocks are largely absent from global small and large cap oriented portfolios. The new international fund gives investors low volatility, high quality exposure to an inefficient asset class at the early stages of institutionalisation."

"Our investment process includes a proprietary quality assessment that takes into account ESG factors and risks. As a result, the ESG profile of the Fund is very appealing."

The THB International Micro Cap Fund is distributed to institutional and wholesale investors in Australia and New Zealand through Brookvine. For additional information on the Fund [click here](#).

Ends

For further enquiries please contact:

Charissa Brooks,  
Director, Head of Marketing and Private Wealth Distribution  
+61 404 874 575

## NEWS RELEASE

### About Brookvine

Brookvine partners with fund managers to bring exceptional opportunities to investors. Brookvine focuses on investment opportunities in alternative asset classes and highly differentiated strategies in mainstream asset classes.

Since its establishment in 2001 investors have committed over \$13 billion to investment opportunities backed by Brookvine. Brookvine's investors include some of the largest superannuation and sovereign wealth funds in the world and many of the leading private wealth investment groups in Australasia.

[www.brookvine.com.au](http://www.brookvine.com.au)

### About THB

Thomson Horstmann & Bryant, Inc. (THB) is a dedicated US micro and small cap specialist investment management firm based in Norwalk, Connecticut. Founded in 1982 and 100% employee owned, it has more than 35 years' experience investing as a firm, with a 20 year track record in US micro caps and 3 year track record investing outside the US. THB has approximately US\$840 million in funds under management and is a Registered Investment Advisor with the US Securities and Exchange Commission.

### Media FAQ

Please also refer to the provided Fund Snapshot and the July 2018 International Opportunities report.

**Q: How many stocks are held in the THB International Micro Cap Fund?**

A: 150

**Q: What is the investment universe?**

A: 5,000 stock investible universe; 22 developed markets (ex. USA) with market capitalisations of companies included in the MSCI World ex USA Micro Cap Index and the smallest 35% of the MSCI World ex USA Small Cap Index.

**Q: What does THB define as a micro cap stock?**

A: By including the smaller names in the small cap index, THB opens its universe to include companies up to approximately \$1 billion. The weighted average market cap of companies in the THB International Micro Cap Fund is approximately \$550 million.

**Q: What is THB's investment approach?**

A: THB uses a disciplined, fundamental approach that blends both qualitative and quantitative methods to construct a well-diversified, low-risk portfolio of companies that possess attractive operating metrics.

**Q: Why do some investors view the strategy as an alternative to private equity?**

A: Micro caps are often seen as a complement or alternative to PE. The drivers of return are similar, yet the Fund offers daily liquidity, a high degree of transparency and lower fees.

- PE managers often target small, niche companies similar to those found in the micro cap segment.
- Both strategies can provide direct and meaningful exposure to 'mega trends' in infrastructure, e-commerce, green energy, health and activity, connectivity, cyber security and data analytics.
- Like PE, THB favours companies with strong cash generation and stable business fundamentals. It also favours companies with aligned and entrepreneurial management teams.
- THB engages valuation disciplines akin to PE managers; a keen interest in metrics such as EV/EBITDA and a private markets valuation approach based on recent trade sales.

**Q: How does THB factor ESG considerations into its process?**

A: ESG analysis is integrated into fundamental analysis. The research team assesses the ESG related factors using various datasets, best in class third party providers as well as company filings and presentations. A rating is assigned to each company through an internally developed rating system. The ESG rating is then blended into fundamental analysis through THB's proprietary Quality Assessment which adjusts the price target of the stock and its expected return. To remain current and improve their knowledge, THB analysts frequently engage in training opportunities in ESG.

**Q: Does the Fund include emerging markets?**

A: No, THB excludes EM from the International Micro Cap strategy due to the added volatility and the high correlation between currencies and the underlying holdings.

**Q: What are the 22 developed markets?**

A: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.