

Portfolio Team



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



Keith Dickinson, CFA
Principal
Portfolio Manager
16 years of experience

Portfolio Objective

THB Micro Cap seeks long term capital appreciation over full market cycles by using a disciplined, valuation based approach. We invest primarily in companies within the Russell Microcap Index that we believe are trading below their intrinsic value and have superior operating metrics. We utilize a proprietary Quality Assessment and Risk Grading during the research and portfolio construction processes. The fund will typically hold 100-125 securities and have a 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.

Fund Details

Benchmark	Russell Microcap
Inception	March 2012
Strategy Size	\$98 million

Risk Factors*	THB	Index
Beta	0.92	—
Tracking Error	7.24	—
Sharpe Ratio	0.70	0.40
Info Ratio	0.87	—
Std Deviation	21.1%	21.6%

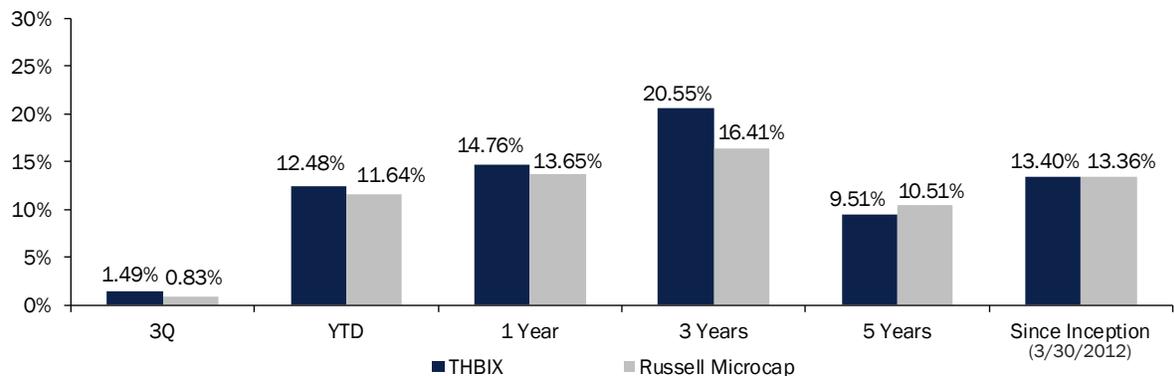
Market Commentary

The Russell Microcap® Index (Index) returned +0.83% in 3Q.

Consumer Staples (+10.8%) was the best performing sector this quarter, followed by Health Care (+6.0%) and Utilities (+3.3%). Energy (-5.7%) was the worst performing sector, followed by Financials (-2.8%) and Consumer Discretionary (-2.3%).

In the third quarter of 2018, second derivative effects from tax reform and deregulation efforts have emerged as multiple surveys of optimism transitioned into hiring, capital expansions, spending and acquisitions. Although tariffs remain a concern in the media and in some CEO surveys, the true impact to the US economy remains muted. The NFIB Small Business optimism survey reached an all-time high in September signaling that the largest portion of the US economy is more optimistic now than at any point of the 45-year history of the survey. The robust growth in loans from small banks, growing 9% year over year is an indication that small businesses have access to capital and are utilizing it to forge ahead with expansion plans. Consumer spirits, supported by the strong economy and job growth, increased as the Conference Board Consumer Confidence Index hit an 18-year high in August. Beneath the broad headlines, signals such as record level Class 8 truck orders, robust small bank loan growth, surging retail sales, and increasing industrial capital expansions support the view of increasing momentum in the US economy.

Performance Snapshot (Net of fees)



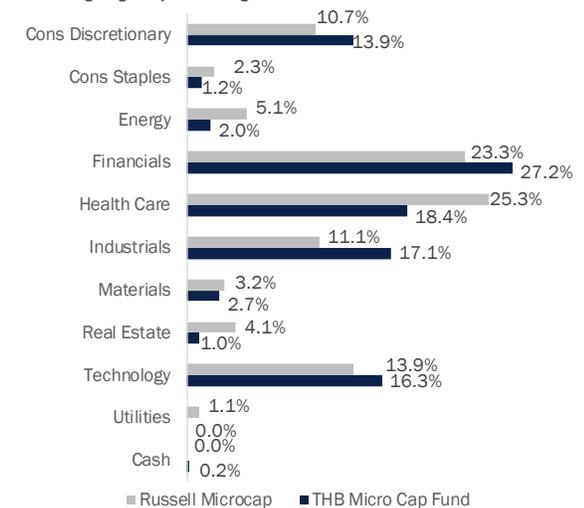
Performance data quoted represents past performance and does not guarantee similar future results. The investment performance and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost, and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-855-THB-FUND. There is a 2% redemption fee for shares held less than 30 days. Performance for periods over one year is annualized. Expense ratios: THBIX, gross: 1.78%/net: 1.25% THBVX, gross: 2.29%/net: 1.75%. Fee waivers are contractual and in effect until March 28, 2019.

Portfolio & Benchmark Characteristics

Characteristics**	THB Micro Cap	Russell Microcap
Active Share vs Index	91.4%	--
Holdings	101	1,566
Market Cap (\$mil)	641	658
LT Debt/Capital	19.2	29.4
Price/Earnings	18.6	--
Price/Book	2.0	1.9
Price/Sales	1.3	1.0
EV/EBITDA	11.7	--
EV/Sales	1.2	1.4
Operating Margin	11.0	1.4
ROE	8.2	--
ROIC	6.1	--

Sector Weightings

Sector weightings subject to change.



Active share is the percentage of the fund's portfolio that differs from the benchmark index. High active share indicates a high degree of active management.

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 mitigate 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.

This material represents the portfolio manager's opinion and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice or a specific recommendation of securities.

Mutual fund investing involves risk, including the possible loss of principal. There are specific risks inherent in small cap investing such as greater share prices volatility as compared to other funds that invest in stocks of companies with larger, potentially more stable, market capitalizations. There can be no assurance that the fund will achieve its stated objective.

The THB Micro Cap Equity Fund is distributed by SEI Investments Distribution Co., 1 Freedom Valley Drive, Oaks, PA 19456, which is not affiliated with the Advisor.



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Portfolio Commentary

The THB Micro Cap Fund returned +1.49% (net of fees) in 3Q, outperforming the Index by 66 bps.

Strong selection in Health Care (+2.0%), Financials (+0.7%), and Energy (+0.4%) positively contributed to the portfolio's performance. Negative contribution came mainly from selection in Information Technology (-1.2%), Consumer Discretionary (-0.5%), and Consumer Staples (-0.2%).

We believe the improved psyche of US consumers and small businesses should not be overlooked. The domestic economic data and our many conversations with smaller companies point to a very solid foundation underpinning the US economy as plans for capital expansion, acquisitions, and productivity enhancements emerge. This inflection in the business cycle combined with modest valuations creates a very positive environment for smaller US stocks and for our portfolio.

Opportunity for alpha is plentiful in our universe as existing and new ideas leverage the strong economy to grow their topline, realign their existing business divisions, or enter new markets. Valuations for the asset class remain very attractive on both an absolute and relative perspective, and are compelling considering there are approximately 364 microcap companies trading at or below an EV/Sales of 1.0x versus only 39 in the S&P 500. Further, there are 239 microcap companies trading at or below 10.0x EBITDA versus 89 for the S&P 500.

Market Cap Distribution



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

Corporate Activity

THB Micro Cap - Trailing 12 months

Number of Companies	101
Companies with Share Repurchases	47
Companies that Paid Dividends	46
Amount of Share Repurchases	\$458MM
Amount of Dividends Paid	\$352MM
Total Capital Returned to Shareholders	\$810MM
Number of Acquisitions	56
Value of Acquisitions	\$3.3B
Portfolio Holdings Acquired	4

To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Fund's prospectus, which may be obtained by calling 1-855-THB-FUND. Read the prospectus carefully before investing or sending money. Material must be preceded or accompanied by a current prospectus. Investors should read it carefully before investing or sending money.

* Beta is a measure of the volatility of a portfolio in comparison to the market as a whole. Tracking error is the divergence between the price behavior of a portfolio and of the benchmark. Sharpe Ratio is a measure for calculating risk-adjusted return. Information Ratio is a ratio of portfolio returns above the returns of a benchmark to the volatility of those returns. Standard deviation measures the historical volatility of a portfolio.

** LT Debt/Capital computes the proportion of a company's long-term debt compared to its available capital. EV/EBITDA measures a company's return on investment by comparing enterprise value to earnings before interest, taxes, depreciation and amortization. EV/Sales compares the enterprise value of a company to the company's sales. Operating Margin measures a company's pricing strategy and operating efficiency. ROE is the amount of net income returned as a percentage of shareholders equity. ROIC assesses a company's efficiency at allocating the capital under its control to profitable investments.

1.Periods end 9/30/18 and are net of fees and presented in USD. 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. 3.Wilshire U.S. Micro-Cap Index used prior to June 2000; Russell Microcap Index used thereafter. Thomson Horstmann & Bryant, Inc. 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 benchmark is the Russell Microcap Index. The Russell Microcap Index is a capitalization weighted index of 2,000 stocks that captures the smallest 1,000 companies in the Russell 2000 and 1,000 smaller US based listed stocks. The index comparisons herein are provided for informational purposes only and should not be used as the basis for making an investment decision. You cannot invest directly in an index. 4. Portfolio holdings and allocations are subject to change and should not be considered as investment recommendations to trade individual securities.