

# JOHCM Emerging Markets Small Mid Cap Equity Fund

## Fund strategy

The Fund invests, under normal market conditions, primarily in equity securities issued by small and medium capitalization companies that are listed in, or whose principal business activities are located in, emerging markets, including frontier markets. The Fund Managers follow a predominantly bottom-up, stock selection-driven process, complemented by a sector and country overlay, that seeks to identify the most dynamic small to mid cap growth stocks within their investment universe.

## Class I Share

### Fund details

Fund size	\$ 56.08mn
Strategy size	\$ 297.13mn
Benchmark	MSCI Emerging Markets Small Cap NR
No. of holdings	118
Fund objective	Seeks long-term capital appreciation

Total strategy assets updated quarterly and shown as at 31 March 2021.

### Share class details

#### Institutional

Inception date	December 17, 2014
Ticker	JOMMX
CUSIP	00770G722
Expense ratio	2.19% gross / 1.54% net <sup>1</sup>

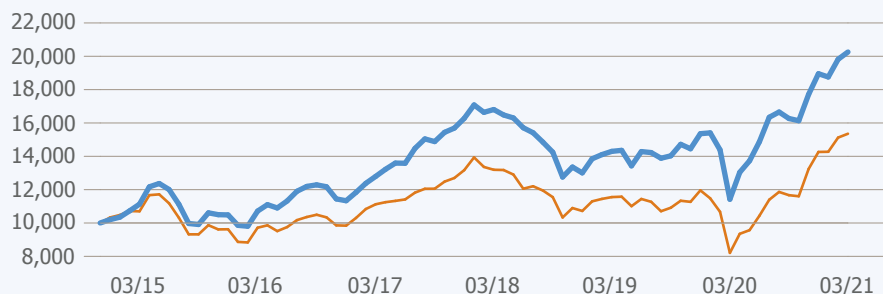
#### Class I

Inception date	January 28, 2016
Ticker	JOMEX
CUSIP	00770G649
Expense ratio	2.29% gross / 1.64% net <sup>1</sup>

1. J O Hambro Capital Management Limited has contractually agreed to waive fees and reimburse expenses so that the Net Total Operating Expenses do not exceed the stated amounts until 28 January 2022.

## Performance highlights

Growth of a \$10,000 investment (12/17/14 - 03/31/21)



### Total return (%)

Periods ended March 31, 2021

	3m	YTD
Institutional Share	6.81	6.81
Class I Share	6.88	6.88
Benchmark	7.67	7.67

### Average annual total return (%)

Periods ended March 31, 2021

	1 yr	3 yrs	5 yrs	Since inception
Institutional Share	77.36	6.53	13.69	11.98
Class I Share	77.34	6.43	13.59	11.89
Benchmark	87.13	5.19	9.59	7.06

The performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's current performance may be lower or higher than the performance data quoted. Investors may obtain performance information current to the most recent month-end, within 7 business days at [www.johcm.com](http://www.johcm.com) or by calling 1-866-260-9549 or 1-312-557-5913.

Returns for periods of 1 year and less are not annualized. Returns shown, unless otherwise indicated, are total returns, net of fees, with dividends and income reinvested. Fee waivers are in effect; if they had not been in effect performance would have been lower. Historical performance of the Emerging Markets Small Mid Cap Equity Fund for Class I Shares prior to their inception is based on the performance of the Institutional Class Shares. The performance of Class I Shares has been adjusted to reflect differences in expenses.

The MSCI Emerging Markets Small Cap Index is a free float-adjusted market capitalization index that is designed to measure the performance of small capitalization equities in the emerging markets. The MSCI Emerging Markets Small Cap Index includes small cap representation across 23 Emerging Markets countries. Investing in an index is not possible. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

## Morningstar ranking (Institutional Share - Diversified Emerging Markets category)

1 year		3 years		5 years	
Rank	Percentile	Rank	Percentile	Rank	Percentile
95/800	12%	316/697	40%	161/596	23%

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## Fund managers



### Emery Brewer

Senior Fund Manager  
Emery has managed the Fund since launch. He joined JOHCM in 2010 and has 30 years of industry experience.



### Dr Ivo Kovachev

Senior Fund Manager  
Ivo has managed the Strategy since launch. He joined JOHCM in 2010 and has 26 years of industry experience.



### Stephen Lew

Fund Manager  
Stephen has worked on the Fund since he joined JOHCM in 2013 and has 21 years of industry experience.

## Morningstar Rating™

Overall Morningstar Rating™ ★★★★

Morningstar Ratings™ are for Class I shares only; other classes may have different performance characteristics.



## Fund manager's commentary

- The portfolio underperformed its benchmark over the quarter as challenging stock selection outweighed the positives from sector allocation effects.
- In this 4D environment we will stick to the knitting and look to carefully balance the portfolio between momentum and recovery growth

Emerging market equities finished the first quarter in positive territory despite headwinds from rising Covid-19 case numbers and subsequently renewed restrictions. Vaccine supply constraints have also meant that rollout programs have been much slower in emerging markets relative to their developed counterparts.

Perhaps the standout feature of the quarter was the rise in government bond yields, with the US 10-year Treasury yield rising to 1.73%. This was partly attributable to the growing evidence of a rapid recovery as mobility restrictions are eased, but this, coupled with US dollar strength, provided a headwind for emerging markets in February and March.

The portfolio underperformed its benchmark over the quarter as challenging stock selection outweighed the positives from sector allocation effects. Our underweight in healthcare names proved beneficial as markets continued their rotation away from growth towards more value-oriented sectors. Weakness in our consumer discretionary and materials names offset this positive. Looking at individual stock contributors, SITC International Holdings, a Chinese container ship operator, was the top performer. Consolidation within the industry and reduced competition have meant SITC have been on the right side of shifting supply and demand dynamics. The Covid-19 pandemic has also increased demand from Europe/the US whilst supply uncertainties and the general build-up of inventories have also benefited the company.

Performance over 3 months	%
Class I Share	6.88
MSCI Emerging Markets Small Cap NR	7.67

Graphite India was another strong performer. The company manufactures graphite electrodes, a key component for manufacturing steel. US/EU steel production has been increasing as countries look to kick-start ailing economies.

On the negative side of the ledger, Turkish holding company Sabanci suffered from the sell-off in Turkish equities after the central bank governor was dismissed. Elsewhere Movida Participacoes also lagged. The Brazilian car rental company suffered from the ongoing merger between its two main competitors (Localiza and Unidas) whilst the worsening Covid-19 situation in Brazil added to its woes.

As we enter the second quarter we seem to be at another crossroads. Analysing the prevailing macro trends and the probabilities of their continuation when faced with liquidity waves, rising real yields, increasing yield differentials and economies recovering (at different speeds) is a task which requires the utmost knowledge and experience but also flexibility. In the absence of a crystal ball, we rely on our robust, dual-pronged investment philosophy. In this chaotic, Brownian, 4D environment, we will stick to the knitting and look to carefully balance the portfolio between momentum and recovery growth as the market conditions require.

Sources for all data: JOHCM/Bloomberg (unless otherwise stated).

## Attribution (%) January 1, 2021 through March 31, 2021

### Holding attribution

Top 5 attributors	Relative return
SITC International	0.57
Graphite India	0.45
Park Systems	0.40
Sany Group	0.35
Dixon Technologies	0.33
Bottom 5 attributors	Relative return
HMM21	-0.31
Sabanci Holding	-0.30
Movida Participacoes	-0.24
Dino Polska	-0.24
TCS Group Holding	-0.24

### Country attribution

	Relative return
South Korea	1.64
Non Benchmark Countries	0.82
Greece	0.22
Mexico	0.20
Thailand	0.18
Malaysia	0.15
Hungary	0.12
Saudi Arabia	0.08
Colombia	0.07
Argentina	0.06

### Sector attribution

	Relative return
Health Care	1.72
Industrials	0.61
Energy	0.31
Communication Services	0.09
Real Estate	0.05
Consumer Staples	-0.16
Consumer Discretionary	-0.37
Utilities	-0.38
Information Technology	-0.40
Financials	-0.45
Materials	-0.86

## Risk considerations

The Fund invests in International and Emerging Markets. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in Emerging Markets. Such risks include new and rapidly changing political and economic structures, which may cause instability; underdeveloped securities markets; and higher likelihood of high levels of inflation, deflation or currency devaluations.

Emerging Markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity.

The small and mid cap companies the Fund may invest in may be more vulnerable to adverse business or economic events than larger companies and may be more volatile; the price movements of the Fund's shares may reflect that volatility.

The Fund may invest in American Depositary Receipts ("ADRs") of foreign companies. Investing in ADRs poses additional market risks since political and economic events unique in a country or region will affect those markets and their issuers and may not affect the U.S. economy or U.S. issuers.

Fund holdings are subject to change at any time and are not recommendations to buy or sell any security. A list of all holdings during the period, corresponding performance contributions and attributions, and the calculation methodology is available upon request.



## Portfolio analysis (%) As of March 31, 2021

### Top 10 holdings

	Fund	Benchmark
Bank Polska Kasa Opieki	1.6	-
Shriram Transport Finance	1.6	-
JMT Network Services	1.5	0.1
Eugene Technology	1.5	0.1
Park Systems	1.4	-
Wonik IPS	1.4	0.1
SKC	1.4	0.2
DGB Financial Group	1.4	0.1
Indian Energy Exchange	1.4	0.1
DukSan Neolux	1.4	-
Cash	2.9	-

### Sector allocation

	Fund	Benchmark	Relative to benchmark
Consumer Discretionary	19.7	12.6	7.1
Financials	14.8	10.5	4.3
Consumer Staples	6.4	5.7	0.7
Energy	2.2	2.1	0.1
Industrials	14.9	15.0	-0.1
Materials	11.6	12.5	-0.9
Information Technology	16.4	17.7	-1.3
Utilities	2.1	4.3	-2.2
Communication Services	1.3	3.7	-2.4
Real Estate	3.7	6.9	-3.2
Health Care	4.1	9.0	-4.9

### Active weights

#### Top 5 positions relative to benchmark

Bank Polska Kasa Opieki	1.6
Shriram Transport Finance	1.6
JMT Network Services	1.5
Eugene Technology	1.5
Park Systems	1.4

#### Bottom 5 positions relative to benchmark

Hyundai Merchant Marine	-0.6
GCL-Poly	-0.5
Adani Total Gas	-0.4
Chola	-0.3
HengTen Networks	-0.3

The active weight is the difference between the managed portfolio weight and the benchmark weight as of March 31, 2021.

All tables (except Top 10 holdings) exclude cash weighting of 2.9%.

Fund holdings, sector allocation, regional allocation and top 10 countries are subject to change without notification.

### Regional allocation

	Fund	Benchmark	Relative to benchmark
Non Benchmark Countries	6.2	-	6.2
Americas	7.4	9.7	-2.3
Europe Middle East & Africa	10.7	13.3	-2.6
Asia	71.7	77.0	-5.3

### Top 10 countries

	Fund	Benchmark
South Korea	19.8	18.0
Taiwan	17.3	21.5
India	15.9	17.0
China	9.4	10.8
Thailand	5.0	3.7
Brazil	4.9	6.1
Canada	3.5	-
Greece	3.4	1.4
Indonesia	3.3	1.8
Mexico	2.5	1.8

### Market cap breakdown

	Fund	Benchmark
Large (>USD 5bn)	10.1	2.7
Mid (USD 1 - 5bn)	70.8	69.0
Small (<USD 1bn)	15.8	28.3

## Modern portfolio statistics

Statistics	3Y	5Y
Correlation to benchmark	0.97	0.96
Sharpe ratio	0.22	0.66
Alpha	1.57	4.47
Standard deviation	22.71	18.78
Tracking error (%)	6.15	5.55
Upside capture ratio	115	105
Downside capture ratio	93	89

**Correlation to benchmark** is a measure of the strength of the relationship between a fund and its index.

**Sharpe ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk.

**Alpha** is a measurement of a fund's risk-adjusted performance against its index.

**Standard deviation** is a statistical measure of distribution around an average, which depicts how widely returns varied over a certain period of time. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

**Tracking error** is a measure of how closely a Fund's performance follows its index.

**Upside and downside capture** measures a manager's ability to generate excess return above the benchmark return in up markets and retain more of the excess return in down markets. The upside/downside capture ratio is the Fund's up/down market return divided by the index's up/down market return and equals the linked returns for all quarters in which the index return was greater/less than zero.

## Buying and selling fund shares

You can buy or sell shares of the Fund on any business day that the Fund is open through your broker or financial intermediary, or by mail or telephone. You can pay for shares by wire.

JOHCM Funds  
c/o The Northern Trust Company  
P.O. Box 4766  
Chicago, IL 60680-4766

Telephone  
1-866-260-9549 (toll free) or 1-312-557-5913

The minimum investment for Service Class Shares is \$0, and Institutional Shares is \$1,000,000. There is no minimum for additional investments. May be subject to platform minimums if purchased through a brokerage account.

## Payments to broker-dealers and other financial intermediaries

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## Dividends, capital gains and taxes

The Fund intends to make distributions that are generally taxable as ordinary income or capital gains, except when your investment is in an IRA, 401(k) or other tax-advantaged investment plan. However, you may be subjected to tax when you withdraw monies from a tax-advantaged plan.

## Prospectus offer

**An investor should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing or sending any money. This and other important information about the Funds can be found in the prospectus or summary prospectus which can be obtained at [www.johcm.com](http://www.johcm.com) or by calling 1-866-260-9549 or 1-312-557-5913. Please read the prospectus or summary prospectus carefully before investing. The JOHCM**

**Funds are advised by J O Hambro Capital Management Limited and distributed through Foreside Financial Services, LLC, member FINRA. The JOHCM Funds are not FDIC-insured, may lose value, and have no bank guarantee.**

## Morningstar Ratings™

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## Contact details

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