

## Portfolio Team



**Christopher Cuesta, CFA**  
Principal, CEO  
Portfolio Manager  
22 years of experience



**Keith Dickinson, CFA**  
Principal  
Portfolio Manager  
16 years of experience



**Manish Maheshwari, CFA**  
Principal  
Asst Portfolio Manager  
20 years of experience

## Portfolio Objective

THB International Opportunities seeks long term capital appreciation over full market cycles by investing primarily in companies within the MSCI World ex-US Smallcap Index that THB believes are undervalued, exhibit lower risk characteristics, and have superior operating metrics. The strategy will hold 150 securities and have high active share.

## Our Firm

Founded in 1982, we are an employee-owned boutique firm that specializes in Micro, Small, Mid Cap, and International niche equity strategies. Our accomplished team of nine investment professionals constantly strives to find the best investment ideas to produce outstanding results. With a robust research team and a deep bench, we pride ourselves on our entrepreneurial culture and our commitment to innovation and improvement.

## Strategy Details

Benchmark	MSCI World ex-USA Small Cap	
Inception	April 2015	
Strategy Size	\$4.5 million	

	THB	Index
Alpha	12.6	
Beta	1.01	—
Tracking Error	5.17	—
Sharpe Ratio	1.85	0.93
Info Ratio	2.43	—
Std Deviation	12.5%	11.3%

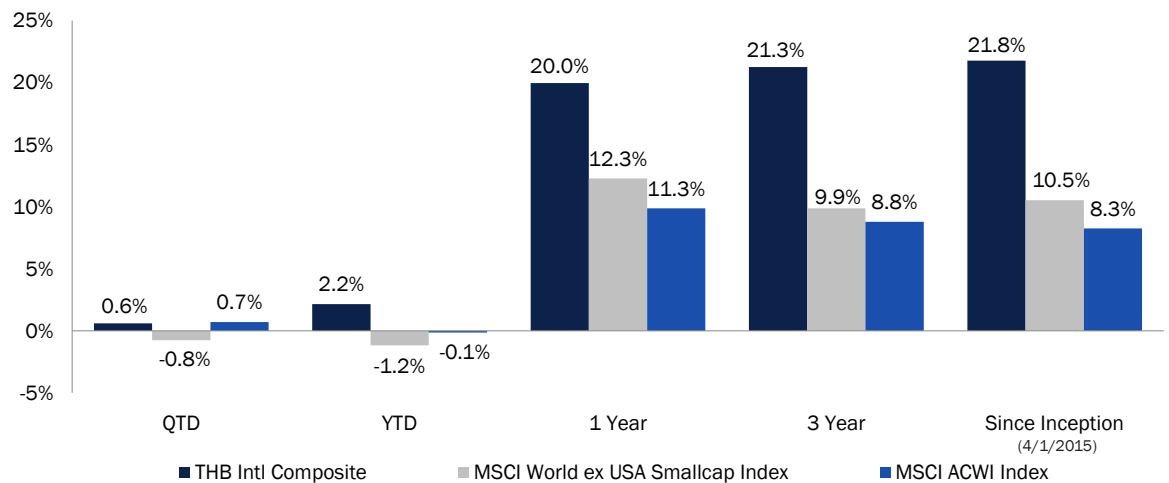
## Market Commentary

The MSCI World ex USA Smallcap® Index (Index) returned -0.8% in 2Q.

Sector performance was weakest in Financials (-4.5%), followed by Industrials (-2.7%) and Consumer Discretionary (-1.8%). Energy (+13.6%) and Health Care (+1.8%) were the best performing sectors in the Index.

Country performance was weakest in Singapore (-9.9%), Hong Kong (-9.3%), and Austria (-8.8%). Norway (+12.5%) and Denmark (11.0%) were the best performing countries in the Index.

## Performance Snapshot (Net of fees)



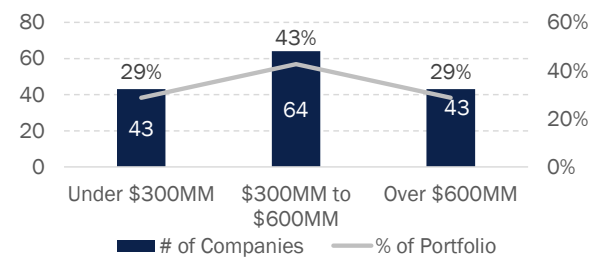
1. Periods end 6/30/18 and are net of fees and presented in USD. Past performance is not indicative of future results. Periods greater than 1 year are annualized. Returns represented include reinvestment of dividends and other income.

## Active Management, High Active Share

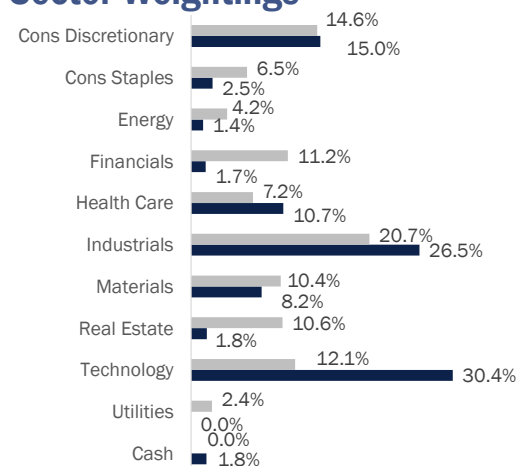
# 99.1%

Active Share vs MSCI World ex-USA Small Cap Index

## Market Cap Distribution



## Sector Weightings



## Country Exposure

Country	THB	MSCI	+/-
Japan	33.6%	28.3%	5.3%
U.K	13.9%	15.4%	-1.6%
Australasia	9.0%	7.0%	1.9%
Sweden	9.9%	4.5%	5.5%
Canada	5.3%	8.6%	-3.3%
Germany	10.9%	5.0%	5.9%
Asia ex-Japan	1.7%	5.0%	-3.3%
Rest of Europe	15.8%	26.2%	-10.4%

## Our Commitment

THB is committed to building long term partnerships with our clients by providing investment products that seek to help achieve their long term goals.

Our entrepreneurial culture and boutique structure allow us to embrace the unique needs and preferences of our clients.

Our sole focus is to provide excellent stewardship of our clients' capital over full market cycles.

We are passionate about, and committed to, our thoughtful and disciplined process of investing in micro, small, and mid cap companies.

We will constantly measure and seek to control risk while not straying from our stated investment mandates.

All of our clients will have full transparency and will be handled with the highest levels of integrity.

THB Asset Management claims compliance with the Global Investment Performance Standards (GIPS®). More information on calculation methodology and a list showing every holding's contribution to overall performance during that period, and a list of composite descriptions and/or presentation that complies with the GIPS standards available upon request.

For more information on calculation methodology and a list showing every holding's contribution to overall performance during that period, or to receive a list of composite descriptions and/or presentation that complies with the GIPS standards, contact Steve Lee at (203) 992-4326 or [slee@thbinc.com](mailto:slee@thbinc.com)



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## Portfolio Commentary

The THB International Opportunities Composite returned 0.6% (net of fees) in 2Q, outperforming the Index by 1.4%.

Contributors to the portfolio's performance were positive stock selection in Sweden, Germany and Australia as well as an overallocation to Sweden and an underallocation to Singapore and Hong Kong. Detractors from performance included stock selection in Canada and Italy, as well as underallocation to Canada and Denmark.

From a sector perspective, positive stock selection in Information Technology and Materials contributed the most to performance. An underallocation to Financials also contributed to performance. Stock selection in Energy and an underallocation to Energy and an overallocation to Industrials were the primary detractors to performance.

THB's top five performing stocks (from a contribution standpoint) were Appen Ltd. (Australia, Information Technology, +0.7%), GB Group Plc (United Kingdom, Information Technology, +0.5%), Digital Arts Inc. (Japan, Information Technology, +0.5%), Biotage AB (Sweden, Health Care, +0.4), and Solutions 30 SE (Luxembourg, Information Technology, +0.4%).

The bottom five performing stocks (from a contribution standpoint) were XLMedia Plc (Jersey, Information Technology, -0.3%), Comture Corp. (Japan, Information Technology, -0.2%), Fukui Computer Holdings Inc. (Japan, Information Technology, -0.2%), Mondo TV (Italy, Consumer Discretionary, -0.2%), and Naigai Trans Line Ltd. (Japan, Industrials, -0.2%).

## Portfolio & Benchmark Characteristics

Characteristics	THB Intl Opps	MSCI World ex-US Small
Holdings	150	2,580
Market Cap (\$mil)	551	2,718
Dividend Yield	1.9	2.5
LT Debt/Capital	5.6	24.5
Price/Earnings	18.7	—
Price/Book	3.2	1.5
Price/Sales	1.6	1.0
EV/EBITDA	12.1	12.1
EV/Sales	1.6	1.5
Operating Margin	13.4	10.4
FCF Yield	3.8	1.5
ROE	18.0	8.0
ROIC	16.5	8.3

## Corporate Activity

THB International - Trailing 12 months

Number of Companies	150
Companies with Share Repurchases	27
Companies that Paid Dividends	139
Amount of Share Repurchases	\$0.3B
Amount of Dividends Paid	\$1.2B
<b>Total Capital Returned to Shareholders</b>	<b>\$1.5B</b>
Number of Acquisitions	63
Value of Acquisitions	\$1.6B
Portfolio Holdings Acquired	1

Our portfolio companies are returning a healthy amount of capital back to shareholders via repurchases and dividends, illustrating their financial strength and the variety of options available to them to enhance shareholder wealth.

1.Periods end 6/30/18 and are net of fees and presented in USD. Past performance is not indicative of future results. Periods greater than 1 year are annualized. Returns represented include reinvestment of dividends and other income. 2. "Portfolio & Benchmark Characteristics" and "Portfolio Sector Weightings" information is supplemental. THB Asset Management is a registered investment advisor specializing in smaller company strategies. Registration with the US Securities and Exchange Commission does not imply a certain level of skill or training. The focus of the International Opportunities Composite is to seek long term capital appreciation over full market cycles by investing primarily in companies that THB feels are undervalued, exhibit lower risk characteristics, and have superior operating metrics. The benchmark is the MSCI Global ex USA Smallcap Index. The MSCI ex USA Small Cap Index captures small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States). With 2,504 constituents, the Index covers approximately 14% of the free float-adjusted market capitalisation in each country. Prior to January 1, 2016 the benchmark was the MSCI World Ex-USA DM Microcap Index The index comparisons herein are provided for informational purposes only and should not be used as the basis for making an investment decision. There are significant differences between client accounts and the indices referenced including, but not limited to, risk profile, liquidity, volatility, and asset composition. You cannot invest directly in an index. 3. 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.