

THB International Micro Cap Fund – Class W

Monthly Report – April 2020

Market commentary

The MSCI World ex USA Small Cap® Index (Index) returned 4.4% (AUD) in April.

Energy (+22.5%) was the best performing sector, followed by Materials (+21.4%) and Information Technology (+16.1%). Real Estate (+5.1%) was the worst performing sector, followed by Consumer Staples (-5.9%) and Utilities (-7.6%).

Canada (+28.0%) was the best performing country, followed by Australia (+24.7%) and Finland (-17.1%). Belgium (+6.1%), Japan (+6.1%) and Hong Kong (+6.6%) were the worst performing countries in the Index.

Global developed equities moved higher this month as the worst fears about COVID-19 began to ebb and investors started factoring in unprecedented levels of monetary and fiscal stimulus enacted by the developed market governments. Policy makers continue to quickly implement policies to support their economies and offset virus-related impacts. Higher frequency data points (airline / car traffic data, consumer expectations, payment processing) have showed modest improvements from extreme low levels.

Portfolio commentary

The THB International (ex-USA) Micro Cap Fund - Class W returned 7.5% (net of fees) in April, outperforming the Index by 3.0%.

Contributors to the portfolio's performance were positive stock selection in United Kingdom, Japan and Germany. Detractors from performance included underallocation to Canada, stock selection in Canada and Finland.

From a sector perspective, primary contributors to performance mainly came from stock selection in Health Care, underallocation to Real Estate and overallocation to Information Technology. Stock selection in Energy, Materials, and underallocation to Energy were the primary detractors of performance this month.

THB's top five performing stocks (from a contribution standpoint) were AB Dynamics Plc (United Kingdom, Information Technology, +0.3%), S-Pool, Inc. (Japan, Industrials, +0.4%), Retail Partners Co. Ltd. (Japan, Consumer Staples, +0.4%), Judges Scientific Plc. (United Kingdom, Industrials, +0.4%) and Gurit Holding AG (Switzerland, Materials, +0.4%).

The bottom five performing stocks (from a contribution standpoint) were Nozawa Corp (Japan, Materials, -0.1%), HABA Laboratories, Inc. (Japan, Consumer Staples, -0.1%), Shohei Co Ltd. (Japan, Consumer Discretionary, -0.1%), Eckert & Ziegler AG (Germany, Health Care, -0.1%) and Anest Iwata Corp (Japan, Industrials, -0.1%).

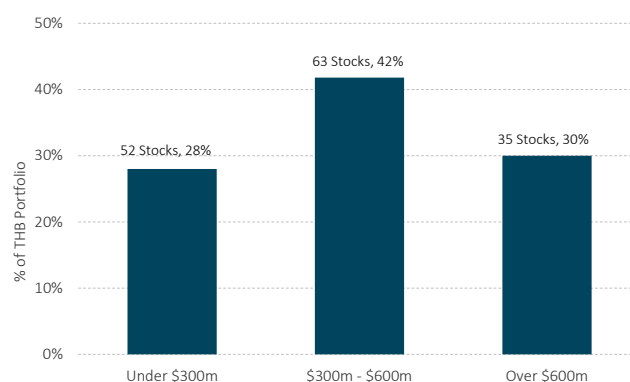
During periods like this, there is often a disconnect between the stock price and the intrinsic value of the corporations and their cash flow streams. Such periods are trying, but they provide the seeds for longer-term outperformance. THB's experience and philosophical focus on high quality, well capitalised companies allows it to capture the abundant opportunities present in the developed market equity universe.

Fund details	
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) ²
Inception date	23 August 2018
Fund size	\$67 million

Net performance – 30 April 2020			
	Fund ¹	MSCI World ex USA Small Cap ²	MSCI World ex USA Micro Cap ³
1 month	7.5%	4.4%	5.8%
3 months	(15.1%)	(15.8%)	(16.3%)
1 year	(2.2%)	(5.4%)	(6.2%)
Since inception	(4.4%)	(3.7%)	(6.0%)

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 2,529 constituents, the Index covers approximately 14% of the free float-adjusted market capitalisation in each country. Source: MSCI

3. The MSCI World ex USA Micro Cap Index captures micro cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 4,739 constituents, the index covers approximately 1% of the free float-adjusted market capitalisation in each country.

Portfolio statistics⁴

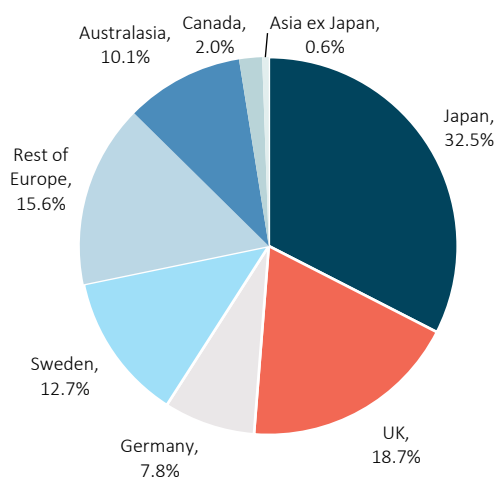
As at 30 April 2020		
	Fund	Benchmark
Weighted avg market cap	US\$501m	US\$2,392m
Price/sales	1.4x	0.8x
Price/Book	2.7x	1.2x
Dividend yield	2.0%	3.1%
Number of securities	150	2,529
Standard deviation	18.3%	16.2%
Sharpe ratio	0.6	0.2
Beta	1.1	
Tracking error	5.5	
Information ratio	1.5	

Source: THB Asset Management

Top 10 holdings⁵

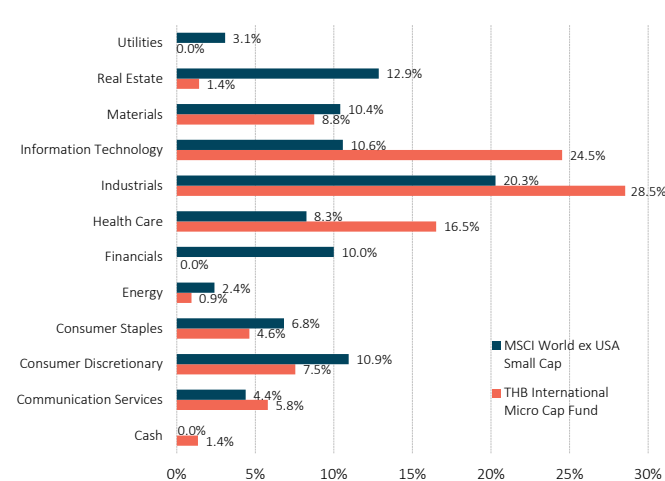
Stock	Sector/Country	Portfolio weight
Gurit Holding AG	Materials/Switzerland	1.7%
SeSa S.p.A.	Technology/Italy	1.6%
Tristel plc	Health Care/UK	1.5%
Avon Rubber p.l.c.	Industrials/UK	1.4%
Judges Scientific plc	Industrials/UK	1.4%
NEXUS AG	Health Care/Germany	1.4%
Eolus Vind AB	Industrials/Sweden	1.3%
Biotage AB	Health Care/Sweden	1.2%
Vetropack Holding AG	Materials/Switzerland	1.2%
Treatt plc	Materials/UK	1.2%

Country allocation⁵



Source: THB Asset Management

Sector allocation⁵



Source: THB Asset Management

4. Portfolio statistics are reported in USD.

5. 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.

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.

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Asset Management

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