

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	\$57 million	
	THB	Index
Alpha	8.10%	—
Beta	1.09	—
Tracking Error	5.43	—
Sharpe Ratio	1.13	0.62
Info Ratio	1.49	—
Std Deviation	14.5%	12.4%

Market Commentary

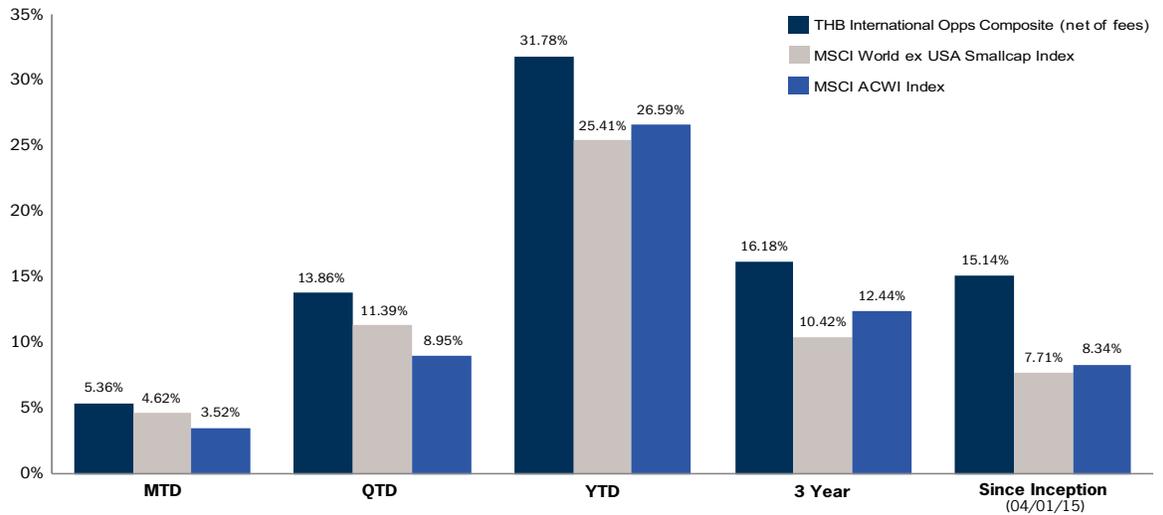
The MSCI World ex USA Smallcap® Index (Index) returned 11.4% (USD) in 4Q.

Information Technology (+16.1%) was the best performing sector, followed by Industrials (+14.2%) and Health Care (+13.3%). Consumer Staples (5.7%) was the worst performing sector, followed by Real Estate (7.4%) and Utilities (7.9%).

United Kingdom (+19.5%) was the best performing country, followed by Sweden (+17.2%) and Netherland (+15.4%). Australia (+4.0%), Hong Kong (+6.4%) and Israel (+6.7%) were the worst performing countries in the Index.

Developed market equities rose this quarter with European equities as leader in all the regions. Signing of Phase I trade deal between the US and China, the UK elections that provide clarity around Brexit and better than expected economic readings all worked to remove elements of uncertainty which had been weighing on investor sentiment. Developed market bond yields have moved higher as leading economic indicators appear to be bottoming — both signaling the global growth scare that was experienced in the beginning of the year has likely passed.

Performance Snapshot (Net of Fees)



1. Periods end 12/31/2019 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.

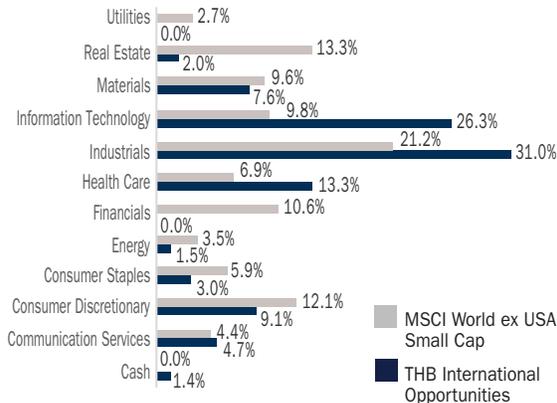
Active Management, High Active Share

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.

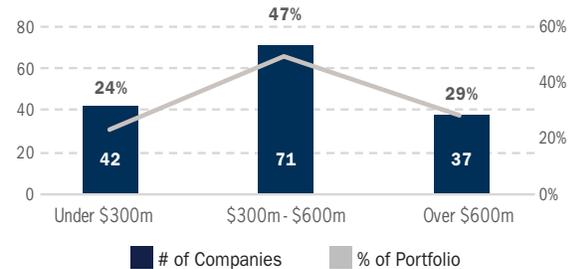
98.9%

Sector Weightings



Sector weightings subject to change.

Market Cap Distribution



Country Exposure

Country	THB International Opportunities	MSCI World ex USA Small Cap	+/-
Japan	32.4%	27.6%	4.8%
UK	18.7%	17.0%	1.6%
Germany	8.8%	5.6%	3.2%
Sweden	11.2%	5.6%	5.5%
Rest of Europe	14.7%	23.3%	-8.6%
Australia	9.7%	7.5%	2.1%
Canada	2.7%	8.5%	-5.8%
Asia ex Japan	1.4%	4.7%	-3.4%

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 +13.9 % (net of fees) in 4Q, outperforming the Index by 247 bps.

Contributors to the portfolio's performance were positive stock selection in United Kingdom, Japan and Italy. Detractors from performance included stock selection in Sweden, overallocation to Australia and Japan.

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

THB's top five performing stocks (from a contribution standpoint) were Judges Scientific plc (United Kingdom, Industrials, +0.8%), El.En. S.p.A. (Italy, Health Care, +0.5%), Kainos Group Plc (United Kingdom, Information Technology, +0.4%), Fukui Computer Holdings. Inc. (Japan, Information Technology, +0.4%) and GB Group Plc. (United Kingdom, Information Technology, +0.4%).

The bottom five performing stocks (from a contribution standpoint) were Smartgroup Corporation Ltd. (Australia, Industrials, -0.4%), RaySearch Laboratories AB (Sweden, Health Care, -0.2%), HABA Laboratories (Japan, Consumer Staples, -0.2%), Dr. Hoenle AG (Germany, Industrials, -0.1%) and CellaVision AB (Sweden, Health Care, -0.1%).

Kainos is one of our top five performers this quarter. Kainos delivers digital technology/transformation solutions to the public and private sectors in the UK. The company has been involved from the early stages of public sector digitization, helping to deliver more than 70 projects to date. Some of these are exemplar projects including, the Individual Electoral Registration Digital Service for Cabinet Office, a Driver's Information Enquiry service for DVLA, back-office processing of passport applications. Kainos doubled its revenues over the past few years and is poised to continue to benefit from the on-going megatrend toward digitalization and shift to 5G. The company has no debt and \$55M in cash on the balance sheet.

During the quarter, fifteen acquisitions were made. Five companies initiated a new share repurchase programs. Our well capitalized portfolio companies continue to deploy capital by repurchasing their own shares and expanding through acquisitions.

Portfolio and Benchmark Characteristics

Characteristics	THB Intl Opps	MSCI World ex US Small
Holdings	150	2,557
Market Cap (\$, mil)	559	2,726
Dividend Yield	1.8%	2.5%
LT Debt/Capital	8.0%	26.0%
Price/Earnings	21.9x	—
P/E Forward	21.8x	—
Price/Book	3.1x	1.5x
Price/Sales	1.5x	1.0x
EV/EBITDA	11.4x	11.6x
EV/Sales	1.0x	0.7x
FCF Yield	3.4%	3.0%
Operating Margin	13.4%	11.0%
ROE	21.2%	11.6%
ROIC	11.0%	—

Corporate Activity

THB International Opportunities

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

Number of Companies	150
Companies with Share Repurchases	63
Companies that Paid Dividends	137
Value of Share Repurchases	200
Value of Dividends Paid	1,300
Total Capital Returned to Shareholders	1,500
Number of Acquisitions	67
Value of Acquisitions	934
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 12/31/19 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.