

THB International Micro Cap Fund – Class W

Monthly Report – November 2019

Market commentary

The MSCI World ex USA Small Cap® Index (Index) returned 4.2% (AUD) in November.

Information Technology (+5.6%) was the best performing sector, followed by Health Care (+4.0%) and Consumer Discretionary (+2.8%). Materials (-0.1%) was the worst performing sector, followed by Energy (+0.6%) and Real Estate (+0.8%).

Denmark (+7.2%) was the best performing country, followed by Italy (+6.2%) and Israel (+5.5%). Hong Kong (-0.7%), Australia (+0.1%) and France (+0.8%) were the worst performing countries in the Index.

Developed market equities were higher this month as economic releases were supportive of stable to improving conditions following the announcement on 11 October of the Phase 1 trade deal between China and the US. European economic data is marginally improving while Japan and the UK still highlight weakness. Uncertainty surrounding Brexit and the UK election have dampened economic UK activity. The dollar amount of negative yielding global debt has fallen to \$12.2T from the August high of \$17T. That movement combined with softness in Gold prices may indicate that investors' fears of a global recession are fading.

Portfolio commentary

The THB International (ex-USA) Micro Cap Fund - Class W returned 5.2% in AUD (net of fees) in November, outperforming the index by 1.0%.

Contributors to the portfolio's performance were positive stock selection in United Kingdom, Japan and Germany. Detractors from performance included stock selection in Australia, France, and overallocation in Australia and underallocation in Denmark.

From a sector perspective, primary contributors to performance mainly came from stock selection in Health Care, Industrials and overallocation to Information Technology. Stock selection in Information Technology, Materials and Communication Services were the primary detractors of performance.

THB's top five performing stocks (from a contribution standpoint) were Judges Scientific plc. (United Kingdom, Industrials, +0.4%), El.En.S.p.A. (Italy, Health Care, +0.3%), Fukui Computer Holdings, Inc. (Japan, Information Technology, +0.3%), Biotage AB (Sweden, Health Care, +0.2%) and AB Dynamics PLC (United Kingdom, Consumer Discretionary, +0.2%).

The bottom five performing stocks (from a contribution standpoint) were RaySearch Laboratories AB (Sweden, Health Care, -0.2%), Ramelius Resource Ltd. (Australia, Materials, -0.2%), Smartgroup Corporation (Australia, Industrials, -0.2%), Mamezou Holdings Co., Ltd (Japan, Information Technology, -0.1%) and Lovisa Holdings Ltd. (Australia, Consumer Discretionary, -0.1%).

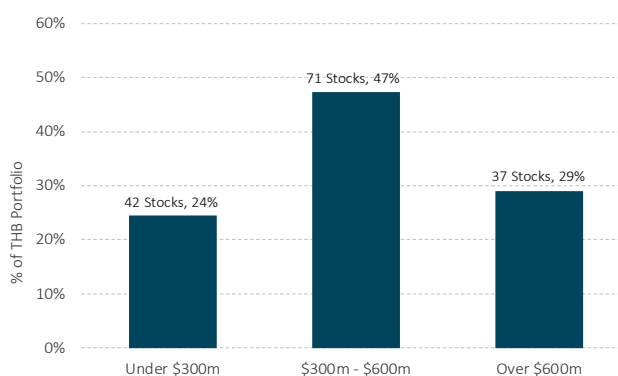
THB's portfolio of well capitalised companies continue to invest capital into strategic acquisitions and share repurchases. During the month, ten acquisitions were announced while four companies initiated new

Fund details	
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) ²
Inception date	23 August 2018
Fund size	\$74.3 million

Net performance – 30 November 2019			
	Fund ¹	MSCI World ex USA Small Cap®	MSCI World ex USA Micro Cap®
1 month ¹	5.2%	4.2%	3.4%
3 months	10.2%	8.8%	7.0%
CYTD	30.1%	24.8%	18.3%
1 year	23.0%	21.1%	13.9%
Since inception	3.8%	7.0%	2.5%

1. Performance figures are presented in AUD on a net, pre-tax basis and assume the reinvestment of distributions. Past performance is not an indicator of future performance. Fund inception date was 23 August 2018 however inception performance for this class is calculated from 7 September 2018.

Companies by market capitalisation



Source: THB Asset Management

2. The MSCI World ex-USA Small Cap Total Return Index (AUD) captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 2,559 constituents, the Index covers approximately 14% of the free float-adjusted market capitalisation in each country. Source: MSCI

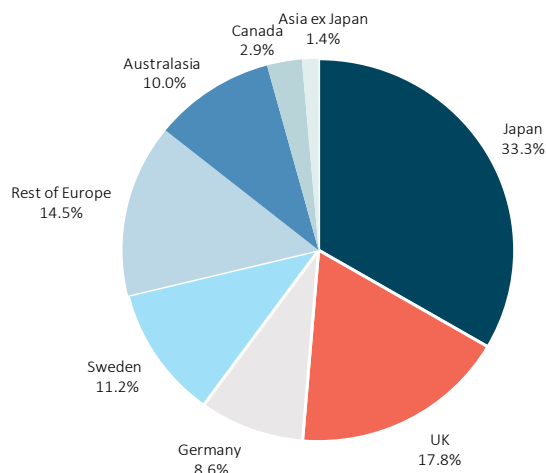
share repurchase programs. The ultra-low interest rate environment has caused distortions in the allocation of capital. Examples include the willingness of investors to embrace unprofitable companies at any valuation and companies eager to fund their business with excessive amounts of leverage. THB firmly believe that well capitalised, conservatively managed companies can deliver superior long-term returns.

Portfolio statistics³

As at 30 November 2019		
	Fund	Benchmark
Weighted avg market cap	US\$524m	US\$2,595m
Price/sales	1.5x	1.0x
Price/Book	3.0x	1.5x
Dividend yield	1.9%	2.6%
Number of securities	150	2,571
Standard deviation	14.5%	12.4%
Sharpe ratio	1.1	0.6
Beta	1.1	
Tracking error	5.5	
Information ratio	1.5	

1. Portfolio statistics are reported in USD. Source: THB Asset Management

Country allocation⁴



Source: THB Asset Management

3. Portfolio statistics are reported in USD.

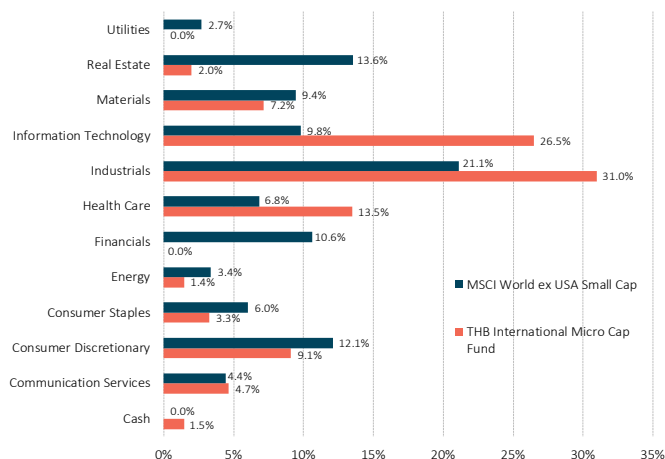
4. Portfolio holdings and allocations are subject to change and should not be considered as investment recommendations to trade individual securities. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified were or will be profitable. There is no assurance that any securities discussed herein will remain in the portfolio at the time you receive this report, or that securities sold have not been repurchased. There can be no assurance that investment objectives will be achieved. A full list showing every holding's contribution to the overall account's performance during the measurement period and calculation methodology is available upon request.

Top 10 holdings⁴

Stock	Sector/Country	Portfolio weight
Judges Scientific	Industrials/UK	1.7%
El.En. S.p.A	Health Care/Italy	1.4%
AB Dynamics	Consumer Disc./UK	1.4%
Gurit Holdings AG	Materials/Switzerland	1.3%
Tokyo Rakutenchi Co.	Real Estate/Japan	1.3%
Eolus Vind AB	Industrials/Sweden	1.3%
Fukui Computer Holdings	Technology/Japan	1.2%
4imprint Group	Communications/UK	1.2%
SeSa S.p.A	Technology/Italy	1.2%
u-blox Holding AG	Technology/Switzerland	1.2%

Source: THB Asset Management

Sector allocation⁴



Source: THB Asset Management

Investment strategy

THB Asset Management (THB) is an employee-owned boutique investment management firm based in Connecticut specialising in smaller company strategies. THB's International Micro Cap strategy is based on the belief that there are inefficiencies in the micro cap segment of the market due to lack of analyst coverage, limited investable options, resource constraints and difficulty in identifying value. THB utilises 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, yet with comparable valuation to the MSCI World ex USA Small Cap® Index.

BROOKVINE

THB
Asset Management

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