

THB International Micro Cap Fund – Class W

Monthly Report – October 2020

Market commentary

The MSCI World ex USA Small Cap® Index (Index) returned -1.2% (AUD) in October.

Energy (-1.3%) was the best performing sector, followed by Materials (-1.7%), and Consumer Discretionary (-1.9%). Health Care (-5.6%) was the worst performing sector, followed by Consumer Staples (-5.5%), and Industrials (-3.4%).

Israel (+4.3%) was the best performing country, followed by Hong Kong (+0.6%) and Canada (-0.4%). France (-10.5%), Belgium (-10.1%), and Germany (-8.9%) were the worst performing countries in the Index.

International developed equities moved broadly lower this month. News regarding second wave virus fears and country specific, selective mitigation (lockdowns) efforts weighed on the markets. Economic data continues to point to a V shaped share rebound. Upside surprises to economic data estimates across the developed markets have been widespread. Governments continue to pledge policy support to combat any COVID-19 related economic weakness.

Portfolio commentary

The THB International (ex-USA) Micro Cap Fund - Class W returned -2.3% (net of fees) in October, underperforming the Index by 1.0%.

Contributors to the portfolio's performance were positive stock selection in the United Kingdom, France, and Canada. Detractors from performance included stock selection in Japan, Australia, and Sweden.

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

THB's top five performing stocks (from a contribution standpoint) were Softcreate Holdings Corp. (Japan, Information Technology, +0.3%), Kainos Group PLC (United Kingdom, Information Technology, +0.2%), GB Group PLC (United Kingdom, Information Technology, +0.2%), Quarterhill Inc. (Canada, Information Technology, +0.1%) and Focusrite PLC. (United Kingdom, Consumer Discretionary, +0.1%).

The bottom five performing stocks (from a contribution standpoint) were secunet Security Networks AG (Germany, Information Technology, -0.2%), Eolus Vind AB Class B (Sweden, Industrials, -0.2%), SHIFT, Inc. (Japan, Information Technology, -0.2%), BioGaia AB Class B (Sweden, Health Care, -0.1%) and Biotage AB (Sweden, Health Care, -0.2%).

Decarbonisation efforts by both corporations and investors is leading to increased frequency of transactions and new opportunities for companies focused on providing solutions for lowering carbon emissions. During the month, Eolus Vind (designs, builds, and operates wind farms) sold their interest in Wind Wall 1 (46 MW California wind farm with 15-year power purchase agreement with Amazon) to Cubico Sustainable Investments. The deal allows Eolus to redeploy capital to new projects.

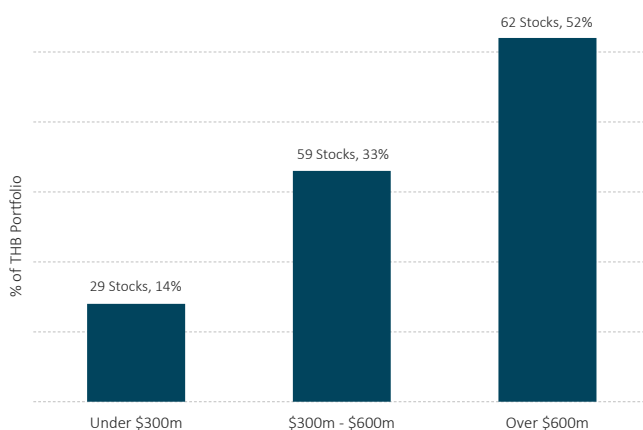
During the month, THB's portfolio companies announced three new share repurchase authorisations and nine new acquisitions.

| Fund details | |
|----------------|---|
| Benchmark | MSCI World ex USA Small Cap Total Return Index (AUD) ² |
| Inception date | 23 August 2018 |
| Fund size | \$79.2 million |

| Net performance – 31 October 2020 | | | |
|-----------------------------------|-------------------|--|--|
| | Fund ¹ | MSCI World ex USA Small Cap ² | MSCI World ex USA Micro Cap ³ |
| 1 month | (2.3%) | (1.2%) | (0.5%) |
| 3 months | 7.1% | 4.8% | 8.3% |
| CYTD | 1.3% | (7.1%) | (1.1%) |
| 1 year | 8.0% | (2.5%) | 3.7% |
| Since inception | 3.5% | 0.8% | 1.6% |

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 2,496 constituents, the Index covers approximately 14% of the free float-adjusted market capitalisation in each country. Source: MSCI

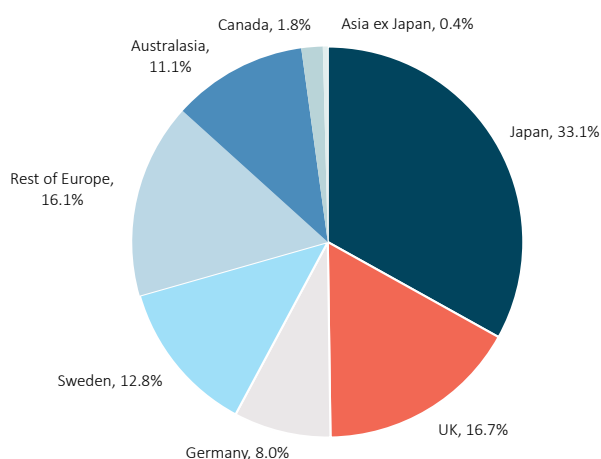
3. The MSCI World ex USA Micro Cap Index captures micro cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 4,735 constituents, the index covers approximately 1% of the free float-adjusted market capitalisation in each country.

Portfolio statistics⁴

| As at 31 October 2020 | | |
|-------------------------|----------|------------|
| | Fund | Benchmark |
| Weighted avg market cap | US\$757m | US\$2,459m |
| Price/sales | 1.8x | 0.8x |
| Price/Book | 3.2x | 1.3x |
| Dividend yield | 1.4% | 2.6% |
| Number of securities | 150 | 2,496 |
| Standard deviation | 18.4% | 16.1% |
| Sharpe ratio | 0.8 | 0.3 |
| Beta | 1.1 | |
| Tracking error | 5.5 | |
| Information ratio | 1.6 | |

Source: THB Asset Management

Country allocation⁵



Source: THB Asset Management

4. Portfolio statistics are reported in USD.

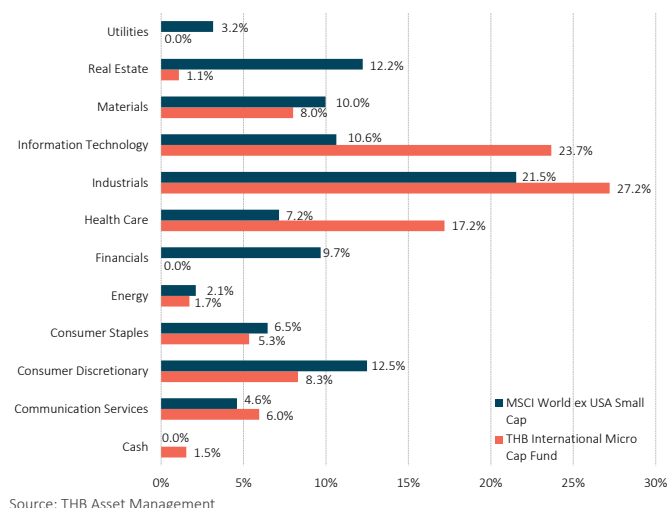
5. Portfolio holdings and allocations are subject to change and should not be considered as investment recommendations to trade individual securities. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not 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.

Top 10 holdings⁵

| Stock | Sector/Country | Portfolio weight |
|------------------------------|-----------------------|------------------|
| SeSa S.p.A. | Technology/Italy | 1.8% |
| VERBIO Vereinigte BioEnergie | Energy/Germany | 1.7% |
| Gurit Holding AG | Materials/Switzerland | 1.6% |
| Soiken Holdings | Staples/Japan | 1.5% |
| Swedencare AB | Health Care/Sweden | 1.4% |
| Focusrite PLC | Consumer Disc./UK | 1.4% |
| secunet Security Networks | Technology/Germany | 1.4% |
| Avon Rubber | Industrials/UK | 1.4% |
| Ramelius Resources | Materials/Australia | 1.3% |
| NEXUS AG | Health Care/Germany | 1.3% |

Source: THB Asset Management

Sector allocation⁵



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

For more information contact:
Natalie Hall on +61 2 9328 6445 or
nataliehall@brookvine.com.au

This document has been prepared and issued by Thomson Horstmann & Bryant, Inc. (THB) and is intended for the general information of 'wholesale clients' (as defined in the Corporations Act 2001) only. THB is exempt from holding an Australian Financial Services Licence pursuant to ASIC Class Order 03/1100 'Relief for US SEC regulated financial service providers' in respect of the financial services it provides to Wholesale Clients, and is not licensed to provide financial services to retail clients, in Australia. THB is regulated by the Securities and Exchange Commission of the United States of America under US laws, which differ from Australian laws. Equity Trustees Limited (Equity Trustees) (ABN 46 004 031 298, AFSL 240975) is a subsidiary of EQT Holdings Limited (ABN 22607 797 615), a publicly listed company on the Australian Securities Exchange (ASX:EQT). Equity Trustees is the Responsible Entity of the THB International (ex-USA) Micro Cap Fund (ARSN 623 620 744). This document is neither an offer to sell or a solicitation of any offer to acquire interests in any investment. The information contained in this document is of a general nature only. Accordingly, reliance should not be placed on this information as the basis for making an investment, financial or other decision. In preparing this document, THB has not taken into account the investment objectives, financial situation and needs of any particular person. Before making any investment decision, you should consider whether the investment is appropriate in light of those matters. Whilst every effort is taken to ensure the information in this document is accurate, THB and Equity Trustees provides no warranty as to the accuracy, reliability and completeness of the information in this document and you rely on this information at your own risk. To the extent permitted by law, THB and Equity Trustees disclaims all liability to any person relying on the information contained in this document in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information. Past performance is not a reliable indicator of future performance. The return of capital or any particular rate of return from the Fund is not guaranteed. You should obtain and consider the Fund's Product Disclosure Statement (PDS) before deciding whether to acquire, or continue to hold, an interest in the Fund. Applications can only be accepted on an application form attached to a current Product Disclosure Statement. Neither THB, Equity Trustees nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it.