

THB US Micro Cap Fund

Monthly Report - November 2024



Market Commentary

The Russell Microcap® Index returned 11.6% (USD) in November 2024. In USD, Information Technology (+25.40%) was the best performing sector followed by Industrials (+17.10%) and Consumer Staples (+15.77%). Health Care (+3.50%) performed the worst, followed by Real Estate (+4.06%) and Materials (+4.30%).

U.S. equities rallied in November driven by the election outcome that opened the door for corporate tax cuts and deregulation. Smaller market capitalisations outperformed larger ones, with the Russell 2000® posting its biggest monthly gain this year of 10.97% outperforming the S&P 500® by a large margin.

Standouts were the Information Technology sector and Financials. Regional banks saw outsized gains benefitting from expectations of deregulation by the new Administration. The Information Technology sector was driven by the strong rally of Bitcoin related companies and continued AI secular growth theme. Bitcoin surged to a record high of \$99,420. Industrials saw fairly broad-based strength on the back of the cyclical rotation.

The Conference Board's Consumer Confidence Index increased during the month to 111.7, its highest level since July 2023 and up from 109.6 in October. Economic data releases during the month suggested that spending remained robust, with GDP growing in Q3 at 2.8%, helped by consumer spending and business investment.

Portfolio Commentary

The THB US Micro Cap Fund returned 12.6% in AUD (net of fees) in November 2024. The portfolio saw positive contribution from stock selection in Health Care (+0.89%) and Materials (+0.67%) as well as underallocation to Health Care (+0.59%). Negative contribution came mainly from stock selection in Information Technology (-1.47%), Consumer Discretionary (-0.30%), and Financials (-0.29%).

THB's top five performing stocks (from a contribution standpoint) were Interface, Inc. (Industrials, +0.73%); Climb Global Solutions, Inc. (Information Technology, +0.68%); Hawkins, Inc. (Materials, +0.53%); United States Lime & Materials, Inc. (Materials, +0.47%); and Northwest Pipe Company (Industrials, +0.45%).

The bottom five performing stocks (from a contribution standpoint) were Astrana Health, Inc. (Health Care, -0.24%); ePlus, Inc. (Information Technology, -0.17%); Amphastar Pharmaceuticals, Inc. (Health Care, -0.11%); Dorian LPG, Ltd. (Energy, -0.09%); and Ocular Therapeutix, Inc. (Health Care, -0.08%).

During the month, THB's portfolio companies announced nine acquisitions and five repurchase authorisations.

Fund Details	
Benchmark	Russell Microcap® Index ⁴
Inception date	5 September 2014
Fund size	A\$96 million

Fund Performance (AUD) ¹			
	Fund ²	Russell Microcap®	Difference
1 month	12.6%	12.2%	0.4%
3 months	10.3%	16.5%	(6.3%)
1 year	31.3%	40.4%	(9.1%)
2 years p.a.	14.2%	14.0%	0.2%
3 years p.a.	5.5%	4.1%	1.5%
5 years p.a.	10.7%	10.3%	0.4%
Inception p.a. ²	11.5%	11.6%	(0.1%)

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. Figures in the table may not sum correctly due to rounding. 2. Fund inception date was 5 September 2014 however inception performance is calculated from 1 October 2014. Returns greater than 1 year are annualised.

Composite Performance (USD) ³			
	Composite (Net)	Russell Microcap ⁴	S&P500
1 month	12.0%	11.6%	5.9%
3 months	6.0%	11.9%	7.2%
1 year	30.3%	37.9%	33.9%
3 years p.a.	3.2%	1.2%	11.4%
5 years p.a.	11.0%	9.5%	15.8%
10 years p.a.	8.9%	7.9%	13.3%
Inception p.a.	11.9%	6.9%	8.6%

3. Returns in USD; the THB Micro Cap Composite contains fully discretionary micro cap equity accounts. THB claims compliance with the Global Investment Performance Standards (GIPS). The minimum account size for this composite is US\$1 million. Performance is shown net of 1.25% p.a. management fees and assumes the reinvestment of income. 4. Since inception return is the Russell 2000 Index from June 1998 to December 2006, and Russell Microcap Index thereafter. The Russell Microcap Index is a capitalisation weighted index of 2,000 stocks that captures the smallest 1,000 companies in the Russell 2000 and 1,000 smaller US based listed stocks. Returns greater than 1 year are annualised. Past performance is no indication of future performance.

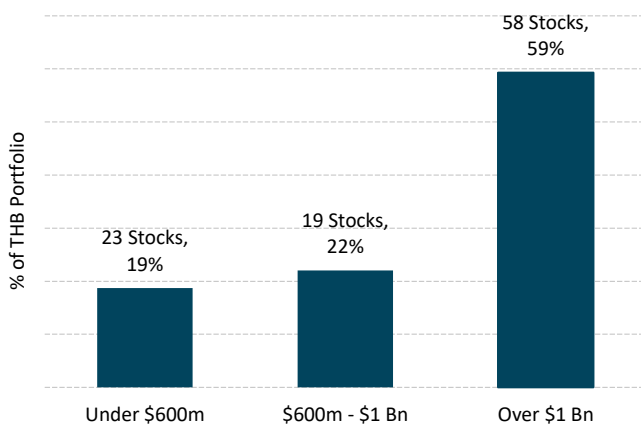
Portfolio Statistics^{5,6}

	Fund	Russell Microcap [®]
Weighted avg market cap	US\$1,448m	US\$872m
Price/sales	1.1x	1.4x
Price/book	2.0x	1.8x
Dividend yield	0.8%	1.2%
Number of securities	100	1,431
Standard deviation	22.0%	22.0%
Sharpe ratio	0.4	0.4
Beta	1.0	
Tracking error	6.6	
Information ratio	0.2	

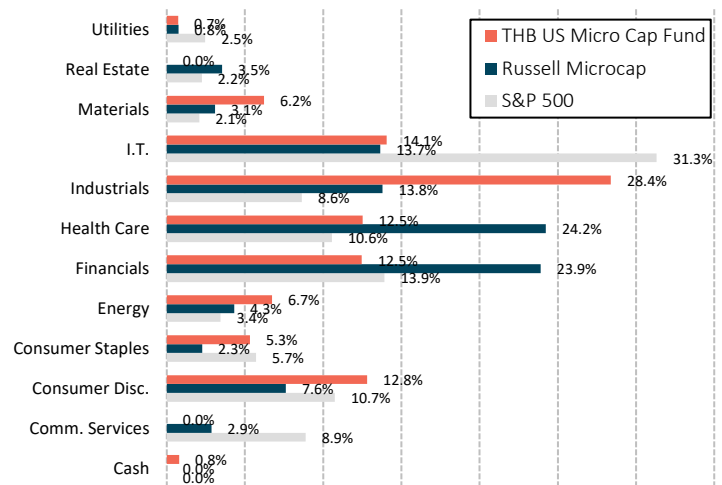
Top 10 Holdings⁵

Stock	Sector	Portfolio weight
Climb Global Solutions, Inc.	Technology	2.5%
BrightSphere Investment	Financials	2.4%
Hawkins, Inc.	Materials	2.4%
Latham Group Inc	Consumer Disc	2.1%
Northwest Pipe Company	Industrials	2.0%
UFP Technologies, Inc.	Health Care	1.9%
Transcat, Inc.	Industrials	1.9%
MarineMax, Inc.	Consumer Disc	1.9%
Interface, Inc.	Industrials	1.8%
Immersion Corporation	Technology	1.8%

Companies by Market Capitalisation⁵



Sector Allocation^{5,7}



5. Source: THB Asset Management. 6. Portfolio statistics are reported in USD. 7. The Russell Microcap Index is a capitalisation weighted index of 2,000 stocks that captures the smallest 1,000 companies in the Russell 2000 and 1,000 smaller US based listed stocks. 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 40 years' experience investing in micro and small cap companies. THB's US 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, difficulty in identifying value and the impact that management skill has on the direction of smaller companies. THB utilises a disciplined, fundamental bottom-up approach that blends both qualitative and quantitative methods to construct a well-diversified portfolio of companies that possess attractive operating metrics, yet with comparable valuation to the Russell Microcap[®] Index.

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