

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	\$39 million	

	THB	Index
Alpha	8.4	
Beta	1.12	—
Tracking Error	5.73	—
Sharpe Ratio	0.82	0.28
Info Ratio	1.47	—
Std Deviation	14.9%	12.3%

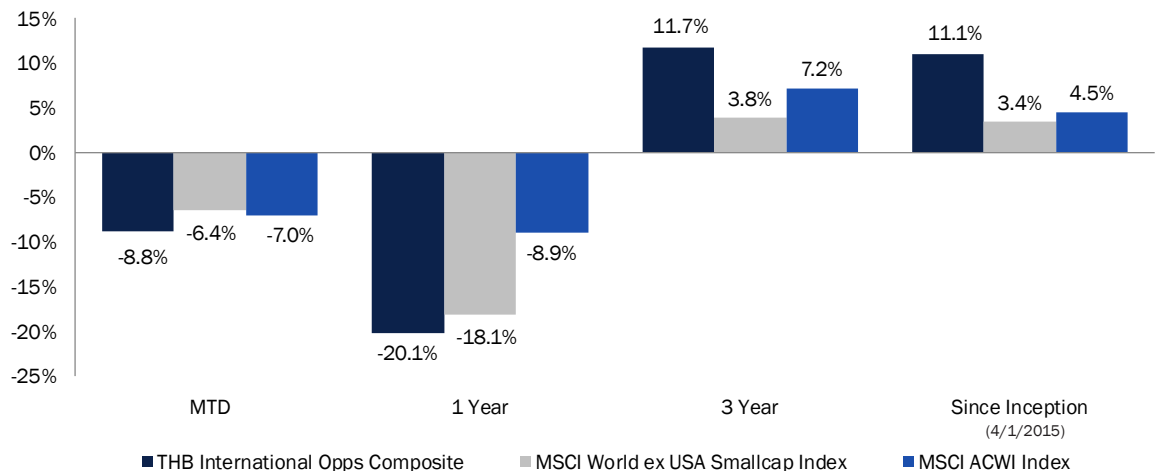
Market Commentary

The MSCI World ex USA Smallcap® Index (Index) returned -16.2% in 4Q.

Utilities (-4.2%) was the best performing sector this quarter, followed by Real Estate (-5.3%) and Consumer Staples (-11.8%). Energy (-31.3%) was the worst performing sector, followed by Information Technology (-20.9%) and Industrials (-19.5%). New Zealand (-1.2%) was the best performing country, followed by Singapore (-4.1%) and Belgium (-9.2%), while Norway (-25.2%), France (-22.5%), and Switzerland (-20.5%) were the worst performing countries in the Index.

International markets witnessed broad based drawdowns as a confluence of concerns emerged. Slowing growth in China and emerging markets, rising US interest rates, currency volatility, moderating US growth, and trade tensions all contributed to a year which saw most major asset classes experience negative returns. Trade tensions have escalated and fears of a continuation of retaliatory tariffs have continued to worry investors. European fiscal concerns remain, as Italy and France work through budget issues and a final resolution over Brexit has yet to be reached.

Performance Snapshot (Net of fees)



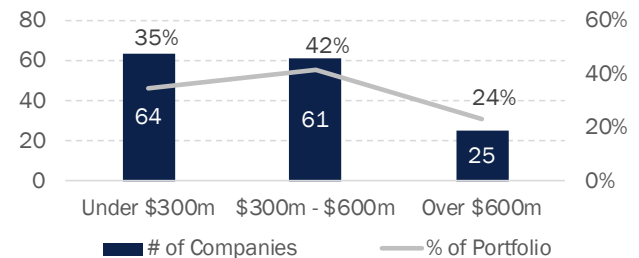
1. Periods end 12/31/18 and are net of fees and presented in USD. Past performance is not indicative of future results. Periods greater than 1 year are annualized. Returns represented include reinvestment of dividends and other income.

Active Management, High Active Share

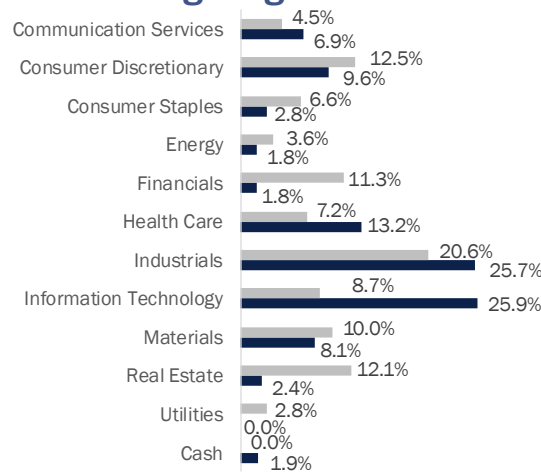
99.1%

Active Share vs MSCI World ex-USA Small Cap Index

Market Cap Distribution



Sector Weightings



Country Exposure

Country	THB	MSCI	+/-
Japan	34.4%	28.8%	5.6%
Rest of Europe	11.6%	23.8%	-12.2%
UK	15.3%	16.6%	-1.3%
Germany	10.8%	5.2%	5.5%
Sweden	10.6%	5.1%	5.6%
Australasia	9.9%	7.5%	2.4%
Canada	5.9%	8.3%	-2.4%
Asia ex-Japan	1.5%	4.7%	-3.2%

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 Micro Cap Composite returned -22.0% (net of fees) in 4Q.

Primary detractors from performance included stock selection in Japan, Sweden, and Australia as well as an underallocation to Singapore and overallocation to France and Germany. Contributors to the portfolio's performance were positive stock selection in Switzerland as well as an overallocation to Sweden and an underallocation to Norway and Switzerland. From a sector perspective, primary detractors to performance were stock selection in Communication Services and Information Technology as well as underallocation to Real Estate. Contribution to performance came mainly from underallocation to Energy and Financials as well as from stock selection in Energy.

THB's top five performing stocks (from a contribution standpoint) were Eckert & Ziegler Strahlen (Germany, Health Care, +0.4%), Digital Arts (Japan, Information Technology, +0.2%), Maeda Kosen Co Ltd (Japan, Industrials, +0.1%), Focusrite Plc (UK, Consumer Discretionary, +0.1%), and Gurit Holding AG (Switzerland, Materials, +0.01%). The bottom five performing stocks (from a contribution standpoint) were ValueCommerce Co Ltd (Japan, Information Technology, -0.9%), Dr Hoenle AG (Germany, Industrials, -0.9%), Keywords Studios plc (Ireland, Information Technology, -0.8%), Vector Inc (Japan, Information Technology, -0.6%), and G5 Entertainment AB (Sweden, Information Technology, -0.5%).

Pessimism and concerns may persist over the short term, but solid overall global growth should help equities stabilize and move higher in the coming quarters. The synchronized nature of the market concerns led to a very swift, broad, and severe drawdown. The velocity of the pullback, of course, amplified the situation as leveraged investors and hedge funds sought to quickly reduce exposure by selling equities.

The broad nature of the selloff has presented a great opportunity for active managers. Indiscriminate selling creates fertile ground for future alpha generation. The magnitude of this drawdown was last witnessed during times of OECD global recessions. Global growth is moderating, but we do not believe a recession is likely. Current valuations are very attractive on a relative and absolute basis and we believe the current environment presents a great buying opportunity for high quality, well capitalized international micro cap equities.

Portfolio & Benchmark Characteristics

Characteristics	THB Intl Opps	MSCI World ex-US Small
Holdings	150	2,544
Market Cap (\$mil)	429	2,232
Dividend Yield	2.4	2.9
LT Debt/Capital	6.4	25.6
Price/Earnings	17.6	--
Price/Book	2.5	1.3
Price/Sales	1.3	0.8
EV/EBITDA	9.3	--
EV/Sales	1.2	1.0
Operating Margin	13.7	11.3
FCF Yield	2.6	1.9
ROE	20.0	12.0
ROIC	12.4	--

Corporate Activity

THB International - Trailing 12 months

Number of Companies	150
Companies with Share Repurchases	17
Companies that Paid Dividends	139
Amount of Share Repurchases	\$0.06B
Amount of Dividends Paid	\$1.28B
Total Capital Returned to Shareholders	\$1.34B
Number of Acquisitions	62
Value of Acquisitions	\$1.4B
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 12/31/18 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 2,559 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.