

# JOHCM International Select Fund

## Fund strategy

The Fund invests, under normal market conditions, primarily in equity securities of companies headquartered outside the U.S., including those in emerging market countries. The Fund Managers utilize a core investment style with a modest growth tilt and may invest in companies across the market capitalization range in order to achieve the Fund's objective. The Fund Managers seek to make investments in non-US listed companies based on a multi-dimensional investment process that considers growth, valuation, price-trend, and beta.

## Institutional Share

### Fund details

Fund size	\$ 8.36bn
Strategy size	\$ 9.77bn
Benchmark	MSCI EAFE NR
No. of holdings	42
Fund objective	Seeks long-term capital appreciation

Total strategy assets updated quarterly and shown as at 30 June 2022.

### Share class details

<b>Institutional</b>	
Inception date	July 29, 2009
Ticker	JOHIX
CUSIP	46653M849
Expense ratio	0.98% gross / 0.98% net <sup>1</sup>
<b>Advisor</b>	
Inception date	March 31, 2010
Ticker	JOHAX
CUSIP	46653M823
Expense ratio	0.94% gross / 0.94% 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 2023.

### Fund managers



**Christopher Lees**  
Senior Fund Manager  
Chris has managed the Fund since launch. He joined JOHCM in 2008 and has 32 years of industry experience.



**Nudgem Richyal**  
Senior Fund Manager  
Nudgem has managed the Fund since launch. He joined JOHCM in 2008 and has 22 years of industry experience.

### Morningstar Rating™

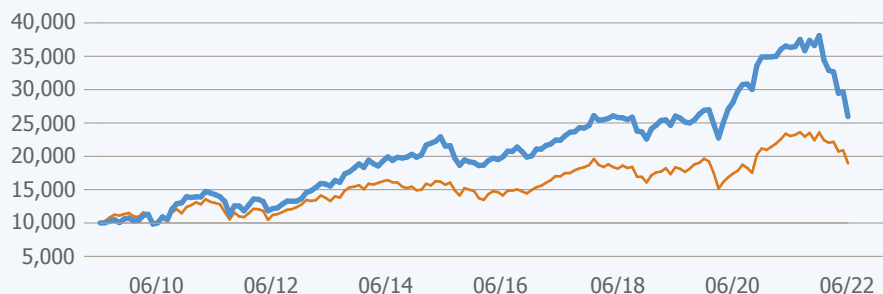
Overall Morningstar Rating™ ★★★

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

Effective July 15, 2015 the JOHCM International Select Fund has been publicly offered on a limited basis only. Please refer to the prospectus for additional details.

### Performance highlights

Growth of a \$10,000 investment (07/29/09 - 06/30/22)



#### Total return (%)

Periods ended June 30, 2022

	3m	YTD
Institutional Share	-20.53	-31.89
Advisor Share	-20.58	-31.97
Benchmark	-14.51	-19.57

#### Average annual total return (%)

Periods ended June 30, 2022

	1 yr	3 yrs	5 yrs	10 yrs	SI
Institutional Share	-28.55	-0.11	3.00	7.88	7.66
Advisor Share	-28.70	-0.35	2.75	7.62	6.91
Benchmark	-17.77	1.07	2.20	5.40	5.07

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 International Select Fund for Advisor Shares prior to their inception is based on the performance of Institutional Shares. The performance of Advisor Shares has been adjusted to reflect differences in expenses.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. Any indices mentioned are unmanaged statistical composites of stock market performance. 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 - Foreign Large Growth category)

1 year		3 years		5 years		10 years	
Rank	Percentile	Rank	Percentile	Rank	Percentile	Rank	Percentile
297/452	67%	301/397	78%	185/347	59%	30/221	14%

© 2022 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Morningstar rankings are based on total returns. The Morningstar Percentile Ranking compares a Fund's Morningstar risk and return scores with all the Funds in the same Category, where 1% = Best and 100% = Worst. Please see page 4 for complete disclosure on how the Morningstar Ratings™ are calculated.



## Fund manager's commentary

- The fund underperformed against benchmark in Q2 as we did not get sufficiently defensive, the impact of the Growth to Value factor rotation and our underweight and overweight in energy and technology respectively
- Our plan is to follow our top-down scorecard, continue to 'weed out the losers' and seek new opportunities amid this crisis
- We think the second half of this year will be very different from the first half, as markets are now on recession watch instead of inflation watch

### Performance and transactions

**The fund underperformed its benchmark index in June, Q2 and year to date.** In US\$ terms, the MSCI All Country World Index fell -8.6% in June and has now fallen -20.9% this year. This is the worst first half of a calendar year in the 34-year history of the MSCI index. In June, every region and every global sector posted a negative return with the best performing sectors year to date being hit the hardest. Inflation reached 40-year highs in many parts of the world, prompting Central Banks to hike interest rates more than expected, which focused investors' attention on the prospects of a global recession. Consensus earnings growth forecasts remained surprisingly resilient year to date (which stopped us getting bearish) so potential broad cuts to earnings expectations have the potential to weigh on equities in the second half and prompt a change in leadership from value/cyclical stocks to those growth/quality stocks whose earnings will be more resilient during the economic and earnings slowdown.

**During the month, quarter and year to date we have underperformed for 3 main reasons.** 1) Our investment process did not get defensive enough, so the beta of the portfolio was too high, 2) the ongoing Growth to Value factor rotation, which is a significant headwind for us as our investment process is 2/3rds Growth/Momentum and 1/3rd Valuation, 3) underweight energy and overweight technology, particularly semiconductor.

**What are we doing about it?** 1) In Q2 we followed our top-down scorecard which increased healthcare and reduced technology, 2) we followed our sell process and 'weeded out the losers', 3) we are looking for new opportunities during this crisis (eg biotech and China are beginning to recover). Most of our semiconductor holdings had reported excellent earnings in Q1, but then started to lower future revenue and earnings guidance in Q2, so we followed our investment process and started selling these 'cyclical growth stocks' (eg Mediatek, NXP, Tokyo Electron) to purchase some new 'stable growth stock' in the healthcare sector (eg AstraZeneca, GSK, Qiagen, Sanofi), and 'recovery growth stocks' in the Chinese technology sector (eg Alibaba, Tencent). We also 'weeded out the losers' in Japan as several of our holdings became what we call 'good houses in a bad neighbourhood' (eg Recruit, SBI Holdings, Z Holdings).

Performance over 3 months	%
Institutional Share	-20.53
MSCI EAFE NR	-14.51

### Outlook and strategy

**Our evidence-based probability-adjusted investment process did not get defensive enough.** We went from 70% bullish (30% bearish) to 60% bullish (40% bearish) at the beginning of the year as we thought inflation would peak in Q1, but we were wrong - not helped by the war in Ukraine and then the China lockdowns. In hindsight, we got oil wrong, which meant we got inflation and interest rates wrong.

**We now assess a 50% probability of equity markets continuing their fall with healthcare our favourite low beta (defensive) sector;** a 35% probability of markets rallying with some of the older 'growth' leaders such as large cap profitable biotech and China technology stocks now our favourite high beta (offensive) recovery stocks; and a 15% probability of markets rallying with some of the newer 'value' leaders with commodity (not consumer or financial) stocks our favourite in this area.

**Yes we are in a bear market, but will it be a small, medium or big bear market?** Small bear markets (Ursa Minor) are usually monetary tightening 'valuation' driven and average around -20%. Medium bear markets are usually recessionary 'earnings' driven and average around -30%. This is what the current bear market has evolved into at the end of Q2. Big bear markets (Ursa Major) are usually banking-crisis driven and average around -50%, but we do not think this bear market will turn into a banking crisis. So our base case is now an earnings recession but not a banking crisis (ie -30% not -50% bear market).

**We think the second half of this year will be very different from the first half, as markets are now on recession watch instead of inflation watch.** We believe this bear market is now moving from the P to the E of the P/E ratio, and historically that is when our process usually performs better. For example, in 2019-2020 the negative earnings revisions got us defensive but in 2022 earnings revisions remained positive until just a few weeks ago. Now that earnings revisions have only just turned negative, we expect significant earnings downgrades during the second half of 2022, and so we are focusing on quality compounders with rock solid balance sheets that we think can withstand the threats of rising interest rates, rising input costs, broken supply chains and slowing earnings growth.

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

## Attribution (%) April 1, 2022 through June 30, 2022

### Holding attribution

Top 5 attributors	Relative return
HKEX	0.37
Compass	0.18
Novo Nordisk	0.18
Deutsche Börse	0.17
Linde	0.09
Bottom 5 attributors	Relative return
First Quantum	-0.88
B&M European	-0.45
Advantest	-0.41
Ashtead Group	-0.40
Recruit	-0.39

### Country attribution

	Relative return
Germany	0.30
Sweden	0.24
Denmark	0.22
Ireland	0.12
Australia	0.08
Hong Kong	0.06
Israel	0.04
Singapore	0.03
New Zealand	0.01
Austria	0.00

### Sector attribution

	Relative return
Financials	0.14
Real Estate	0.01
Utilities	-0.14
Health Care	-0.40
Energy	-0.41
Consumer Discretionary	-0.59
Communication Services	-0.62
Consumer Staples	-0.68
Industrials	-0.98
Materials	-1.42
Information Technology	-1.82

## 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.

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 June 30, 2022

### Top 10 holdings

	Fund	Benchmark
Novo Nordisk	3.1	1.4
Hong Kong Exchanges	3.1	0.4
Deutsche Börse	2.8	0.2
ICON	2.7	-
Compass Group	2.6	0.3
Orix	2.6	0.1
Ahold Delhaize	2.6	0.2
London Stock Exchange	2.6	0.2
Alcon	2.6	0.3
L'Oréal	2.5	0.6
Cash	4.0	-

### Sector allocation

	Fund	Benchmark	Relative to benchmark
Health Care	23.6	13.9	9.7
Materials	15.4	7.5	7.9
Information Technology	12.6	7.8	4.8
Consumer Discretionary	10.9	11.3	-0.4
Utilities	2.5	3.5	-1.0
Energy	2.3	4.8	-2.5
Real Estate	-	2.7	-2.7
Communication Services	2.1	5.0	-2.9
Financials	12.9	17.8	-4.9
Consumer Staples	5.1	10.8	-5.7
Industrials	8.6	14.9	-6.3

### Active weights

#### Top 5 positions relative to benchmark

ICON	2.7
Hong Kong Exchanges	2.6
Deutsche Börse	2.6
Orix	2.5
Linde	2.5

#### Bottom 5 positions relative to benchmark

Nestlé	-2.4
Shell	-1.4
Novartis	-1.4
LVMH	-1.2
Toyota Motor	-1.2

The active weight is the difference between the managed portfolio weight and the benchmark weight as of June 30, 2022.

All tables (except Top 10 holdings) exclude cash weighting of 4.0%.

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

### Regional allocation

	Fund	Benchmark	Relative to benchmark
Emerging Markets	6.3	-	6.3
UK	20.6	15.9	4.7
United States	4.3	-	4.3
Canada	2.2	-	2.2
Europe ex UK	46.5	49.0	-2.5
Pacific ex Japan	5.2	12.8	-7.6
Japan	11.0	22.2	-11.2

### Top 10 countries

	Fund	Benchmark
United Kingdom	20.6	15.9
France	11.1	11.2
Japan	11.0	22.2
Germany	8.4	7.8
Switzerland	7.2	10.5
Netherlands	7.0	4.1
Denmark	5.6	2.8
Italy	4.3	2.3
China	4.3	-
United States	4.3	-

## Modern portfolio statistics

Statistics	5Y	10Y
Correlation to benchmark	0.89	0.87
Sharpe ratio	0.11	0.51
Alpha	1.15	3.25
Standard deviation	16.12	13.93
Tracking error (%)	7.31	7.16
Upside capture ratio	91	92
Downside capture ratio	86	76

**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 Institutional Shares is \$0, and Advisor Shares is \$0. There is no minimum for additional investments. May be subject to platform minimums if purchased through a brokerage account.

Effective July 15, 2015 the JOHCM International Select Fund will be publicly offered on a limited basis only. Please refer to the prospectus for additional details.

## 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 JOHCM (USA) Inc. and distributed through JOHCM Funds Distributors, LLC. The JOHCM Funds are not FDIC-insured, may lose value, and have no bank guarantee.**

## Morningstar Ratings™

©2022 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings are for the share class shown only; other classes may vary.

## Contact details

JOHCM Funds Business Development Team  
1055 Westlakes Drive, Suite 310  
Berwyn, PA 19312

Enquiries  
**1-844-857-4749**

Email [enquiries@johcmfunds.com](mailto:enquiries@johcmfunds.com)

[www.johcm.com](http://www.johcm.com)