

## Portfolio Team



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



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



**Manish Maheshwari, CFA**  
Principal  
Portfolio Manager  
21 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 eight 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	MSCI World ex-USA Small Cap	
Inception	April 2015	
Strategy Size	\$45 million	
	<b>THB</b>	<b>Index</b>
Alpha	8.4%	—
Beta	1.11	—
Tracking Error	5.55	—
Sharpe Ratio	1.00	0.47
Info Ratio	1.51	—
Std Deviation	15.0%	12.6%

## Market Commentary

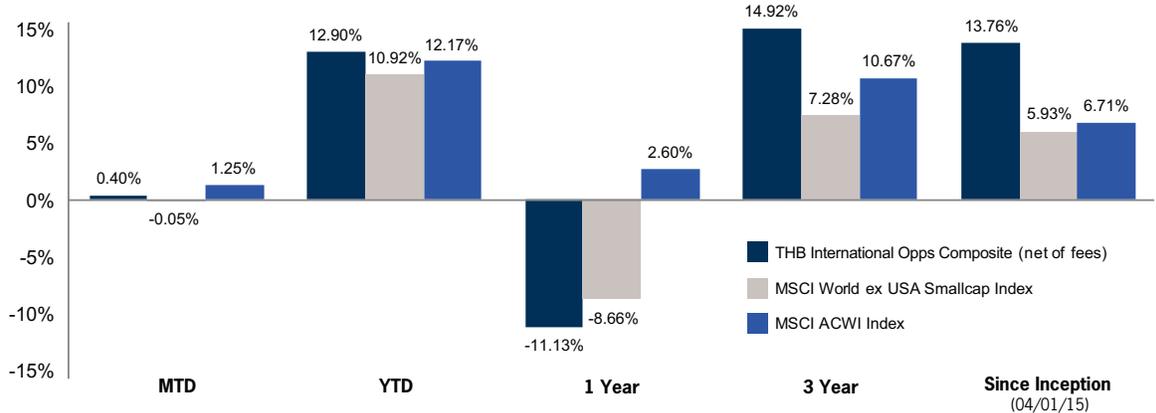
The MSCI World ex USA Smallcap® Index (Index) returned +10.9% in USD in 1Q with all sectors and countries generating positive returns.

Information Technology (+19.1%) was the best performing sector, followed by Energy (+16.7%) and Communication Services (+13.1%). Consumer Staples (+6.0%) was the worst performing sector, followed by Financials (+6.5%) and Materials (+7.9%).

United Kingdom (+14.8%) was the best performing country, followed by Finland (+14.4%) and Canada (+14.1%). Japan (+7.3%), Spain (+7.5%) and Belgium (+9.5%) were the worst performing countries in the Index.

Many of the concerns that contributed to the broad international selloff late last year were replaced with optimism regarding a potential U.S./China trade resolution, steps taken by the Chinese government (including tax cuts) to combat slowing growth, and a more dovish stance from the Federal Reserve that left interest rates unchanged and scaled back projections for further rate hikes in 2019. These largely overshadowed European fiscal concerns as a final resolution over Brexit has yet to be reached.

## Performance Snapshot (Net of Fees)



1. Periods end 3/31/2019 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.

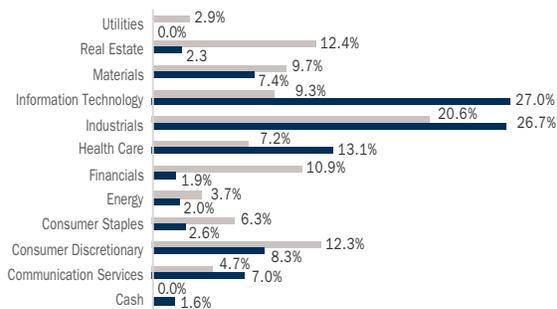
## Active Management, High Active Share

### Active Share vs MSCI World ex-USA Small Cap Index.

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.

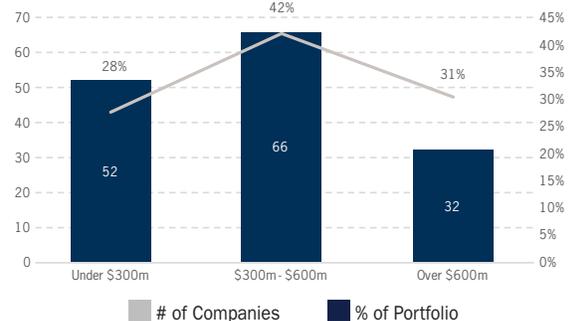
# 99.0%

## Sector Weightings



■ MSCI World ex USA Small Cap ■ THB International Opportunities  
Sector weightings subject to change.

## Market Cap Distribution



## Country Exposure

Country	THB International Opportunities	MSCI World ex USA Small Cap	+/-
Japan	34.5%	27.8%	6.7%
UK	14.9%	17.3%	-2.4%
Germany	10.2%	5.4%	4.8%
Sweden	10.1%	4.9%	5.2%
Rest of Europe	11.5%	23.8%	-12.3%
Australia	10.3%	7.7%	2.6%
Canada	6.3%	8.4%	-2.1%
Asia ex Japan	1.6%	4.7%	-3.0%

## 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.

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



**THB Asset Management**  
501 Merritt 7, Penthouse  
Norwalk, CT 06851  
[www.thbinc.com](http://www.thbinc.com)

## Portfolio Commentary

The THB International Micro Cap Composite returned +12.9 % (net of fees) in 1Q, outperforming the Index by +2.0%. Positive contribution came from stock selection in Japan, Australia, and Canada as well as overallocation to Germany. Detractors from performance included stock selection in United Kingdom and Finland, as well as an overallocation to Japan.

From a sector perspective, positive contribution came mainly from stock selection in Industrials and Health Care, as well as an overallocation to Information Technology. Stock selection in Consumer Discretionary, Materials as well as underallocation to Energy were the primary detractors to performance.

THB's top five performing stocks (from a contribution standpoint) were Appen Ltd., (Australia, Information Technology, +0.8%), Value Commerce Co., Ltd. (Japan, Communication Services, +0.8%), Digital Arts Inc. (Japan, Information Technology, +0.6%), Eckert & Ziegler Strahlen-und Medizintechnik AG ( Germany, Health Care, +0.6%), and ZCL Composite (Canada, Energy, +0.4%).

The bottom five performing stocks (from a contribution standpoint) were Quixant PLC (United Kingdom, Consumer Discretionary, -0.1%), Nozawa Corp (Japan, Materials, -0.1%), G5 Entertainment (Sweden, Communication Services, -0.1%), Maeda Kosen Co Ltd (Japan, Industrials, -0.1%) and Gakkyusha Co. Ltd (Japan, Consumer Discretionary, -0.1%).

Current valuations remain 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. During 1Q, three of the portfolio companies were acquired in all cash transactions. ZCL Composites Inc was acquired by ShawCor Ltd for a 35% premium. Gluskin Sheff + Associates Inc was acquired by ONEX Corp for a 30% premium. CGI Nordic Holdings made an offer for Acando AB for a 44% premium.

## Portfolio and Benchmark Characteristics

Characteristics	THB Intl Opps	MSCI World ex US Small
Holdings	150	2,541
Market Cap (\$, mil)	515	2,585
Dividend Yield	2.1%	2.6%
LT Debt/Capital	7.9%	26.2%
Price/Earnings	20.6x	—
P/E Forward	19.2x	—
Price/Book	2.8x	1.5x
Price/Sales	1.5x	0.9x
EV/EBITDA	8.8x	—
EV/Sales	1.2x	1.1x
Operating Margin	12.8%	11.3%
FCF Yield	3.6%	2.9%
ROE	20.2%	12.3%
ROIC	11.7%	—

## Corporate Activity

THB International Trailing 12 months	
Number of Companies	150
Companies with Share Repurchases	54
Companies that Paid Dividends	141
Value of Share Repurchases (\$, bil)	0.2
Value of Dividends Paid (\$, bil)	1.4
<b>Total Capital Returned to Shareholders (\$, bil)</b>	<b>1.7</b>
Number of Acquisitions	70
<b>Number of Acquisitions (\$, bil)</b>	<b>1.1</b>
Portfolio Holdings Acquired	3

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.

1. Periods end 3/31/19 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 capitalization 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.