

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

Monthly Report – November 2023

Market commentary

The MSCI World ex USA Small Cap® Index returned 4.7% in November 2023. Information Technology (+16.09%) was the best performing sector, followed by Real Estate (+12.00%) and Health Care (+10.77%). Energy (-0.85%) was the worst performing sector, followed by Consumer Staples (+5.15%) and Financials (+8.92%).

Sweden (+20.09%) was the best performing country, followed by Israel (+18.24%) and Netherlands (+14.87%). Hong Kong (-0.11%) was the worst performing country in the Index, followed by Canada (+6.30%), and Japan (+6.50%).

International equities were sharply higher in November ending three consecutive months of declines.

Eurozone inflation hit its lowest reading since August 2021 at 2.4%. This was the eighth consecutive deceleration. Travel demand remained strong in Europe. According to a survey of over 3,050 British and European holidaymakers, 46% of people have increased their travel budgets compared to pre-pandemic levels, with the figure slightly higher in the UK at 48%. This increase is partly attributed to a higher prioritisation of holidays in spending decisions. In Japan, visitor numbers have also surpassed pre-pandemic levels, and domestic travel spending is expected to reach new highs.

The U.K consumer is also showing resilience. Bank of England mortgage approval data suggests underlying strength in housing market despite rising interest rates. Household deposits at banks and building societies also reached its highest since November 2022 to £4.6B due to net-inflows into interest-bearing time deposits due to better returns for savers.

Portfolio commentary

The THB International (ex-USA) Micro Cap Fund returned 6.6% (net of fees) in November 2023. Contributors to the portfolio's performance were stock selection in Japan, over allocation to Switzerland, and stock selection in Canada. Detractors from performance included stock selection in Austria and Norway as well as under allocation to Israel.

From a sector perspective, primary contributors to performance mainly came from over allocation to Information Technology as well as stock selection in Financials and Industrials. Under allocation to Financials, stock selection in Consumer Staples, and under allocation to Real Estate were the primary detractors to performance this month.

THB's top five performing stocks (from a contribution standpoint) were Micronics Japan Co., Ltd. (Japan, Information Technology, +0.57%); COMET Holding AG (Switzerland, Information Technology, +0.42%); Horiba, Ltd. (Japan, Information Technology, +0.35%); iFast Corporation, Ltd. (Singapore, Financials, +0.32%), and MMA Offshore Limited (Australia, Energy, +0.27%).

The bottom five performing stocks (from a contribution standpoint) were Nakanishi, Inc. (Japan, Health Care, -0.26%), AZ-COM Maruwa Holdings, Inc. (Japan, Industrials, -0.18%), Trican Well Service, Ltd. (Canada, Energy, -0.14%), Kainos Group PLC (United Kingdom, Information Technology, -0.11%), and 4imprint Group plc. (United Kingdom, Communication Services, -0.07%).

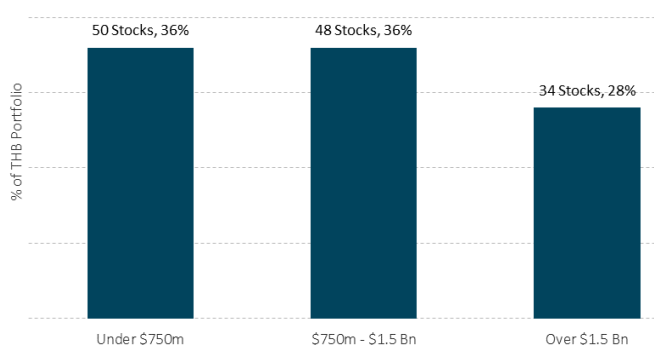
The Strategy's companies continue to deploy capital with the goal of increasing shareholder value. THB announced 27 share repurchase authorisations and 15 acquisitions in November.

Fund details	
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) ²
Inception date	23 August 2018
Fund size	A\$18 million

Net performance – 30 November 2023			
	Fund ¹	MSCI World ex USA Small Cap ²	MSCI World ex USA Micro Cap ³
1 month	6.6%	4.7%	3.2%
3 months	1.3%	(3.7%)	(4.1%)
1 year	2.1%	6.8%	1.8%
2 years p.a.	(11.4%)	(3.5%)	(7.5%)
3 years p.a.	(1.0%)	3.3%	1.7%
Since inception	2.1%	3.8%	3.1%

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 November 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

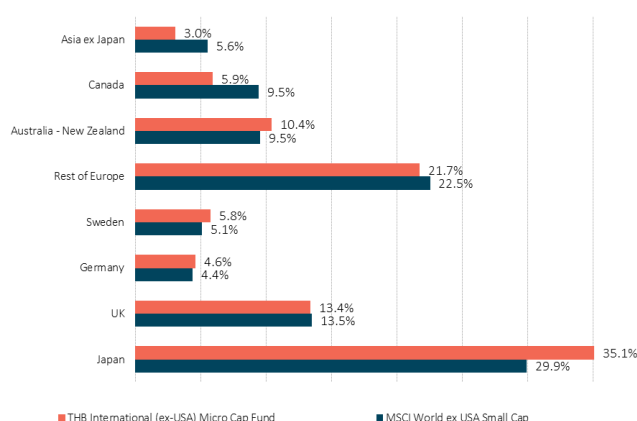
3. The MSCI World ex USA Micro Cap Index captures micro cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With ~4,735 constituents, the index covers approximately 1% of the free float-adjusted market capitalisation in each country.

Portfolio statistics⁴

As at 30 November 2023		
	Fund	Benchmark
Weighted avg market cap	US\$1,174m	US\$2,643m
Price/sales	1.30x	0.92x
Price/Book	2.34x	1.29x
Dividend yield	2.2%	3.0%
Number of securities	132	2423
Standard deviation	19.8%	17.3%
Sharpe ratio	0.42	
Beta	1.08	
Tracking error	6.51	
Information ratio	0.57	

Source: THB Asset Management

Country allocation⁵



Source: THB Asset Management

4. Portfolio statistics are reported in USD.

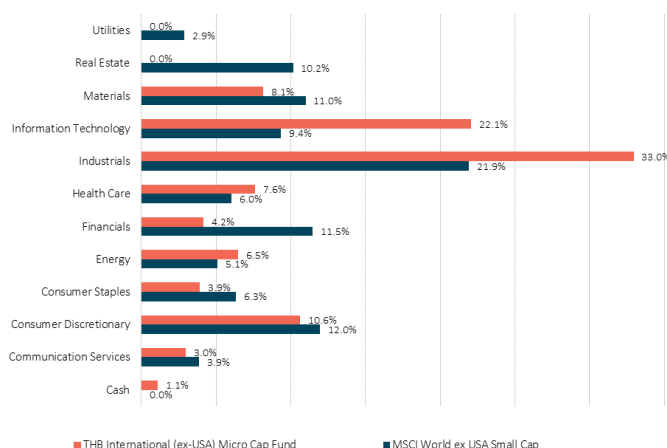
5. Portfolio holdings and allocations are subject to change and should not be considered as investment recommendations to trade individual securities. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not 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
COMET Holding AG	Technology/Switzerland	1.4%
Horiba , Ltd.	Technology/Japan	1.3%
Micronics Japan Co., Ltd.	Technology/Japan	1.3%
Renew Holdings plc	Industrials/UK	1.3%
iFAST Corporation Ltd	Financials/Singapore	1.2%
Trican Well Service Ltd.	Energy/Canada	1.2%
Pason Systems Inc.	Energy/Canada	1.2%
SThree plc	Industrials/UK	1.2%
Kardex Holding AG	Industrials/Switzerland	1.1%
MMA Offshore Limited	Energy/Australia	1.1%

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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For more information, contact Brookvine Client Service on clientservice@brookvine.com.au

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