

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
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	\$47.6 million	

	THB	Index
Alpha	12.0	—
Beta	1.01	—
Tracking Error	5.05	—
Sharpe Ratio	1.77	0.87
Info Ratio	2.37	—
Std Deviation	12.1%	10.9%

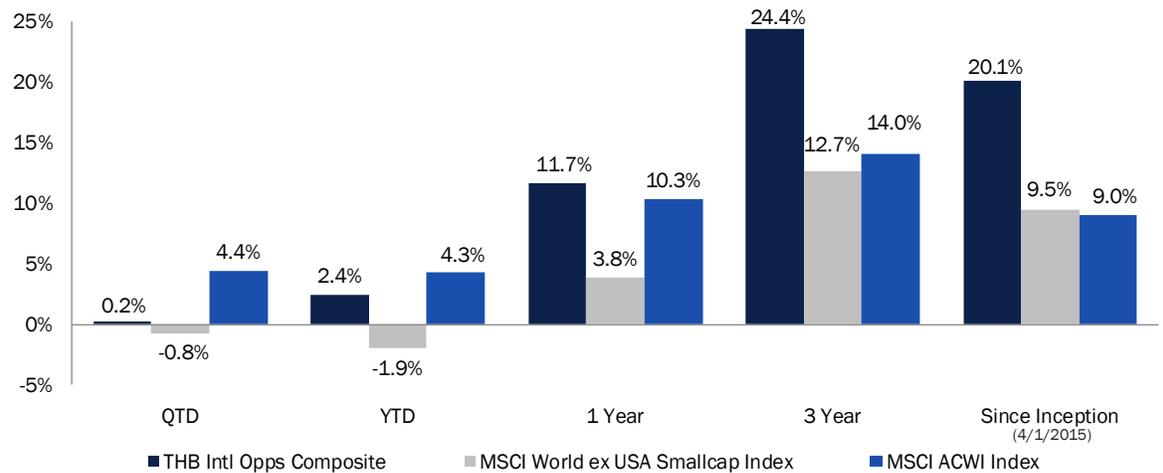
Market Commentary

The MSCI World ex USA Smallcap® Index (Index) returned -0.8 in Q3.

Energy (+4.5%) and Health Care (+3.6%) were the best performing sectors in the Index. Sector performance was weakest in Materials (-5.1%), followed by Consumer Discretionary (-3.9%).

Israel (+13.6%) and Norway (+7.1%) were the best performing countries in the Index, while country performance was weakest in Hong Kong (-7.3%) and Ireland (-5.4%).

Performance Snapshot (Net of fees)



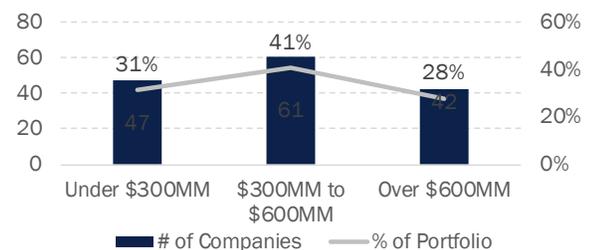
1. Periods end 9/30/18 and are net of fees and presented in USD. Past performance is not indicative of future results. Periods greater than 1 year are annualized. Returns represented include reinvestment of dividends and other income.

Active Management, High Active Share

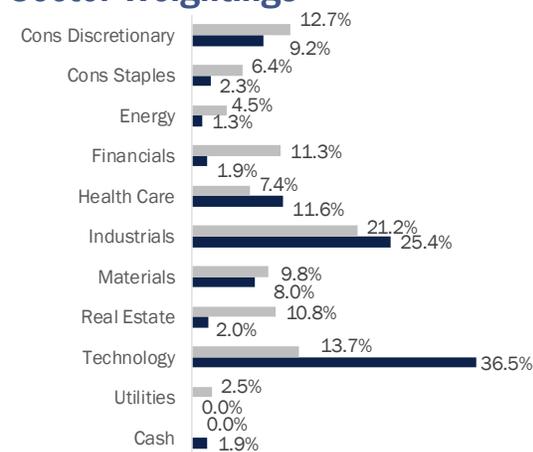
99.0%

Active Share vs MSCI World ex-USA Small Cap Index

Market Cap Distribution



Sector Weightings



Country Exposure

Country	THB	MSCI	+/-
Japan	33.8%	28.4%	5.4%
Rest of Europe	16.0%	25.8%	-9.8%
UK	13.7%	15.3%	-1.6%
Germany	10.7%	5.1%	5.6%
Sweden	9.8%	4.8%	5.0%
Australasia	9.1%	7.1%	2.0%
Canada	5.4%	8.6%	-3.2%
Asia ex-Japan	1.6%	5.1%	-3.5%

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 marketing@thbinc.com or (203) 653-7060.



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Portfolio Commentary

The THB International Opportunities Composite returned +0.2% (net of fees) in 3Q, outperforming the Index by 100 bps..

Contributors to the portfolio's performance were positive stock selection in the United Kingdom, Japan, and Australia as well as an overallocation to Sweden and Japan and an underallocation to Switzerland. Detractors from performance included stock selection in Sweden and Italy, as well as an underallocation to Israel and Norway. From a sector perspective, positive stock selection in Information Technology and Consumer Discretionary contributed the most to performance, as did an overallocation to Health Care and an underallocation to Materials. Stock selection in Industrials and Health Care and an underallocation to Energy were the primary detractors to performance.

THB's top five performing stocks (from a contribution standpoint) were ValueCommerce Co. Ltd. (Japan, Information Technology, +0.4%), Solutions 30 SE (Luxembourg, Information Technology, +0.4%), Comture Corp. (Japan, Information Technology, +0.3%), Hypoport AG (Germany, Financials, +0.3), and Fingerprint Cards AB-B (Sweden, Information Technology, +0.2%). The bottom five performing stocks (from a contribution standpoint) were G5 Entertainment (Sweden, Information Technology, -0.4%), Linal Co. Ltd. (Japan, Health Care, -0.3%), Dr Hoenle AG (Germany, Industrials, -0.2%), Digital Arts Inc. (Japan, Information Technology, -0.2%), and TK Group Holdings Ltd. (Hong Kong, Industrials, -0.2%).

Japanese stocks have performed very well (Nikkei +13.26%) in the past six months and are approaching their highest level since 1991. Easy monetary policy, Shinzo Abe's recent reappointment for another term and rising levels of capital spending (capital spending rose 12.8%/y and marked the 7th consecutive quarter of growth) have contributed to positive sentiment. Japan's GPIF also changed their asset allocation targets to allow for further reduction of their domestic bond holdings. Germany reached a milestone in their campaign to reduce public spending as German public debt will soon fall below 60% of GDP for the first time since 2002.

Portfolio & Benchmark Characteristics

Characteristics	THB Intl Opps	MSCI World ex-US Small
Holdings	150	2,557
Market Cap (\$mil)	571	2,770
Dividend Yield	1.9	2.6
LT Debt/Capital	6.8	25.6
Price/Earnings	19.6	—
Price/Book	3.2	1.6
Price/Sales	1.6	1.0
EV/EBITDA	10.9	10.4
EV/Sales	1.6	1.5
Operating Margin	13.2	10.4
FCF Yield	3.5	1.2
ROE	17.5	10.0
ROIC	16.1	8.2

Corporate Activity

THB International - Trailing 12 months

Number of Companies	150
Companies with Share Repurchases	28
Companies that Paid Dividends	139
Amount of Share Repurchases	\$0.3B
Amount of Dividends Paid	\$1.2B
Total Capital Returned to Shareholders	\$1.5B
Number of Acquisitions	62
Value of Acquisitions	\$1.5B
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 9/30/18 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 2,557 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.