

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

Monthly Report – October 2022

Market commentary

The MSCI World ex USA Small Cap® Index (Index) returned +5.1% (AUD) in October 2022.

Energy (+13.4%) was the best performing sector, followed by Financials (+6.7%) and Industrials (+5.7%). Consumer Staples (+0.6%) was the worst performing sector, followed by Real Estate (+1.2%) and Utilities (+1.5%).

Italy (+11.6%) was the best performing country, followed by Ireland (+10.6%) and Norway (+10.6%). Hong Kong (-12.5%) was the worst performing country in the Index, followed by Singapore (-3.1%), and Japan (-0.07%).

International equities were broadly higher in October reversing two prior consecutive months of declines. October was also the start of Q3 earnings which one can argue the relatively low expectations helped the markets higher.

Investors seemed to take a relief from the idea that the major central banks could soon slow down the pace of monetary tightening. ECB raised rates by 75bps, as expected, though tone seen as less hawkish. UK went through a political and market turmoil with Prime Minister Truss announcing resignation and the Bank of England facing a huge amount of scrutiny following its emergency bond purchase program. Bank of Japan left rates unchanged and reiterated its commitment to QQE and YCC aiming to achieve 2% inflation target.

Portfolio commentary

The THB International (ex-USA) Micro Cap Fund returned +5.2% (net of fees) in October 2022.

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

From a sector perspective, primary contributors to performance mainly came from underallocation to Real Estate and Financials as well as overallocation to Health Care. Stock selection in Real Estate and Financials as well as overallocation to Information Technology were primary detractors to performance this month.

THB's top five performing stocks (from a contribution standpoint) were Hexatronic Group AB (Sweden, Industrials, +0.48%); Organo Corp. (Japan, Industrials, +0.23%); CropEnergies AG (Germany, Energy, +0.22%); PWR Holdings Ltd. (Australia, Consumer Discretionary, +0.21%), and Cybozu, Inc. (Japan, Information Technology, +0.19%).

The bottom five performing stocks (from a contribution standpoint) were u-blox Holding AG (Switzerland, Information Technology, -0.20%), GB Group PLC (United Kingdom, Information Technology, -0.19%), Watkin Jones PLC (United Kingdom, Real Estate, -0.17%), Creek & River Co., Ltd (Japan, Industrials, -0.16%), and AEM Holdings Ltd. (Singapore, Information Technology, -0.13%).

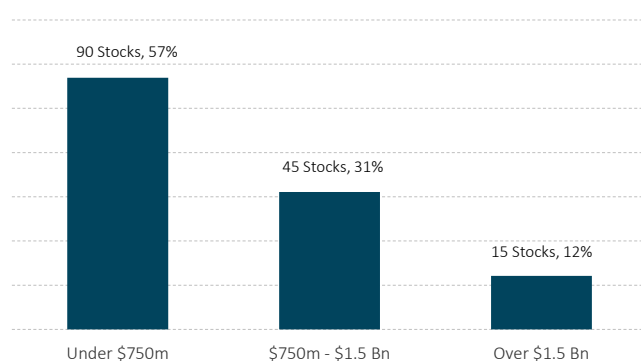
THB's companies continue to deploy capital with the goal of increasing shareholder value. They announced fifteen share repurchase authorisations and six acquisitions in October.

Fund details	
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) ²
Inception date	23 August 2018
Fund size	A\$86 million

Net performance – 31 October 2022			
	Fund ¹	MSCI World ex USA Small Cap ²	MSCI World ex USA Micro Cap ³
1 month	5.2%	5.1%	2.7%
3 months	(6.9%)	(3.4%)	(3.8%)
1 year	(27.4%)	(16.8%)	(18.2%)
2 years p.a.	(2.1%)	3.3%	4.2%
3 years p.a.	1.2%	1.3%	4.0%
Since inception	0.7%	2.0%	2.8%

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

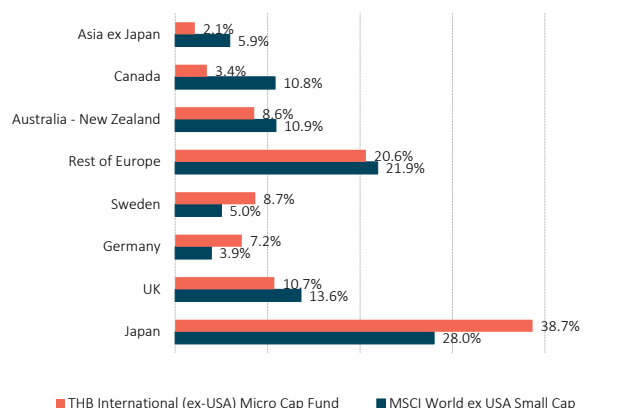
3. The MSCI World ex USA Micro Cap Index captures micro cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With ~4,735 constituents, the index covers approximately 1% of the free float-adjusted market capitalisation in each country.

Portfolio statistics⁴

As at 31 October 2022		
	Fund	Benchmark
Weighted avg market cap	US\$809m	US\$2,283m
Price/sales	1.5x	1.0x
Price/Book	2.7x	1.3x
Dividend yield	1.8%	3.0%
Number of securities	150	2,563
Standard deviation	19.9%	17.2%
Sharpe ratio	0.4	
Beta	1.1	
Tracking error	6.5	
Information ratio	0.9	

Source: THB Asset Management

Country allocation⁵



Source: THB Asset Management

4. Portfolio statistics are reported in USD.

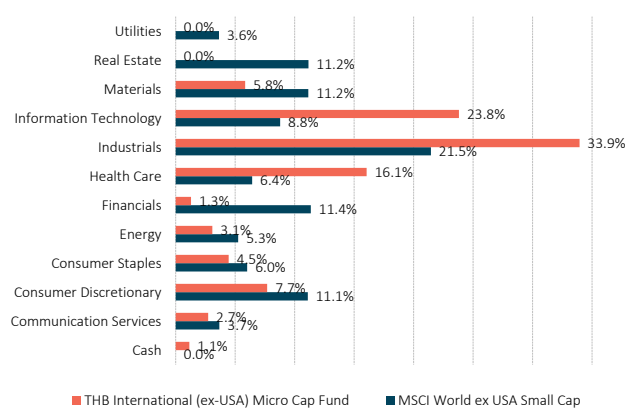
5. Portfolio holdings and allocations are subject to change and should not be considered as investment recommendations to trade individual securities. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not 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
Hexatronic Group AB	Industrials/Sweden	1.4%
Johns Lyng Group Ltd	Industrials/Australia	1.3%
NEXUS AG	Health Care/Germany	1.3%
PWR Holdings Ltd	Consumer Disc/Australia	1.3%
Shoei Co Ltd	Consumer Disc/Japan	1.2%
Judges Scientific plc	Industrials/UK	1.2%
Organo Corp	Industrials/Japan	1.2%
Lovisa Holdings Ltd	Consumer Disc/Australia	1.1%
El.En. S.p.A.	Health Care/Italy	1.1%
SeSa S.p.A.	Technology/Italy	1.0%

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 40 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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THB
Asset Management
A VICTORY CAPITAL INVESTMENT FRANCHISE

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