

Portfolio Team



Christopher Cuesta, CFA
Principal, CEO
Portfolio Manager
23 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	\$52 million	
	THB	Index
Alpha	9.1%	—
Beta	1.08	—
Tracking Error	5.59	—
Sharpe Ratio	1.05	0.47
Info Ratio	1.63	—
Std Deviation	14.8%	12.7%

Market Commentary

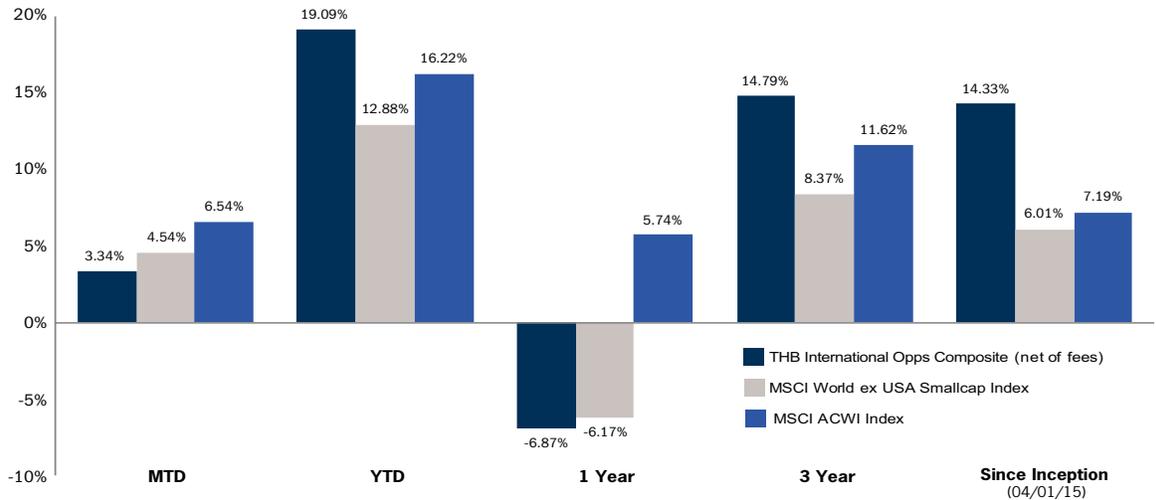
The MSCI World ex USA Smallcap® Index (Index) returned +1.8% (USD) in 2Q.

Information Technology (+7.8%) was the best performing sector, followed by Utilities (+4.1%) and Materials (+3.7%). Energy (-5.2%) was the worst performing sector, followed by Consumer Staples (-2.3%) and Consumer Discretionary (-2.0%).

Israel (+11.2%) was the best performing country, followed by Netherlands (+8.5%) and France (+7.4%). Hong Kong (-6.3%), Denmark (-1.7%) and Norway (-1.4%) were the worst performing countries in the Index.

Global equities rose this quarter while the ongoing trade negotiations between the US and China remained a key focus of investors. The agreement at the G-20 summit to restart negotiations was expected, but also welcomed by global markets. Concerns regarding overall global growth remain, but resolution of the US/China tariff dispute should have the double benefit of removing a market risk and also increasing business confidence. The US Federal Reserve also pivoted to a more dovish stance and cited the ongoing trade dispute as a concern regarding the US economic expansion.

Performance Snapshot (Net of Fees)



1. Periods end 6/30/2019 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.

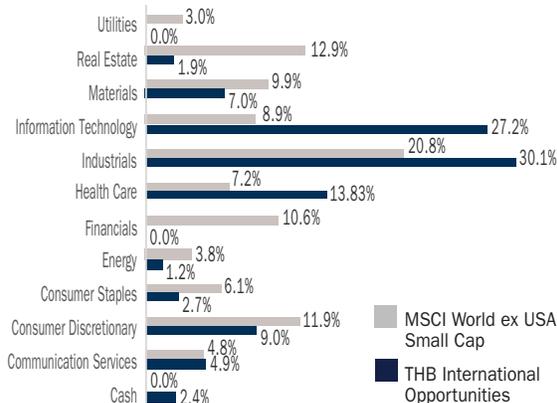
Active Management, High Active Share

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.

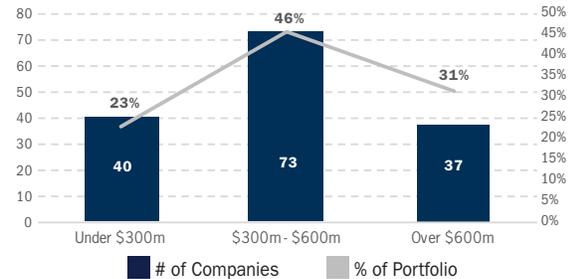
98.9%

Sector Weightings



Sector weightings subject to change.

Market Cap Distribution



Country Exposure

Country	THB International Opportunities	MSCI World ex USA Small Cap	+/-
Japan	32.5%	27.3%	5.2%
UK	16.3%	16.4%	-0.1%
Germany	9.7%	5.5%	4.2%
Sweden	10.9%	5.3%	5.6%
Rest of Europe	13.5%	24.0%	-10.5%
Australia	10.7%	8.0%	2.7%
Canada	4.4%	8.6%	-4.2%
Asia ex Japan	1.6%	4.8%	-3.1%

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 or (203) 653-7060.



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Portfolio Commentary

The THB International Micro Cap Composite returned +5.5 % (net of fees) in 2Q, outperforming the Index by 370 bps.

Contributors to the portfolio's performance were positive stock selection in Japan, United Kingdom and Germany. Overallocation to Sweden, France and Germany added to performance. Detractors from performance included stock selection in Canada, Australia and an overallocation to Japan and underallocation to Netherlands.

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

THB's top five performing stocks (from a contribution standpoint) were ValueCommerce Co Ltd., (Japan, Communication Services, +0.5%), Eckert & Ziegler AG (Germany, Health Care, +0.4%), AB Dynamics PLC (United Kingdom, Consumer Discretionary, +0.4%), Dr. Hoenle AG (Germany, Industrials, +0.4%), GB Group PLC (United Kingdom, Information Technology, +0.3%), and Fixstars Corp (Japan, Information Technology, +0.4%).

The bottom five performing stocks (from a contribution standpoint) were Citadel Group Ltd. (Australia, Information Technology, -0.3%), Aurelia Metals Ltd. (Australia, Materials, -0.2%), Praemium Ltd. (Australia, Information Technology, -0.2%), Linical Co. Ltd. (Japan, Health Care, -0.2%) and Technotrans SE (Germany, Industrials, -0.1%).

Micro Cap companies are generally less affected by tariffs and rising trade escalations between China and the US than large cap multinationals. Smaller companies tend to have the majority of their revenues derived from domestic or regional sources while International micro cap companies derive approximately 65% of their revenue from domestic sources. Our well capitalized portfolio companies continue to deploy capital by repurchasing their own shares and also expanding through acquisitions.

Portfolio and Benchmark Characteristics

Characteristics	THB Intl Opps	MSCI World ex US Small
Holdings	150	2,563
Market Cap (\$, mil)	499	2,477
Dividend Yield	2.0%	2.8%
LT Debt/Capital	7.4%	25.9%
Price/Earnings	19.0x	—
P/E Forward	19.4x	—
Price/Book	2.8x	1.4x
Price/Sales	1.4x	0.9x
EV/EBITDA	11.7x	11.9x
EV/Sales	3.9x	1.0x
FCF Yield	4.7%	2.0%
Operating Margin	13.8%	11.1%
ROE	21.7%	12.0%
ROIC	12.5%	—

Corporate Activity

THB International Opportunities

Trailing 12 months (\$ in billions, except # of companies)

Companies with Share Repurchases	63
Companies that Paid Dividends	138
Value of Share Repurchases	0.2
Value of Dividends Paid	1.4
Total Capital Returned to Shareholders	1.6
Number of Acquisitions	86
Value of Acquisitions	1.2
Portfolio Holdings Acquired	4

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 6/30/19 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.