

# THB International Micro Cap Fund – Class W

## Monthly Report – November 2020

### Market commentary

The MSCI World ex USA Small Cap® Index (Index) returned 8.4% (AUD) in November.

Energy (+27.0%) was the best performing sector, followed by Financials (+17.7%), and Industrials (+16.7%). Consumer Staples (+7.5%) was the worst performing sector, followed by Health Care (+9.7%) and Materials (+11.2%).

Norway (+27.8%) was the best performing country, followed by France (+25.8%) and Spain (+24.1%). Japan (+6.3%), Finland (+11.6%), and Singapore (+11.9%) were the worst performing countries in the Index.

Developed market equities moved broadly higher this month as positive news regarding COVID-19 vaccines gave investors hope that restrictions and the dampening effect on economic output would soon be ending. Economic data continues to show solid improvement across the developed economies as consumers and businesses adapt to restrictions put in place due to localised virus flare ups. In Europe, retail sales improved, but German Ifo surveys and PMIs contracted slightly due to recent restrictions. Japan's GDP surprised to the upside (led by consumption and exports) and surged to a 21.4% annualised pace which is the highest level since 1968. G7 nations remain firmly committed to their accommodative policy stances adopted earlier this year. The synchronised efforts by these nations should be supportive for global economic growth as we head into 2021.

### Portfolio commentary

The THB International (ex-USA) Micro Cap Fund - Class W returned 6.5% (net of fees) in November, underperforming the Index by 1.9%.

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

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

THB's top five performing stocks (from a contribution standpoint) were Verbio Vereinigte BioEnergie AG (Germany, Energy, +0.8%), Eolus Vind AB (Sweden, Industrials, +0.7%), Xvivo Perfusion AB (Sweden, Health Care, +0.4%), Sectra AB (Sweden, Health Care, +0.3%), and Revenio Group Oyj. (Finland, Health Care, +0.3%).

The bottom five performing stocks (from a contribution standpoint) were Softcreate Holdings Corp (Japan, Information Technology, -0.3%), Soiken Holdings, Inc. (Sweden, Consumer Staples, -0.3%), Pushpay Holdings Ltd. (New Zealand, Information Technology, -0.2%), AB Dynamics plc (United Kingdom, Consumer Discretionary, -0.1%), and Ramelius Resources Limited (Australia, Materials, -0.1%).

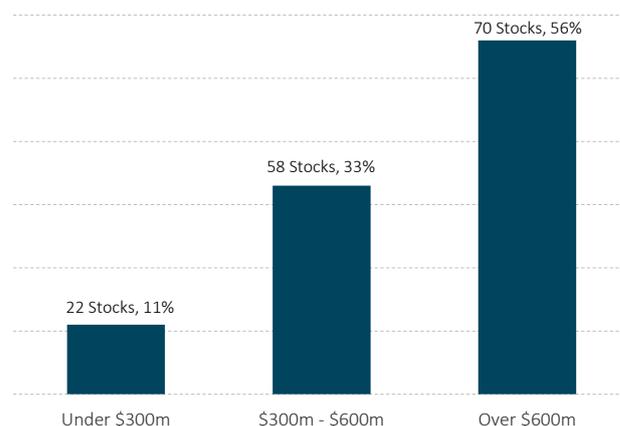
Two of THB's top performing holdings this month provide exposure to green energy production and technology. Electric vehicles garner a significant share of attention, but it is important to note that in order to reach regional carbon reduction targets, a host of technologies and

Fund details	
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) <sup>2</sup>
Inception date	23 August 2018
Fund size	\$84 million

Net performance – 30 November 2020			
	Fund <sup>1</sup>	MSCI World ex USA Small Cap <sup>2</sup>	MSCI World ex USA Micro Cap <sup>3</sup>
1 month	6.5%	8.4%	8.1%
3 months	8.9%	9.2%	11.3%
CYTD	7.9%	0.8%	6.8%
1 year	9.4%	1.4%	8.5%
Since inception	6.3%	4.5%	5.1%

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.

fuels will need to be utilised. Europe has an ambitious goal of cutting CO2 emissions 35-40% by 2030. To achieve these goals, fuels such as CNG, LNG, Biodiesel and RNG will be employed alongside electric vehicles.

During the month, THB's portfolio companies announced four new share-repurchase authorisations and 11 new acquisitions.

## Portfolio statistics<sup>4</sup>

As at 30 November 2020		
	Fund	Benchmark
Weighted avg market cap	US\$850m	US\$2,888m
Price/sales	1.9x	0.9x
Price/Book	3.4x	1.4x
Dividend yield	1.3%	2.3%
Number of securities	150	2,489
Standard deviation	18.8%	16.9%
Sharpe ratio	0.9	0.4
Beta	1.1	
Tracking error	5.6	
Information ratio	1.5	

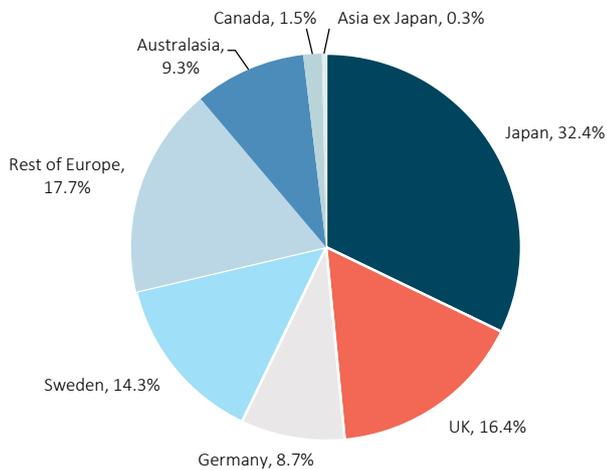
Source: THB Asset Management

## Top 10 holdings<sup>5</sup>

Stock	Sector/Country	Portfolio weight
VERBIO Vereinigte BioEnergie	Energy/Germany	1.8%
Eolus Vind AB	Industrials/Sweden	1.7%
Gurit Holding AG	Materials/Switzerland	1.7%
SeSa S.p.A.	Technology/Italy	1.7%
Swedencare AB	Health Care/Sweden	1.5%
Avon Rubber	Industrials/UK	1.4%
Revenio Group	Health Care/Finland	1.3%
SHIFT	Technology/Japan	1.3%
Sectra AB	Health Care/Sweden	1.3%
secunet Security Networks	Technology/Germany	1.3%

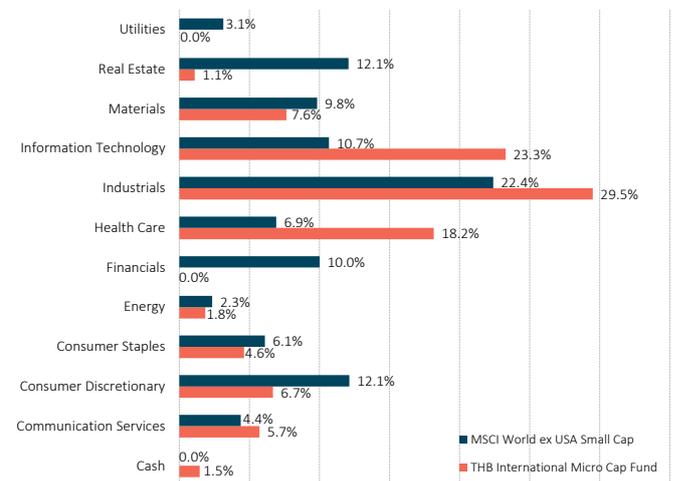
Source: THB Asset Management

## Country allocation<sup>5</sup>



Source: THB Asset Management

## Sector allocation<sup>5</sup>



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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