

THB International (ex-USA) Micro Cap Fund – Class W

Monthly Report – July 2022

Market commentary

The MSCI World ex USA Small Cap[®] Index returned +5.3% in July 2022.

Energy (+10.0%) was the best performing sector, followed by Information Technology (+9.1%) and Industrials (+8.7%). Consumer Staples (+2.5%) was the worst performing sector, followed by Financials (+3.6%) and Communication Services (+5.3%).

Sweden (+14.8%) was the best performing country, followed by Norway (+14.8%) and Australia (+11.3%). Hong Kong (-4.4%), Spain (-4.3%), and Ireland (-1.9%) were the worst performing countries in the Index.

International equities were broadly higher in July. Inflation, the European energy crisis and new political turmoil in UK followed by Italy dominated the headlines.

Markets took encouragement from some positive surprises in Eurozone Q2 preliminary GDP readings. A surge in tourism as countries relaxed coronavirus restrictions boosted Eurozone growth and softened the impact of record-high inflation in Q2. European Central Bank also surprised the markets with a 50-bps rate increase, higher than the 25 bps expectations and the first in 11 years.

Japan maintained its easing policy lagging the rest of the developed markets. BOJ kept short- and long-term target rates unchanged and reaffirmed its intention to conduct fixed-rate JGB purchase operations at 0.25% every business day. Japan also reported the number of foreign visitors of 120,400 were more than ten times those of June 2021, but still down 96% from the same month in the pre-pandemic year of 2019.

Portfolio commentary (continued)

The THB International (ex-USA) Micro Cap Fund returned 8.6% (net of fees) in July 2022.

Contributors to the portfolio's performance were stock selection in Australia and United Kingdom as well as overallocation to Sweden. Detractors from performance included stock selection in Canada and Israel as well as overallocation to Germany.

From a sector perspective, primary contributors to performance mainly came from underallocation to Real Estate, stock selection in Consumer Discretionary, and underallocation to Financials. Stock selection in Real Estate and Financials as well as underallocation to Consumer Discretionary were primary detractors to performance this quarter.

THB's top five performing stocks (from a contribution standpoint) were Hexatronic Group AB (Sweden, Industrials, +0.52%); Johns Lyng Group Ltd (Australia, Industrials, +0.45%); Basler AG (Germany, Information Technology, +0.40%); Garo AB (Sweden, Industrials, +0.39%), and PWR Holdings Ltd. (Australia, Consumer Discretionary, +0.36%).

The bottom five performing stocks (from a contribution standpoint) were Swedencare AB (Sweden, Health Care, -0.15%), ValueCommerce Co., Ltd. (Japan, Communication Services, -0.09%), Amadeus Fire AG (Germany, Industrials, -0.09%), Wesdome Gold Mines Ltd. (Canada, Materials, -0.09%), and SFC Energy AG (Germany, Industrials, -0.08%).

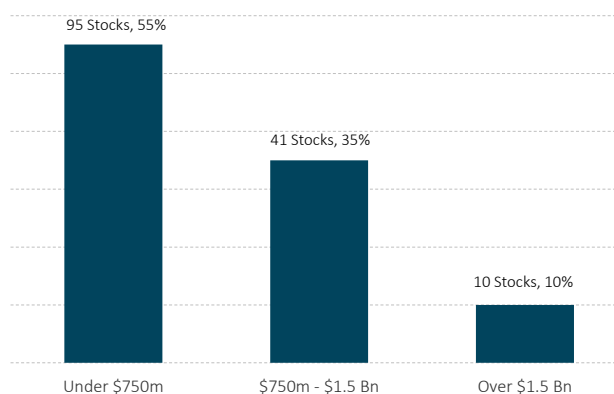
THB's companies continue to deploy capital with the goal of increasing shareholder value. They announced six share repurchase authorisations and ten acquisitions in July.

Fund details	
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) ²
Inception date	23 August 2018
Fund size	A\$88.6 million

Net performance – 31 July 2022			
	Fund ¹	MSCI World ex USA Small Cap ^{®2}	MSCI World ex USA Micro Cap ^{®3}
1 month	8.6%	5.3%	3.0%
3 months	(2.1%)	(4.1%)	(5.1%)
1 year	(19.0%)	(14.7%)	(14.8%)
2 years p.a.	5.0%	7.6%	10.6%
3 years p.a.	4.8%	4.0%	6.1%
Since inception	2.6%	3.0%	4.0%

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

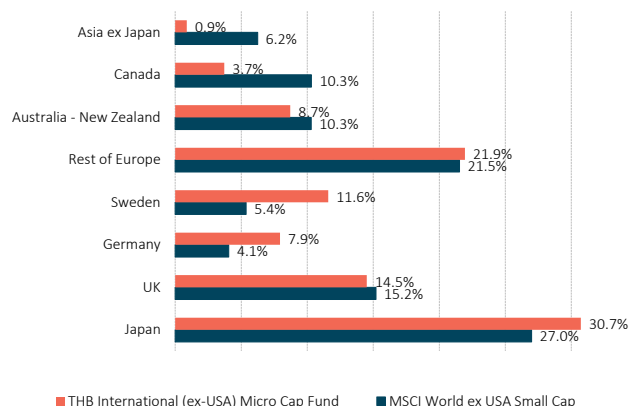
3. The MSCI World ex USA Micro Cap Index captures micro cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With ~4,735 constituents, the index covers approximately 1% of the free float-adjusted market capitalisation in each country.

Portfolio statistics⁴

As at 31 July 2022		
	Fund	Benchmark
Weighted avg market cap	US\$853m	US\$2,532m
Price/sales	1.6x	1.1x
Price/Book	2.7x	1.4x
Dividend yield	1.7%	3.0%
Number of securities	146	2,576
Standard deviation	19.3%	16.7%
Sharpe ratio	0.6	
Beta	1.1	
Tracking error	6.5	
Information ratio	1.0	

Source: THB Asset Management

Country allocation⁵



Source: THB Asset Management

4. Portfolio statistics are reported in USD.

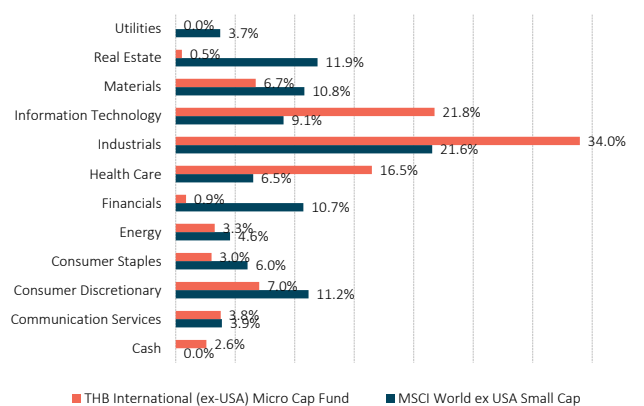
5. Portfolio holdings and allocations are subject to change and should not be considered as investment recommendations to trade individual securities. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not 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	Weight
Judges Scientific plc	Industrials/UK	1.8%
u-blox Holding AG	Technology/Switzerland	1.7%
Johns Lyng Group Ltd	Industrials/Australia	1.5%
El.En. S.p.A.	Health Care/Italy	1.5%
Kainos Group PLC	Technology/UK	1.4%
Shoei Co Ltd	Consumer Disc/Japan	1.3%
GARO AB	Industrials/Sweden	1.3%
PWR Holdings Ltd	Consumer Disc/Australia	1.3%
Kardex Holding AG	Industrials/Switzerland	1.2%
Hexatronic Group AB	Industrials/Sweden	1.2%

Source: THB Asset Management

Sector allocation⁵



Source: THB Asset Management

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 39 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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Asset Management
A VICTORY CAPITAL INVESTMENT FRANCHISE

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