

The THB Asset Management Micro Cap Fund



THBIX Institutional | THBVX Investor | 1Q 2019

Portfolio Team



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



Keith Dickinson, CFA
Principal
Portfolio Manager
17 years of experience

Portfolio Objective

THB Asset Management 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 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	Russell Microcap	
Inception	March 2012	
Strategy Size	\$80 million	
Risk Factors*	THB	Index
Beta	0.92	—
Tracking Error	7.26	—
Sharpe Ratio	0.65	0.35
Info Ratio	0.90	—
Std Deviation	21.2%	21.8%

Market Commentary

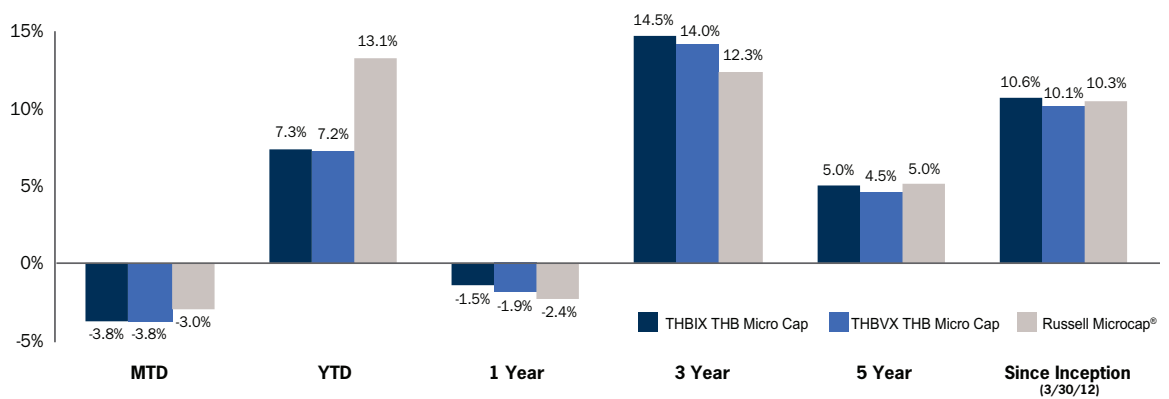
The Russell Microcap® Index (Index) returned +13.1% in 1Q with all sectors exhibiting positive returns.

Health Care (+19.0%) was the best performing sector in 1Q, followed by Real Estate (+18.6%) and Information Technology (+17.4%). Utilities (+5.5%) was the worst performing sector, followed by Financials (+6.9%) and Communication Services (+7.5%).

The U.S. equity markets rebounded nicely during 1Q following a tumultuous end to 2018. Many of the concerns that contributed to the broad selloff late last year were replaced with optimism regarding a potential U.S./China trade resolution, solid corporate earnings, and a more dovish stance from the Federal Reserve that left interest rates unchanged and scaled back projections for further rate hikes in 2019. The U.S. federal government shutdown earlier in the year had some effect on consumer and business confidence indicators, but recent measures are off the intra-quarter lows and we believe we will continue to see higher levels of confidence as we move further away from the shutdown.

Employment is strong and should continue to drive the economy. We believe the next leg of economic expansion will be supported by capital spending on technology to enhance automation, improve efficiency, and combat wage pressure as businesses find it more difficult to squeeze margins out of the labor force. Increased capex triggered by tax reform and deregulation efforts takes time to flow through the economy and we may be in the early days of witnessing the related economic growth benefits of these initiatives.

Performance Snapshot (Net of Fees)

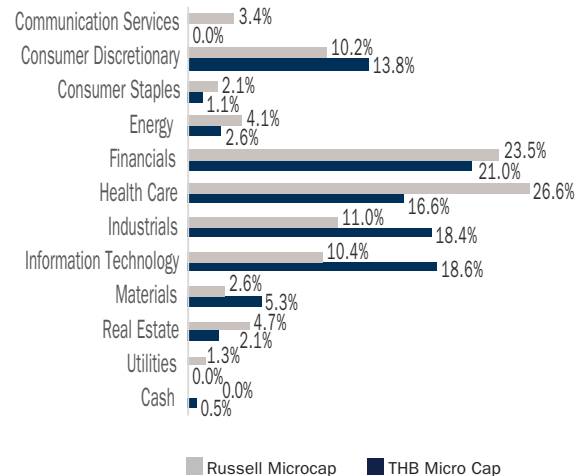


Performance data quoted represents past performance and does not guarantee similar future results. The investment performance and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost, and current performance may 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: 1.70%/net: 1.25% THBVX, gross: 2.20%/net: 1.75%. Fee waivers are contractual and in effect until March 29, 2020.

Portfolio and Benchmark Characteristics* *

Characteristics	THB Micro Cap	Russell Microcap
Holdings	100	1,550
Market Cap (\$mil)	578	644
LT Debt/Capital	17.0%	27.3%
Price/Earnings	18.4x	—
P/E Forward	16.7x	—
Price/Book	1.8x	1.7x
Price/Sales	1.1x	0.9x
EV/EBITDA	9.8x	—
EV/Sales	1.2x	1.2x
Operating Margin	11.1%	5.5%
ROE	7.7%	-2.4%
ROIC	6.1%	—

Sector Weightings



Sector weightings subject to change.

Our Commitment

THB Asset Management 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 Asset Management 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 Asset Management Micro Cap Fund (THBIX) returned +7.3% in USD (net of fees) in 1Q, underperforming the Index by 579 bps.

Negative contribution came primarily from selection in Health Care (-1.5%), Information Technology (-1.5%), Financials (-1.4%), and Industrials (-1.0%). Underallocation to Health Care (-0.5%) was also a detractor. Positive contribution came largely from stock selection in Real Estate (+0.4%) and Materials (+0.3%), as well as overallocation to Information Technology (+0.3%).

Much of the underperformance stemming from stock selection is reflective of our focus on higher quality, lower risk stocks. Lower quality and higher risk companies that underperformed during the selloff in 4Q 2018 rebounded disproportionately in 1Q. For example, 12 out of the top 20 highest Index movers in 1Q are biotechnology companies.

THB's top five performing stocks (from a contribution standpoint) were Innovative Industrial Properties Inc. (0.8% of Portfolio-Real Estate) +0.5%, UFP Technologies, Inc. (1.8% of Portfolio-Materials) +0.4%, LeMaitre Vascular, Inc. (1.3% of Portfolio-Health Care) +0.4%, Ultralife Corporation (0.9% of Portfolio-Industrials) +0.4%, and Century Communities Inc. (1.0% of Portfolio-Consumer Discretionary) +0.4%.

THB's bottom five performing stocks (from a contribution standpoint) were Graham Corporation (2.3% of Portfolio-Industrials) -0.3%, Allied Motion Technologies, Inc. (1.2% of Portfolio-Industrials) -0.3%, PRGX Global, Inc. (1.4% of Portfolio-Information Technologies) -0.3%, Insteel Industries, Inc. (1.2% of Portfolio-Industrials) -0.2%, and Fiesta Restaurant Group, Inc. (0.9% of Portfolio-Consumer Discretionary) -0.2%.

Even with the solid rebound in 1Q, we believe there is still much room for additional gains, particularly when considered in the context of prior drawdowns similar in magnitude to the one that occurred in 4Q 2018 in which 50% of all companies within the U.S. micro cap universe were down more than 15% in the trailing 12 months.

Corporate Activity

THB Asset Management Micro Cap Trailing 12 months

Number of Companies	100
Companies with Share Repurchases	53
Companies that Paid Dividends	45
Amount of Share Repurchases (\$,mil)	454
Amount of Dividends Paid (\$,mil)	467
Total Capital Returned to Shareholders (\$,mil)	921
Number of Acquisitions	61
Value of Acquisitions (\$,bil)	4
Portfolio Holdings Acquired	2

We believe the fund's portfolio companies have returned capital back to shareholders via repurchases.

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. Fee Waivers are contractual and in effect until March 29, 2020. 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.

Market Cap Distribution

