

THB International Micro Cap Fund – Class W

Monthly Report – January 2019

Market Commentary

The MSCI World ex USA Smallcap[®] Index (Index) returned +4.7% in AUD in January, with all sectors generating positive returns.

Energy (+13.0%) was the best performing sector, followed by Information Technology (+11.3%) and Materials (+9.8%). Consumer Staples (+4.0%) was the worst performing sector, followed by Financials (+5.5%) and Communication Services (+7.5%).

Canada (+13.2%) was the best performing country, followed by United Kingdom (+11.2%), Germany (+11.1%), and Portugal (+10.2%). New Zealand (+5.0%), Japan (+5.5%), and Hong Kong (+6.0%) were the worst performing countries in the Index.

International markets have had a strong start to the year as fears of a global recession subside and stocks recovered from the December drawdown. The global economic backdrop remains mixed while US conditions continue to be favourable. The US Federal Reserve struck a more dovish tone which helped risk assets around the world.

Portfolio Commentary

The THB International Micro Cap Fund- Class W returned +5.7% (net of fees) in January, outperforming the Index by +1.0%.

Contributors to the portfolio's performance were positive stock selection in Germany, Australia, France, Canada and Italy. Detractors from performance included stock selection in United Kingdom, Sweden and an overallocation to Japan.

From a sector perspective, positive contribution came mainly from stock selection in Health Care, Information Technology and Communication Services as well as overallocation to Information Technology. Stock selection in Consumer Discretionary and Materials were the primary detractors to performance.

THB's top five performing stocks (from a contribution standpoint) were Eckert & Ziegler Strahlen (Germany, Health Care, +0.8%), Value Commerce Co., Ltd. (Japan, Communications Services, +0.4%), Solutions 30 SE (France, Information Technology, +0.4%), ZCL Composites Inc., (Canada, Energy, +0.4%), and Appen Ltd. (Australia Information Technology, +0.3%).

The bottom five performing stocks (from a contribution standpoint) were Quixant Plc. (United Kingdom, Consumer Discretionary, -0.2%), Gakkyusha Co., Ltd. (Japan, Consumer Discretionary, -0.1%), Rock Fiels Co., Ltd. (Japan, Consumer Staples, -0.1%), Nihon Trim Co., Ltd. (Japan, Industrials, -0.04%) and Tokyo Rakutenchi Co., Ltd., (Japan, Real Estate, -0.03%)

Earnings reports have been solid this year with approximately 30 of THB's holdings in the portfolio releasing results with an average year-over-year revenue growth of +12.9%. Two of the holdings have announced acquisitions, including ZCL Composites which was acquired by competitor Shawcor for a 42% premium via an all cash transaction.

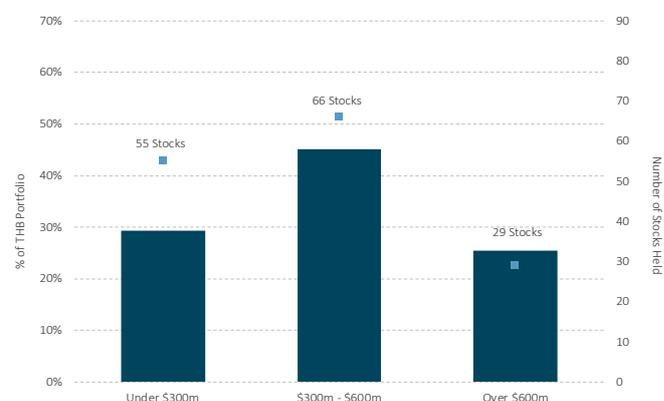
Fund Details	
Benchmark	MSCI World ex USA Small Cap Total Return Index (AUD) ³
Inception Date ²	23 August 2018
Fund Size	A\$54.5 million

Net Performance – 31 January 2019			
	Fund ¹	MSCI World ex USA Small Cap [®]	MSCI World ex USA Micro Cap [®]
1 Month ¹	5.7%	4.7%	2.5%
3 Months	(4.3%)	(2.3%)	(5.0%)
Since Inception ²	(15.0%)	(8.8%)	(10.7%)

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 tables may not sum correctly due to rounding.

2. 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

3. 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 2,559 constituents, the Index covers approximately 14% of the free float-adjusted market capitalisation in each country.

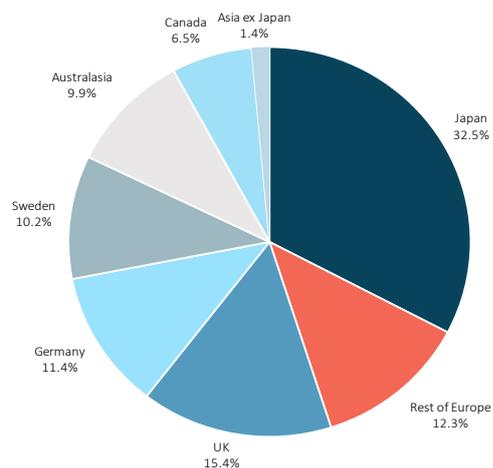
Source: MSCI

Portfolio Statistics⁴

As at 31 January 2019		
	Fund	Benchmark
Weighted Avg Market Cap	US\$480m	US\$2,448m
Price/Sales	1.4x	0.9x
Price/Book	2.7x	1.4x
Dividend Yield	2.2%	2.7%
Number of Securities	150	2,556
Standard Deviation	15.3%	12.8%
Sharpe Ratio	1.0	0.4
Beta	1.1	
Tracking Error	5.7	
Information Ratio	1.5	

Source: THB Asset Management

Country Allocation⁵



Source: THB Asset Management

4. Portfolio statistics are reported in USD.

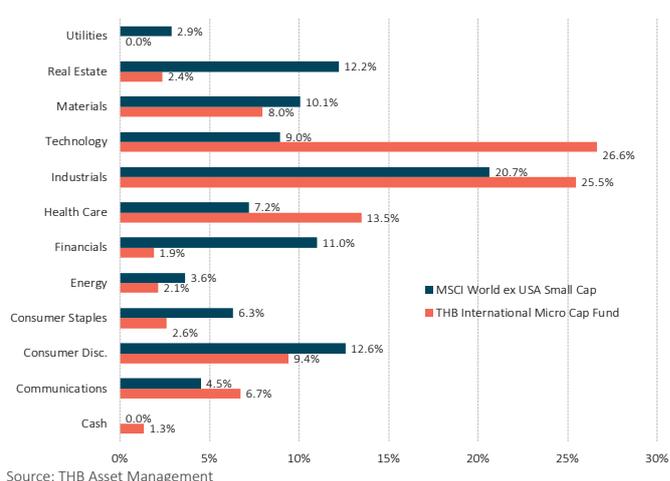
5. Portfolio holdings and allocations are subject to change and should not be considered as investment recommendations to trade individual securities. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not 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	Portfolio Weight
Solutions 30 SE	Technology/France	1.7%
Eckert & Ziegler Strahlen	Health Care/Germany	1.6%
Digital Arts Inc	Technology/Japan	1.5%
GB Group Plc	Technology/UK	1.5%
ValueCommerce Co Ltd	Communications/Japan	1.5%
Hypoport AG	Financials/Germany	1.4%
Appen Ltd	Technology/Australia	1.3%
Dr Hoenle AG	Industrials/Germany	1.3%
Biotage AG	Health Care/Sweden	1.3%
Trealt Plc	Materials/UK	1.2%

Source: THB Asset Management

Sector Allocation⁵



Source: THB Asset Management

Investment Strategy

THB Asset Management (THB) is an employee-owned boutique investment management firm based in Connecticut specialising in smaller company strategies. THB's International 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, 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.

BROOKVINE

THB
Asset Management

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