

# THB International Micro Cap Fund – Class W

## Monthly Report – April 2021

### Market commentary

The MSCI World ex USA Small Cap® Index (Index) returned +2.7% (AUD) in April.

Health Care (+6.1%) was the best performing sector, followed by Real Estate (+5.9%), and Materials (+4.9%). Consumer Staples (+0.1%) was the worst performing sector, followed by Communication Services (+1.0%) and Utilities (+1.6%).

Sweden (+10.6%) was the best performing country, followed by Finland (+9.0%) and Israel (+8.0%). Japan (-1.2%), Hong Kong (+2.4%), and Switzerland (+2.9%) were the worst performing countries in the Index.

International equities were modestly higher this month as recent gains consolidate and participants begin to analyse the post CV19 economic environment. Parts of the world are still struggling with the virus and continue to utilise lockdowns to lower the spread, but the overall economic trends remain positive. The ECB pledged continued economic support for the Eurozone by keeping rates at -.50% and continuation of their bond buying program. German consumer confidence exceeded estimates and is reflective of a slower but similar direction as US Consumers have experienced. As vaccination rates increase around the world, a synchronised global economic recovery should emerge.

### Portfolio commentary

The THB International (ex-USA) Micro Cap Fund returned +4.2% (net of fees) in April.

Contributors to the portfolio's performance were positive stock selection in Sweden, Germany, and overallocation to Sweden. Detractors from performance included overallocation to Japan, and stock selection in Japan and New Zealand.

From a sector perspective, primary contributors to performance mainly came from stock selection in Healthcare and Information Technology, and overallocation to Health Care. Underallocation to Real Estate and Financials, and stock selection in Real Estate were primary detractors of performance this month.

THB's top five performing stocks (from a contribution standpoint) were Secunet Security Networks AG (Germany, Information Technology, +0.43%), Hexatronic Group AB (Sweden, Industrials +0.43%), Revenio Group Oyj (Finland, Health Care, +0.29%), Xvivo Perfusion AB (Sweden, Health Care, +0.25%) and SHIFT, Inc. (Japan, Information Technology, +0.22%).

The bottom five performing stocks (from a contribution standpoint) were S-Pool, Inc. (Japan, Industrials, -0.14%), BeNext-Yumeshin Group Co. (Japan, Industrials, -0.12%), Judges Scientific plc (United Kingdom, Industrials, -0.10%), Pushpay Holdings Ltd. (New Zealand, Information Technology, -0.08%), and Shoei Co. Ltd. (Japan, Consumer Discretionary, -0.07%).

During the month, THB's portfolio companies announced eight acquisitions and one new share repurchase authorisation.

### Fund details

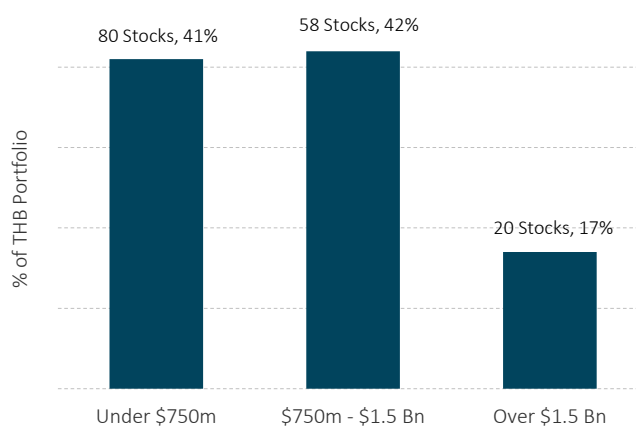
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) <sup>2</sup>
Inception date	23 August 2018
Fund size	A\$92.1 million

### Net performance – 30 April 2021

	Fund <sup>1</sup>	MSCI World ex USA Small Cap <sup>2</sup>	MSCI World ex USA Micro Cap <sup>3</sup>
1 month	4.2%	2.7%	2.9%
3 months	5.1%	8.8%	9.9%
1 year	33.7%	30.5%	43.1%
2 years p.a.	14.3%	11.1%	15.9%
Since inception	8.5%	8.0%	10.2%

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 statistics<sup>4</sup>

As at 30 April 2021		
	Fund	Benchmark
Weighted avg market cap	US\$1,024m	US\$3,214m
Price/sales	2.0x	1.3x
Price/Book	3.5x	1.7x
Dividend yield	1.2%	1.9%
Number of securities	158	2,522
Standard deviation	18.5%	16.7%
Sharpe ratio	1.0	0.5
Beta	1.1	
Tracking error	5.9	
Information ratio	1.4	

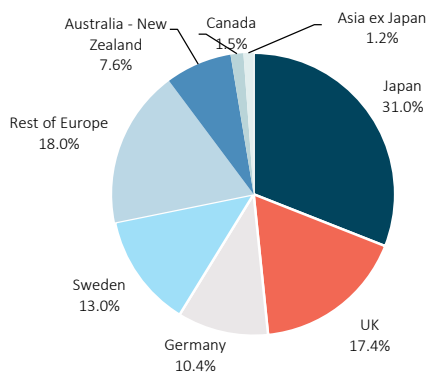
Source: THB Asset Management

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

Stock	Sector/Country	Portfolio weight
secunet Security Networks	Technology/Germany	1.7%
Revenio Group	Healthcare/Finland	1.6%
Focusrite	Consumer Disc/UK	1.5%
SeSa S.p.A.	Technology/Italy	1.5%
Hexatronic Group	Industrials/Sweden	1.3%
Gurit Holding	Materials/Switzerland	1.3%
NEXUS	Healthcare/Germany	1.3%
Basler	Technology/Germany	1.2%
Kainos Group	Technology/UK	1.2%
Treatt	Materials/UK	1.2%

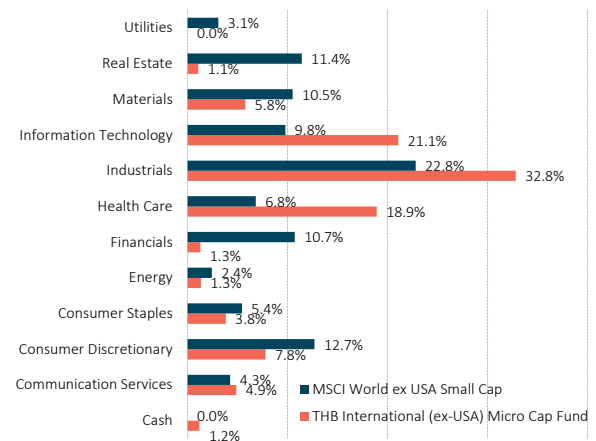
Source: THB Asset Management

## 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), an investment franchise of Victory Capital Management Inc., is a dedicated micro and small cap specialist investment franchise based in Connecticut, USA. Founded in 1982, THB Asset Management has 37 years' experience investing in micro and small cap companies. THB's International Opportunities 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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