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# Thomson Horstmann & Bryant, Inc.

Investment Adviser Brochure (Form ADV: Part 2A)

SEC File Number 801- 54432

March 25, 2014

This brochure provides information about the qualifications and business practices of Thomson Horstmann & Bryant, Inc. Information provided herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. You should refer to those materials, including defined terms therein, in reviewing this brochure. If you have any questions about the contents of this brochure, please contact us at 203-653-7060. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. An investment adviser's registration with the SEC does not imply a certain level of skill or training.

Additional information about Thomson Horstmann & Bryant, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

501 Merritt 7  
Norwalk, CT 06851  
203-653-7060  
[www.thbinc.com](http://www.thbinc.com)



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## ITEM 2 – MATERIAL CHANGES

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This brochure dated March 25, 2014, is the third amendment to the Thomson Horstmann & Bryant, Inc. brochure, and serves as an update to the Thomson Hortsman & Bryant. Inc. brochure dated March 23, 2013.

Thomson Horstmann & Bryant, Inc. will update this brochure: 1) annually, and 2) promptly when certain information becomes materially inaccurate. This section contains a description of only the material changes to the brochure since the last annual update. These material changes are as follows:

Effective July 24, 2013, Thomson Horstmann & Bryant, Inc. began offering Thomson Horstmann & Bryant US Microcap Fund and Thomson Horstmann & Bryant US Small Cap Value Fund, two Luxembourg domiciled UCITS (Undertaking for Collective Investments in Transferable Securities) funds.

Effective October 9, 2013, Thomson Horstmann & Bryant, Inc. began offering the Thomson Horstmann & Bryant Small Cap Value Fund, a U.S. registered investment company and series of The Advisors' Inner Circle Fund.

The engagement of an independent contractor to solicit clients for Thomson Horstmann & Bryant, Inc. in Australia. See Item 14. Thomson Horstmann & Bryant, Inc. will provide its clients with a summary of any material changes to this and subsequent brochures by April 30th of each year. You can request our brochure at any time by contacting James Kennedy, Chief Compliance Officer, at 203-653-7064 or [jkennedy@thbinc.com](mailto:jkennedy@thbinc.com).

## ITEM 4 - ADVISORY BUSINESS

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Thomson Horstmann & Bryant, Inc. ("THB") was formed in 1982 and is wholly owned by Thomson Horstmann & Bryant Inc. II ("THB II"). The principal owners of THB II are Chad M. Nelson, Christopher N. Cuesta and William W. Bryant III. William Bryant Jr., John Bennett, and James Kennedy also have an ownership interest in THB II.

THB specializes in providing investment advisory services with respect to the smaller capitalization range of the US equity market. THB's advice is limited to the smaller company strategies listed below. THB tailors these strategies to its client's specific guidelines and restrictions.

Micro Cap - Includes companies whose market capitalization is generally consistent with the range of the Russell Micro Cap Index at time of purchase.

Small Cap Core - Includes companies whose market capitalization is generally consistent with the range of the Russell 2000 Index at time of purchase.

Small Cap Value - Includes companies whose market capitalization is generally consistent with the range of the Russell 2000 Value Index at time of purchase.

Small Cap II - Includes companies whose market capitalization is generally consistent with the range of the Russell Micro Cap and Russell 2000 indices at time of purchase.

As of December 31, 2013, THB managed \$1,823,921,501 in assets on a discretionary basis. THB does not provide its investment advisory services on a non-discretionary basis.

## ITEM 5 - FEES AND COMPENSATION

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THB's investment advisory fees are based on a percentage of the client's assets under management and/or the performance of the clients' assets under management. THB invoices its managed account clients for the payment of investment advisory fees. Clients can choose to pay the investment advisory fee: 1) on the first day of each quarter based on the fair market value of the account on that day, or 2) on the last day of each quarter based on the fair market value of the account on that day or on an average fair market value for the quarter, or 3) as otherwise negotiated.

Investors in the THB Funds (as defined below under Item 7) generally pay an investment advisory fee based upon average monthly net asset value of their capital accounts quarterly in arrears on the last business day of each calendar quarter through a deduction from their capital accounts, or as otherwise negotiated. Certain investors in a THB Fund may also have agreed to pay an annual performance based fee calculated based on the performance of the fund and deducted from their capital account. Additional information regarding fund

expenses, including advisory fees, paid by THB Funds is available in the applicable fund's offering documents.

The THB MicroCap Registered Fund (as defined below under Item 7) pays a fee, which is calculated daily and paid monthly in arrears, at an annual rate of 1.25% of the average daily net assets of the fund. THB has contractually agreed to reduce fees and reimburse expenses to the extent necessary to keep such fund's net operating expenses (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses, and extraordinary expenses) from exceeding 1.25% or 1.75% of such fund's Institutional Class or Investor Class Shares net assets, respectively, until March 31, 2015. The THB Small Cap Registered Fund (as defined below under Item 7) pays a fee, which is calculated daily and paid monthly in arrears, at an annual rate of 1.00% of the average daily net assets of the fund. THB has contractually agreed to reduce fees and reimburse expenses to the extent necessary to keep such fund's net operating expenses (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses, and extraordinary expenses) from exceeding 1.00% or 1.50% of such fund's Institutional Class or Investor Class Shares net assets, respectively, until February 28, 2015. However, if such fees and expenses in any year are below this contractual expense limit, THB may recover an amount from the THB Small Cap Registered Fund equal to the difference between such fees and expenses and the contractual expense limit as a reimbursement of all or a portion of its fee waivers or expense reimbursements made during the preceding three-year period during which the agreement was in place. Additional information regarding fund expenses, including advisory fees, paid by the THB MicroCap Registered Fund and the THB Small Cap Registered Fund is available in the applicable fund's prospectus and statement of additional information.

The THB MicroCap UCITS Fund (as defined below under Item 7) pays a fee to Luxembourg Fund Partners S.A. (the "UCITS Management Company"), which is calculated daily and paid monthly in arrears, at an annual rate of 1.50% or up to 2.50% of the average daily net assets of such fund's Institutional Class or Investor Class Shares, respectively. The THB Small Cap UCITS Fund (as defined below under Item 7) pays a fee to the UCITS Management Company, which is calculated daily and paid monthly in arrears, at an annual rate of 1.00% or up to 2.50% of the average daily net assets of such fund's Institutional Class or Investor Class Shares, respectively. Additional information regarding fund expenses, including advisory fees, paid by the THB UCITS Funds is available in the applicable fund's prospectus and sub-fund fact sheet.

THB or its managed account clients may generally terminate the investment advisory agreement upon 30 days' written notice. Investment advisory agreements with the THB Funds may terminate upon 90 days' written notice. Upon termination, THB refunds any investment advisory fees that may have been paid at the beginning of the period that are unearned. With respect to the THB Registered Funds (as defined below under Item 7), after the initial two-year term, the continuance of the investment advisory agreement must be specifically approved at least annually: (i) by the vote of the Trustees of the Trust (as

defined below in Item 7) or by a vote of the shareholders of the fund; and (ii) by the vote of a majority of the Trustees who are not parties to the investment advisory agreement or “interested persons” of any party thereto, cast in person at a meeting called for the purpose of voting on such approval. The investment advisory agreement for the THB Registered Funds will terminate automatically in the event of its assignment, and is terminable at any time without penalty by the Trustees of the Trust or, with respect to the fund, by a majority of the outstanding shares of the fund, on not less than 30 days’ nor more than 60 days’ written notice to THB, or by THB on 90 days’ written notice to the Trust. As used in the investment advisory agreement, the terms “majority of the outstanding voting securities,” “interested persons” and “assignment” have the same meaning as such terms in the Investment Company Act of 1940, as amended. The THB UCIT Funds are terminable at any time without penalty by the UCITS Management Company, or by THB on 90 days’ written notice to the THB UCIT Funds.

In addition to THB’s fee, clients pay brokerage and other transaction costs (as described in Item 12 below). Clients also pay charges to financial institutions and other third parties such as custodial fees, charges imposed directly by exchange traded funds, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Further, clients invested in the THB Registered Funds, whether directly or through a separately managed account, will indirectly bear the fees and expenses paid by the THB Registered Funds (to the extent not otherwise reimbursed or waived by THB), which include but are not limited to: (i) operating expenses, including fees of its service providers, expenses of preparing prospectuses, proxy solicitation material and reports to shareholders, costs of custodial services and registering its shares under federal and state securities laws, pricing and insurance expenses, brokerage costs, interest charges, taxes and organization expenses; and (ii) its pro rata share of the fund’s other expenses, including audit and legal expenses. Additional information regarding such fees and expenses is available in the prospectus and statement of additional information of the applicable THB Registered Fund.

Investments by clients in the THB UCITS Funds (as defined below under item 7) are subject to a subscription fee of up to 5.00%, and a redemption fee may apply with respect to redemptions of Investor Class Shares of each THB UCITS Fund. In addition, clients invested in the THB UCITS Funds, whether directly or through a separately management account, will indirectly bear the fees and expenses paid by the THB UCITS Funds, which include but are not limited to: (i) depositary bank fees, (ii) administrative, registrar and transfer and domiciliary agent fees, and (iii) management company charges. Additional information regarding such fees and expenses is available in the prospectus and sub-fund fact sheet of the applicable THB UCITS Fund.

## ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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THB can potentially receive greater investment advisory fees from an account paying a performance-based fee than from an account paying an asset-based fee. This represents a potential conflict of interest because an incentive exists to favor accounts that are charged a performance-based fee or to allocate time, services or functions to clients paying performance-based fees. For example, an incentive exists to direct the best investment ideas to, or allocate or sequence trades in favor of, the account that pays the performance fee. THB has written policies and procedures to ensure that its trading practices are fair to all clients and that no client or account is advantaged or disadvantaged over any other.

## ITEM 7 - TYPES OF CLIENTS

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THB's clients include pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. THB is also: the managing member and investment adviser of two Delaware domiciled private funds, THB Micro Cap LLC and THB Small Cap LLC (the "THB Funds"); the investment adviser of two U.S. registered investment companies and series of The Advisors' Inner Circle Fund (the "Trust"), the Thomson Horstmann & Bryant MicroCap Fund (the "THB MicroCap Registered Fund") and the Thomson Horstmann & Bryant Small Cap Value Fund (the "THB Small Cap Registered Fund," and together with the THB MicroCap Registered Fund, the "THB Registered Funds"); and the sub-investment manager of two Luxembourg domiciled UCITS (Undertaking for Collective Investments in Transferable Securities) sub-funds of the DQN Investment Fund, Thomson Horstmann & Bryant US Microcap Fund (the "THB MicroCap UCITS Fund") and Thomson Horstmann & Bryant US Small Cap Value Fund (the "THB Small Cap UCITS Fund," and together with the THB MicroCap UCITS Fund, the "THB UCITS Funds").

For individually managed accounts, clients must maintain an ongoing balance of \$200,000 or pay a minimum investment advisory fee of \$2,000. Clients are able to negotiate this requirement. The THB Funds may have investment minimums set forth in their offering documents, which may be waived at THB's discretion. To purchase Institutional Class Shares of the THB Registered Funds for the first time, an investor must invest at least \$100,000 (there is no minimum investment for individual retirement accounts ("IRAs")). Each minimum subsequent investment in Institutional Class Shares of the THB Registered Funds is required to be at least \$2,500. There is no minimum investment amount for initial or subsequent purchases of Investor Class Shares. To purchase Institutional Class Shares of the THB UCITS Funds for the first time, an investor must invest at least \$500,000, and each minimum subsequent investment in Institutional Class Shares of the THB UCITS Funds is required to be at least \$10,000. To purchase Investor Class Shares of the THB UCITS Funds for the first time, an investor must invest at least \$10,000, and each minimum



subsequent investment in Institutional Class Shares of the THB UCITS Funds is required to be at least \$10,000.

Please see the THB Registered Funds', THB Funds and THB UCITS Funds' offering documents for information regarding investment minimums.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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THB's investment philosophy focuses on the team-based, bottom-up construction of actively managed, broadly diversified portfolios. THB uses qualitative and quantitative methods to generate investment ideas as follows:

Qualitative - Sources of qualitative research include attendance at conferences and trade shows, dialogue with corporate management and industry specialists, subscription to various professional services, and the sector expertise of portfolio managers.

Quantitative - THB screens the investment universe for companies with fundamental and valuation factors that are consistent with THB's investment approach and are back-tested for price predictability. THB attempts to identify securities where the market: 1) undervalued the potential of the company with regards to operating structure and profitability, 2) failed to recognize the inherent value on a cost replacement basis and/or, 3) overlooked the synergies available with respect to potential acquisition.

THB seeks to invest in companies that possess characteristics that define them as leaders within their industries and demonstrate identifiable positive change in either the underlying business or corporate structure. THB aims to anticipate how such positive changes effect the income statement, balance sheet, or market perception of that company.

Investing in securities involves risk of loss that clients should be prepared to bear. Investments may lose value based on factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as financial condition and management decisions. Equity securities also fluctuate in value due to factors that affect the securities markets generally, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates and investor sentiment.

The securities of smaller companies are significantly more vulnerable to market risk and liquidity risk than the securities of larger companies as these companies may have limited product lines, markets or financial resources, or they may depend on a few key employees. In addition, these securities trade less frequently and in lesser volume than more widely held securities and their value fluctuates more sharply than other

securities. Further, THB could find it more difficult to sell such securities when it desires and may only be able to do so at prices lower than if such securities were more widely held.

There is no assurance that the above list is a complete list of all risks of an investment or that there are no other risks that may exist now or that may arise in the future in connection with an investment. Strategies and risks related to THB's investment strategies are described in greater detail in the offering memorandum of each THB Fund, the prospectus and statement of additional information of each THB Registered Fund, and the prospectus and sub-fund fact sheet of each THB UCITS Fund, and this description is qualified in its entirety by those materials with respect to each THB Fund, each THB Registered Fund and each THB UCITS Fund.

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## ITEM 9 - DISCIPLINARY INFORMATION

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THB and its employees do not have any legal or disciplinary events to disclose.

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## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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THB and its employees do not have any financial industry activities or affiliations that are material to its advisory business. In addition, THB is not compensated for providing investment advice from any other source other than its clients.

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## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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THB enforces a Code of Ethics (the "Code") to promote the highest levels of ethical conduct among its officers, directors and employees. The Code includes the following general principles: 1) the duty at all times to place the interests of clients first, 2) the requirement to conduct personal securities transactions in such a manner as to avoid any actual or potential conflict of interest, 3) the fundamental standard to not take advantage of any position of trust and responsibility, and 4) the principle that THB and its employees exercise independent, unbiased judgment in the investment decision-making process.

THB's employees invest in the same securities or related securities, (e.g., warrants, options, or futures) for their own accounts that THB recommends and invests in for clients. Further, employees can transact in a security for their own accounts at or about the same time that THB recommends or invests in that same security for clients. THB prohibits employees from benefiting from transactions placed on behalf of advisory accounts. THB also places restrictions on employee personal securities transactions including: 1) pre-approval for transactions in US dollar denominated domestic equity securities with market

capitalizations under \$700 million at the time of purchase and/or for securities in which the firm has beneficial ownership on behalf of its clients of greater than 8% of the outstanding stock, 2) prohibitions from executing a securities transaction at a better price than a client receives on that day, and 3) restrictions on short-term trading in US dollar denominated domestic equity securities with market capitalizations under \$1.5 billion at the time of purchase.

THB's principals and employees may have a financial interest in the THB Funds, the THB Registered Funds and the THB UCITS Funds directly, as investors in the funds, or indirectly, as owners of THB. As a result of these interests, an incentive exists to favor the THB Funds, the THB Registered Funds and the THB UCITS Funds. For example, an incentive exists to allocate limited investment opportunities to the funds. In addition, an incentive exists to recommend that clients invest in the THB Funds, the THB Registered Funds or the THB UCITS Funds in order to increase THB's investment advisory fees. THB prohibits employees from allocating trades or investment opportunities that favor any particular client, group of clients or affiliated and proprietary accounts.

Employees are prohibited from sharing non-public personal information of clients or investors without permission and unless necessary to complete a transaction on the client's or investor's behalf. In addition, THB limits access to non-public personal information to those persons that need access to such information to provide services to the client.

This summary is qualified in its entirety by THB's Code. Contact James Kennedy, Chief Compliance Officer, at 203-653-7064 or [jkennedy@thbinc.com](mailto:jkennedy@thbinc.com) to request a copy of the Code.

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## ITEM 12 - BROKERAGE PRACTICES

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THB selects brokers based on their ability to provide best execution on client transactions. The factors considered in making this determination include: 1) price, 2) commissions, 3) liquidity, 4) promptness and reliability of execution, 5) confidentiality, 6) the ability of the broker to accommodate step-out trades, and 7) access to IPO's and other offerings. THB also considers the quality and quantity of research services that brokers provide such as research reports on companies and industries and economic and financial data. THB is not obligated to select the broker with the lowest available commission rate. Additional information regarding the firm's brokerage practices is available in the THB Fund offering documents, the THB Registered Funds' statements of additional information and the prospectus and sub-fund fact sheets of the THB UCITS Funds.

### Soft Dollars

Certain brokers provide credits to THB that are based on a percentage of the commissions that THB directs to the broker. These credits are known as "soft dollars." The brokers then provide their own brokerage and research services/products, or pay for third party brokerage and research services/products, which THB pays for with soft dollars. This may

be done without prior agreement by the client (and at THB's discretion). In the last fiscal year these services included research and brokerage services, research reports on particular companies or industries; economic surveys, data and analyses; financial publications; market data services, portfolio management platforms, market and stock level analytics, portfolio evaluation services, corporate insider buying/selling data as well as meetings and conference calls with management teams from companies that THB may consider for investment. The aforementioned research and brokerage services are used by THB to manage accounts for which it has investment discretion. THB will endeavor to select the brokers or dealers that will provide the best services at the lowest commission rates possible based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, and other services which will help THB provide investment management services. THB may use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. The research services THB obtains may not be useful to all clients, and not all of such research may be useful for the account for which the particular transaction was effected.

The amount of soft dollar benefits received depends on the amount of brokerage transactions effected with the brokers. A conflict of interest exists because there is an incentive to: 1) cause clients to pay a higher commission than the firm might otherwise be able to negotiate, 2) cause clients to engage in more securities transactions than would otherwise be optimal, and 3) only recommend brokers that provide soft dollar benefits. If THB believes it is in the overall best interests of its clients, THB executes transactions through brokers who charge commissions that are higher than commissions charged by brokers who do not provide the soft dollar benefits described above.

THB does not allocate soft dollar benefits to client accounts proportionately to the amount of soft dollar credits generated, if any, in the account. In addition, THB uses soft dollar benefits to service all of its client accounts; however, soft dollar benefits may not be equally useful and valuable in managing the account of a given client.

Certain products or services obtained with soft dollars also provide administrative assistance to THB. THB estimates the portion of the use that is for administrative purposes and pays for that portion of the cost in cash. A conflict of interest exists in making this determination since there is an incentive to designate a small amount of the cost as administrative in order to minimize the portion that THB must pay directly with cash.

THB has policies and procedures to address the conflicts of interest associated with its brokerage practices. THB periodically reviews the quality of the brokers used and evaluates the overall reasonableness of brokerage commissions paid on client transactions.

In addition to the benefits described above, certain brokerage firms may also make available to THB other products and services that benefit THB, but may not benefit clients' accounts. These benefits may include occasional business entertainment of THB personnel

including meals, invitations to sporting events, including golf outings, and other forms of entertainment.

As a result of receiving certain products and services for no cost, THB may have an incentive to continue to place client trades through broker-dealers that offer products and services. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, THB must determine in good faith that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

#### *Directed Brokerage and Step-Outs*

Clients are permitted to direct brokerage subject to THB's ability to obtain best price and execution. If a client requests that THB direct brokerage transactions to a particular broker, THB may not be able to aggregate such client's order with the orders of other clients. As a result, clients that direct brokerage could pay higher commissions or other transaction costs and receive less favorable net prices on transactions. In order to accommodate its clients' requests to direct brokerage, THB makes an effort to execute trades through one broker and requests that a portion of the commission be credited to the directed broker (i.e., step-out trades).

#### *Aggregate Trades*

THB aggregates orders on behalf of its clients when it believes that such aggregation facilitates its duty to seek best execution. If the aggregate order is partially filled, client accounts are allocated the securities on a pro-rata basis, subject to rounding to ensure that each account receives round lots.

If a partially filled order results in a client's account receiving a de minimis allocation, THB re-allocates the de minimis amount to other clients' accounts participating in the aggregated order. Such re-allocation is made based on the size of cash positions in the participating clients' accounts, subject to anticipated cash needs and any client instructions regarding cash.

#### *IPOs and Secondary Offerings*

THB considers the factors listed below when determining which client accounts will participate in an IPO or secondary offering of securities.

- Investment objectives, policies and time horizons of a particular account,
- Availability of cash in the account, and
- Number of shares allotted from the underwriter.

For client accounts that meet the above criteria, THB allocates the shares pro rata across all such accounts, subject to an account having sufficient cash available and rounding to ensure each account receives round lots.

THB frequently receives small allotments of an IPO or secondary offering from underwriters that does not allow for meaningful allocations to all participating client accounts. On each occasion where THB receives a small IPO or secondary offering allotment, THB allocates the shares randomly to one or more participating client accounts.

THB makes exceptions to its general allocation policy, as long as such exceptions are equitable, applied with consistency, and approved by the Chief Compliance Officer.

### ITEM 13 - REVIEW OF ACCOUNTS

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Client accounts are managed by the portfolio management team. The team consists of four portfolio managers who review portfolios on a daily basis for compliance with client mandates and selected investment strategies.

On a quarterly basis, THB provides managed client accounts with written reports that include client performance information and market commentary. THB prepares additional written reports as requested.

### ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

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As described in Item 12, THB receives products and services from brokers. THB does not receive any other economic benefit from a non-client for providing investment advisory services. THB has entered into solicitation agreements with unaffiliated third parties in the United States and Europe. THB will pay a portion of its advisory fee received to the third party for introducing accounts and may also additionally pay a flat fee. Any such arrangements must comply with Rule 206(4)-3 under the Investment Advisers Act of 1940. Among other requirements, THB must ensure that the third party provides a written disclosure statement that sets forth the terms of the arrangement as required by Rule 206(4)-3 and Securities and Exchange Commission ("SEC") staff interpretations thereunder.

THB makes payments to certain unaffiliated financial intermediaries to compensate them for costs associated with distribution, marketing, administration and shareholder servicing support of the THB Registered Funds and the THB UCITS Funds. In addition, financial intermediaries may receive payments for making shares available to their customers or registered representatives, including providing the THB Registered Funds with "shelf space", placing the THB Registered Funds on a preferred or recommended list, or promoting the THB Registered Funds in certain sales programs that are sponsored by financial intermediaries. These payments are made out of THB's profits and are not paid by the THB Registered Funds or the THB UCITS Funds.

## ITEM 15 - CUSTODY

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All client funds and securities over which THB is deemed to have custody are maintained with a qualified custodian. THB has custody over client assets where it is authorized to withdraw funds and securities from the client's account. THB has this authority as the managing member of the THB Funds. The THB Registered Funds and the THB UCITS Funds have entered into arrangements with qualified custodians, which are described in further detail in their offering documents. The THB Funds, the THB Registered Funds and the THB UCITS Funds are also audited by an independent public accountant and audited financial statements are distributed to investors.

## ITEM 16 - INVESTMENT DISCRETION

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THB requires that a written agreement be made between THB and each client. This agreement describes the terms and conditions of the engagement, the scope of the services provided, discretionary authority, compensation, various representations and warranties and other terms of the relationship. Before assuming account management responsibilities, including discretionary authority over investment decisions, THB's investment, compliance and operational personnel review the client's investment objectives, guidelines, and restrictions or limitations.

THB's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell;
- Determine the amount of the security to buy or sell; and/or
- Determine the broker-dealer to be used and the commission rates to be paid.

Clients give THB discretionary authority when they sign a discretionary agreement with THB, and may limit this authority, such as directing THB not to invest in securities of a particular issuer.

## ITEM 17 - VOTING CLIENT SECURITIES

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THB votes proxies on behalf of all clients unless specifically requested otherwise. THB has policies and procedures to ensure that proxies are voted in the best interest of clients. THB's policy governs how it votes on Executive Compensation, Board of Directors, Auditors, Corporate Actions and Unusual Items. THB typically supports management proposals on routine items. The Chief Compliance Officer oversees proxy solicitations with respect to non-routine items. Clients can contact THB to direct their vote in a particular solicitation.

THB ensures that its proxy voting decisions are not the product of a conflict of interest. A conflict could occur due to business or personal relationships that THB maintains with persons having an interest in the outcome of the votes. If a material conflict of interest exists, THB determines whether to: 1) disclose the conflict to the affected clients, 2) give the clients an opportunity to vote the proxies themselves, or 3) address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.

If a client does not authorize THB to vote proxies, clients receive their proxies or other solicitations directly from the custodian or transfer agent. Clients can contact THB with any questions about a particular solicitation.

This summary is qualified in its entirety by THB's proxy voting policies and procedures, which clients may obtain upon request. To obtain information regarding THB's proxy voting policies and procedures and how THB voted a proxy, contact James Kennedy, Chief Compliance Officer at 203-653-7064 or [jkennedy@thbinc.com](mailto:jkennedy@thbinc.com).

## ITEM 18 - FINANCIAL INFORMATION

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THB is financially capable of meeting all contractual commitments to clients.