

Fund Investment Report



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Fund information

Investment objective

The Investment objective of the Fund is to generate long-term capital growth.

Investment policy

The Fund will primarily invest in shares and other share-like instruments of companies listed on the MSCI World Small Cap Index or of companies in countries referenced in this Index.

Approach to ESG integration and stewardship

ESG integration and stewardship are integral to delivering sustainable returns. Through quantitative data and fundamental bottom-up research, we assess the absolute and change in ESG performance of companies. Engagement allows us to understand the effectiveness of their approach, the management of strategic issues and to exert positive influence.

Fund information

Fund inception date	15 May 2015
Fund value	USD79.13m
Benchmark	MSCI World Small Cap Index Net
Lead Fund Manager	Hamish Galpin
Base currency	US Dollar

Market and Performance Review

The Fund outperformed the benchmark index return of 2.57%. Stock selection was the main source of positive relative returns, particularly in the Industrials sector, with asset allocation also supportive.

Open House's shares continued to rise in June following the release of strong H1 2020 numbers in May with a statement that business had somewhat returned to normal, with pricing showing little change; nevertheless, prudently they are making some attempt to reduce costs in case of any future weakness. Teradyne's share price staged a strong recovery in the second quarter alongside other semiconductor related stocks. Cargojet shares rose as cargo carriers see increased demand whilst passenger airlines are operating fewer planes.

Relo Group's shares fell with fears that their outsourced relocation and hospitality services were vulnerable to weakness caused by Covid-19. Information technology company Caci International fell despite a reassuring update to the market and announcing a large contract win. Steris, having performed strongly in May, went ex-dividend in June and gave back some of the prior month gains on limited news.

Activity

The Fund made no complete sales or purchases during the month. Towards the beginning of the month we took profit from our holding in West Pharmaceuticals and topped up holdings in Marr Spa, Retail Opportunities and our newest holding, Central Asia Metals.

Outlook

We will continue to keep close watch on stocks in the Fund that have a higher risk profile in the current economic environment. It is clear, though, that large parts of the market have been sold down heavily on fears of the impact of COVID-19. Even with a recent recovery, this should still generate some attractive buying opportunities into well positioned businesses for investors such as ourselves with long term horizons. Furthermore, a return, finally, to more normal levels of volatility once the current situation has settled down is very favourable to active managers and their prospects for beating their benchmarks. Smaller companies' indices are largely below their long-term trends, which is not necessarily the case for Large Caps, and which bodes well for the asset class.

Fund breakdown

Top 10 relative Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Yaoko	Japan	2.93	0.02	2.91
RPM International	United States	2.81	-	2.81
IMCD	Netherlands	2.78	0.09	2.69
West Pharmaceutical Services	United States	2.61	-	2.61
Brown & Brown	United States	2.43	-	2.43
Brunswick	United States	2.48	0.09	2.39
Open House	Japan	2.36	0.04	2.32
SCSK	Japan	2.24	-	2.24
WD-40	United States	2.26	0.05	2.21
Steris Healthcare	United States	2.21	-	2.21

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Yaoko	Japan	2.93	0.02	2.91
RPM International	United States	2.81	-	2.81
IMCD	Netherlands	2.78	0.09	2.69
West Pharmaceutical Services	United States	2.61	-	2.61
Brunswick	United States	2.48	0.09	2.39
Brown & Brown	United States	2.43	-	2.43
Open House	Japan	2.36	0.04	2.32
Brooks Automation	United States	2.26	0.06	2.20
WD-40	United States	2.26	0.05	2.21
Silicon Laboratories	United States	2.24	0.08	2.17

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Open House	Japan	2.36	0.04	23.59	0.40
Teradyne	United States	1.97	-	26.07	0.37
Cargojet	Canada	1.85	-	23.09	0.31
Brunswick	United States	2.48	0.09	16.35	0.28
Aalberts	Netherlands	1.65	0.06	22.35	0.26
Jungheinrich	Germany	1.68	0.02	20.05	0.24
Burckhardt Compression	Switzerland	1.69	0.01	19.28	0.24
Retail Opportunity Investments	United States	1.44	0.02	19.52	0.19
Yaoko	Japan	2.93	0.02	9.04	0.17
Brooks Automation	United States	2.26	0.06	10.87	0.17

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Relo Group	Japan	1.31	0.04	-17.59	-0.31
CACI International	United States	1.75	0.10	-13.52	-0.31
Steris Healthcare	United States	2.21	-	-7.27	-0.24
Reinsurance Group of America	United States	1.21	-	-13.60	-0.23
Bio-Rad Laboratories	United States	1.79	-	-8.12	-0.21
Diversified Gas & Oil	United Kingdom	1.65	0.01	-7.39	-0.18
Evolution Mining	Australia	2.08	-	-3.59	-0.14
Cineworld	United Kingdom	0.31	0.01	-28.31	-0.13
LivaNova	United States	0.89	0.04	-10.02	-0.12
Community Bank System	United States	1.90	0.05	-3.56	-0.12

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Teradyne	United States	1.97	-	26.07	0.37
Open House	Japan	2.36	0.04	23.59	0.40
Cargojet	Canada	1.85	-	23.09	0.31
Aalberts	Netherlands	1.65	0.06	22.35	0.26
Jungheinrich	Germany	1.68	0.02	20.05	0.24
Retail Opportunity Investments	United States	1.44	0.02	19.52	0.19
Burckhardt Compression	Switzerland	1.69	0.01	19.28	0.24
Brunswick	United States	2.48	0.09	16.35	0.28
Washtec	Germany	-	0.01	12.85	0.03
WEX	United States	2.08	0.13	11.43	0.15

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Cineworld	United Kingdom	0.31	0.01	-28.31	-0.13
Relo Group	Japan	1.31	0.04	-17.59	-0.31
Reinsurance Group of America	United States	1.21	-	-13.60	-0.23
CACI International	United States	1.75	0.10	-13.52	-0.31
LivaNova	United States	0.89	0.04	-10.02	-0.12
Bio-Rad Laboratories	United States	1.79	-	-8.12	-0.21
SSP Group	United Kingdom	0.82	0.03	-7.98	-0.09
Diversified Gas & Oil	United Kingdom	1.65	0.01	-7.39	-0.18
Steris Healthcare	United States	2.21	-	-7.27	-0.24
Central Asia Metals	United Kingdom	0.69	0.01	-6.27	-0.06

Performance attribution - 1 month

Sector level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Industrials	15.99	17.31	-1.33	7.33	0.09	0.00	1.03	1.11
Real Estate	6.94	10.32	-3.38	4.09	-0.02	0.00	0.30	0.29
Consumer Staples	7.34	4.80	2.55	4.32	-0.01	-0.02	0.31	0.28
Information Technology	18.18	14.26	3.92	1.02	-0.05	0.04	0.22	0.21
Consumer Discretionary	11.91	12.82	-0.91	1.16	0.01	-0.01	0.13	0.12
Utilities	1.03	2.81	-1.78	4.03	-0.01	0.08	0.05	0.11
Communication Services	1.89	3.26	-1.36	-7.91	-0.01	0.04	-0.16	-0.13
Energy	2.11	2.57	-0.46	-8.03	0.00	0.04	-0.22	-0.18
Materials	10.63	6.87	3.76	-3.25	0.04	-0.02	-0.37	-0.36
Financials	11.78	12.29	-0.51	-3.26	-0.02	0.00	-0.38	-0.40
Health Care	9.92	12.70	-2.77	-4.12	-0.02	0.00	-0.41	-0.43
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	2.27	-	2.27	-	-0.01	-0.04	-	-0.04

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Europe	25.01	20.78	4.22	1.36	0.04	-0.02	0.32	0.34
Pacific	17.88	17.46	0.41	1.30	-0.06	-0.01	0.31	0.23
Israel	-	0.76	-0.76	-	-0.01	0.08	-	0.07
North America	54.85	61.00	-6.15	0.05	0.01	-0.06	0.01	-0.04
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	2.27	-	2.27	-	-0.01	-0.04	-	-0.04

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Japan	15.80	12.17	3.63	3.98	-0.01	-0.10	0.62	0.50
Canada	3.16	3.56	-0.41	9.30	-0.01	0.00	0.26	0.25
Germany	1.68	2.25	-0.58	15.44	0.00	-0.01	0.25	0.25
Switzerland	1.69	2.10	-0.42	16.30	0.00	0.01	0.23	0.24
Sweden	3.21	2.61	0.60	5.01	0.00	0.00	0.15	0.16
Netherlands	4.43	0.87	3.57	-3.75	0.02	0.26	-0.17	0.12
Israel	-	0.76	-0.76	-	-0.01	0.08	-	0.07
Belgium	-	0.76	-0.76	-	-0.01	0.02	-	0.02
Denmark	-	0.66	-0.66	-	0.00	0.02	-	0.02
Ireland	1.16	0.17	0.99	-0.77	0.01	0.01	-0.01	0.01
Singapore	-	0.77	-0.77	-	-0.01	0.01	-	0.00
Portugal	-	0.10	-0.10	-	0.00	0.00	-	0.00
Norway	-	0.83	-0.83	-	0.00	0.00	-	0.00
New Zealand	-	0.37	-0.37	-	-0.01	0.00	-	-0.01
France	-	1.14	-1.14	-	-0.01	-0.01	-	-0.02
Austria	0.46	0.31	0.15	-3.45	0.00	-0.01	-0.02	-0.02
Italy	3.42	1.20	2.22	-1.65	0.01	0.02	-0.06	-0.03
Spain	1.23	0.75	0.47	-3.14	0.00	-0.01	-0.04	-0.05
Hong Kong	-	0.89	-0.89	-	0.00	-0.07	-	-0.07
Finland	1.75	0.56	1.19	-3.41	0.01	-0.03	-0.06	-0.08
Australia	2.08	3.26	-1.18	-7.56	-0.03	0.01	-0.17	-0.19
United Kingdom	5.98	6.45	-0.47	-4.27	0.00	0.01	-0.28	-0.26
United States	51.70	57.43	-5.74	-0.45	0.02	-0.05	-0.26	-0.28
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	2.27	-	2.27	-	-0.01	-0.04	-	-0.04

All data end weight as at 30 June 2020. All figures shown in USD on a gross basis. Source: Northern Trust.

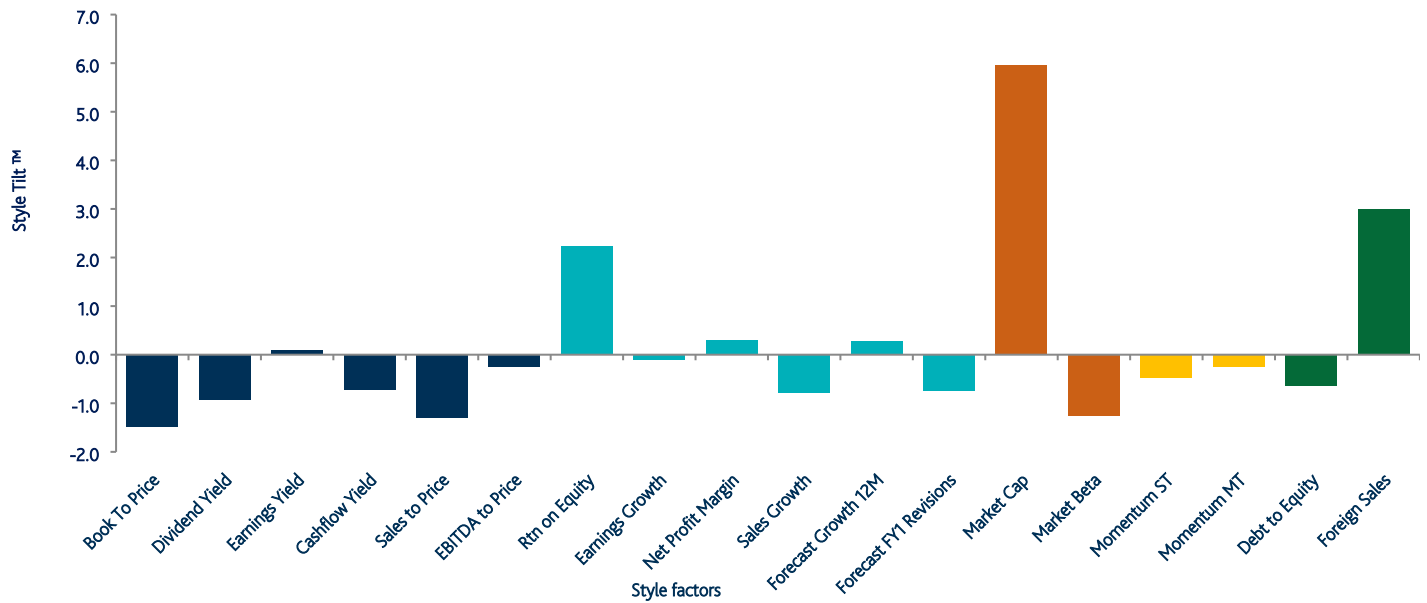
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 1B	7.79	14.38	-6.58	6.31	0.01	0.19	0.47	0.68
1 - 2.5B	19.17	33.07	-13.91	1.22	-0.03	0.16	0.27	0.40
2.5 - 5B	35.58	35.14	0.44	2.20	-0.05	0.02	0.89	0.86
5B+	35.19	17.36	17.83	-5.39	0.04	0.44	-1.79	-1.31
Unclassified	-	0.05	-0.05	-	0.00	0.00	-	0.00
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	2.27	-	2.27	-	-0.01	-0.04	-	-0.04

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
25.15	97.82	1.77	4,934.40	6.30

Fund Style Skyline™



Source: *Northern Trust. ** Barra. ***Style Research, Market Cap is the Portfolio Weighted Average.

Risk analysis

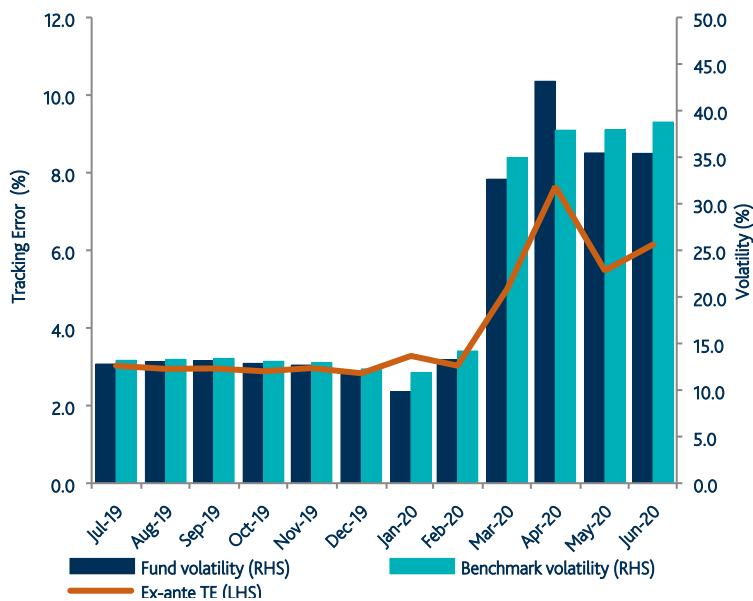
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Yaoko	Japan	12.14
SCSK	Japan	6.35
WD-40	United States	5.78
West Pharmaceutical Services	United States	5.55
IMCD	Netherlands	4.90
Open House	Japan	4.72
Evolution Mining	Australia	4.39
Jack Henry & Associates	United States	3.95
Horiba	Japan	3.85
Steris Healthcare	United States	3.49

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	6.15	0.90	35.41	38.77	-	-
Ex-post	4.08	0.89	18.55	20.57	0.46	0.11

Tracking error (TE) and volatility history (ex-ante)



Fund statistics

Number of stocks (Fund)	62
Number of stocks (Benchmark)	4239
Upside market capture ratio	96.65
Downside market capture ratio	89.08

Contact us

If you have any general questions concerning your investment, or specifically related to the content of this Fund investment report, please let us know using the contact details below.

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