

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	\$82 million

Risk Factors*	THB	Index
Beta	0.92	—
Tracking Error	7.23	—
Sharpe Ratio	0.64	0.33
Info Ratio	0.90	—
Std Deviation	21.3%	21.8%

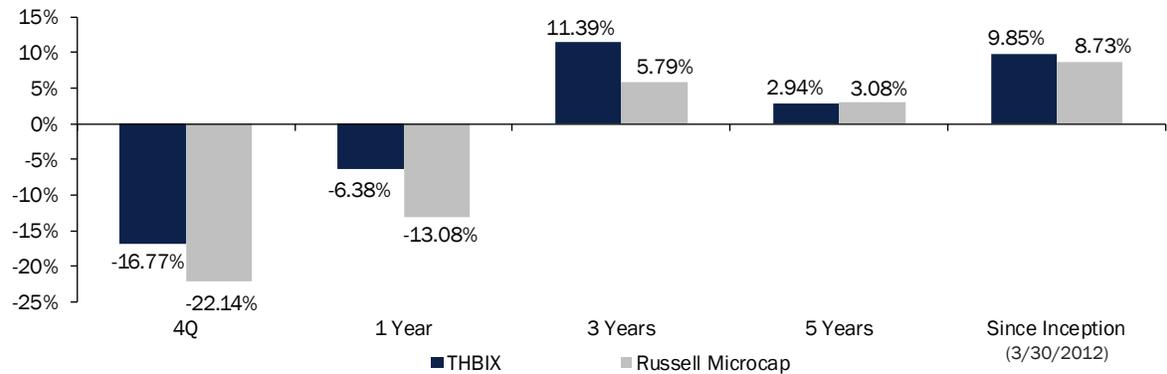
Market Commentary

The Russell Microcap® Index (Index) returned -22.1% in Q4 and -13.1% for the full year 2018. Utilities (+0.3%) was the best performing sector in Q4, followed by Real Estate (-14.9%) and Financials (-15.9%). Energy (-36.5%) was the worst performing sector, followed by Materials (-29.4%) and Health Care (-27.3%).

During a turbulent period, simplicity and clarity assist in creating order from the chaos of emotions, the 24-hour news cycle, and other external factors. In any given moment, there are many worries and concerns which can occupy our thoughts, but that is always the case and will never change. We have no shortage now with Trump, monetary policy, and China front of mind. Without complete certainty, we must assess the probabilities of the situation, have faith in our processes, and act with conviction.

The US economy, while moderating from an extremely high level, is in very good standing. On a relative basis, 3.9% unemployment and greater than 3% real GDP for the first three quarters of 2018 looks attractive. Record low unemployment, moderating energy prices, and tame inflation are all positive for the US Consumer. Small businesses, responsible for 50% of GDP and 60% of job creation, witnessed record high levels of optimism that declined only slightly during the recent period. Tax and regulatory reform should continue to provide fuel for the economy as companies are still in the early stages of deploying excess capital delivered by these dual reforms. The Federal Reserve is in the process of tightening monetary policy, but absolute levels of interest rates remain very low. The risk of a policy mistake is possible, but we believe recent market activity should increase the probability the Federal Reserve moderates their stance and does not go too far.

Performance Snapshot (Net of fees)



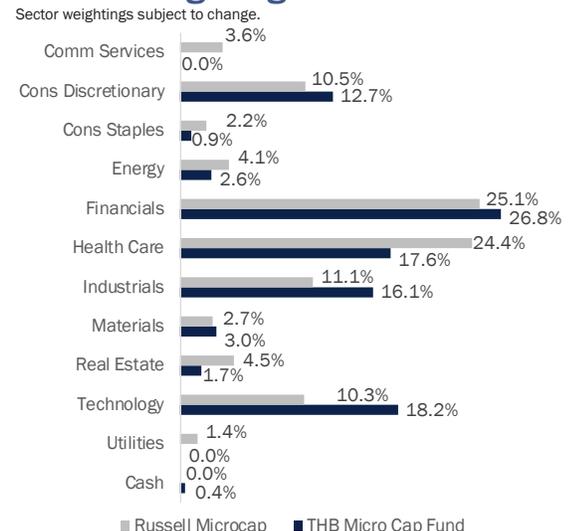
Performance data quoted represents past performance and does not guarantee similar future results. The investment performance and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost, and current performance may 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	91.0%	—
Holdings	100	1,562
Market Cap (\$mil)	535	532
LT Debt/Capital	14.6	27.8
Price/Earnings	18.3	—
Price/Book	1.7	1.5
Price/Sales	1.2	0.8
EV/EBITDA	13.7	—
EV/Sales	1.5	1.3
Operating Margin	11.3	5.3
ROE	5.9	(0.3)
ROIC	4.8	—

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.

Sector Weightings



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 -16.77% (net of fees) in 4Q, outperforming the Index by 537 bps.

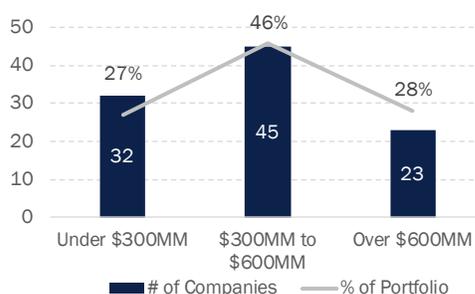
The portfolio saw positive contribution from strong selection in Health Care (+2.4%), Information Technology (+2.4%), and Energy (+0.4%). Negative contribution came from underallocation to Utilities (-0.3%) and Real Estate (-0.2%), as well as from selection in Consumer Discretionary (-0.2%).

Our processes, risk controls, and philosophical avoidance of highly-levered companies served us well this year on a relative basis but did not immunize us from having a down absolute year (only the 4th in our 20-year history). Down years, while never pleasant, provide many alpha opportunities. This is especially true during broad-based market downturns characterized by the indiscriminate selling we witnessed in the fourth quarter. Many pundits have tried to pinpoint the cause on algorithms, fund flows, or the unwinding of a large, levered market player. We remain focused on the great opportunities in our universe rather than trying to extrapolate an exact reason for the pullback.

Non-recessionary market drawdowns historically have been excellent periods for adding to market positions. These swift pullbacks offer numerous opportunities for active management to add value and deliver alpha in the following periods. 49% of the companies in our universe are down more than 15% for the trailing one year. Investors tend to extrapolate market actions into predictions of recessions and this time is no different. Pullbacks of this magnitude have happened multiple times but did not correspond to a US recession.

We believe the current environment has been caused by a confluence of simultaneous events (moderating US growth, tariffs, rising interest rates, global growth fears) and exacerbated by market dynamics (passive flows, leveraged market participants, 24 hours news cycle). The overall US economy remains in very good shape and valuations for the companies we invest in are incredibly attractive. We see this pullback as a normal event during a secular bull market and have been taking advantage of the great opportunities in our market.

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	100
Companies with Share Repurchases	52
Companies that Paid Dividends	47
Amount of Share Repurchases	\$329MM
Amount of Dividends Paid	\$442MM
Total Capital Returned to Shareholders	\$771MM
Number of Acquisitions	59
Value of Acquisitions	\$3.4B
Portfolio Holdings Acquired	2

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 12/31/18 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.