

Our Firm: AZTLAN Equity Management, LLC is a boutique investment adviser specializing in global small and mid cap equity strategies. Exempt RIA founded in 2016, registered in the state of Virginia with presence in Monterrey, Mexico and Hong Kong.

Objective: Long-term capital appreciation. Buy & hold, concentrated equity long-only, Developed Markets SMID caps.

Investment Philosophy: Select great businesses that generate sustainably high free cash flows. Buy-sell actions determined by assessing intrinsic value and margin of safety, driven by quantitative plus fundamental analysis.

Investment Process: 1) Proprietary quantitative screening 2) Intensive fundamental research, analysis and valuation 3) bottom-up concentrated portfolio construction 4) Rebalancing and ongoing constructive engagement with our companies.

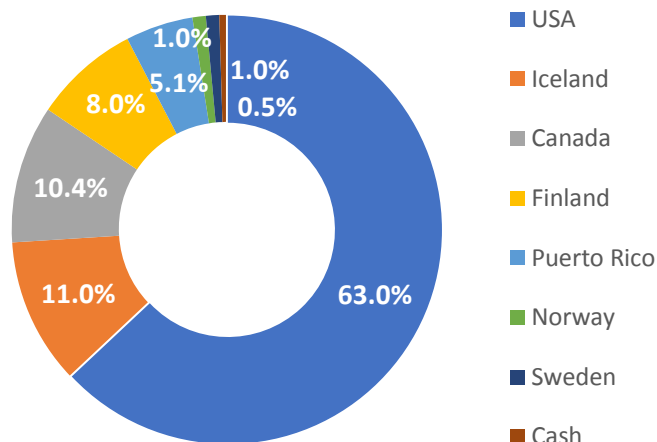
AZTLAN DM Strategy Monthly Gross Returns (USD)

EMF	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Bench mark*
2019	11.2	5.3	-	-	-	-	-	-	-	-	-	-	17.6	13.7
2018	5.5	0.4	5.3	0.0	9.7	4.3	2.9	13.6	-0.1	-8.8	3.6	-8.5	29.0	-13.2

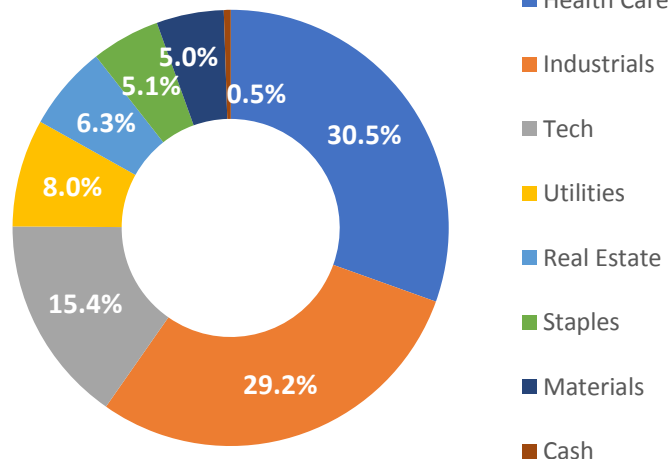
*MSCI World SMID Cap Index (USD)

AZTLAN DM Strategy Allocations

Country



Sector



AZTLAN DM Strategy Characteristics

	Weighted Average Market Cap US\$ billion	Constituents	FCFY%	DY%	5yr Dividend Growth%	ROE%	ROIC%	Fwd. P/E
AZTLAN DM	3.3	19	3.9	1.6	5.4	23.6	17.1	15.8x
Benchmark*	12.3	5,257	-0.7	2.1	2.1	10.2	5.6	16.7x

*MSCI World SMID Cap Index (USD)

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DM Strategy Monthly Performance Review and Outlook

The AZTLAN Developed Markets SMID Cap strategy returned 5.4% in dollar terms through February 2019, performing in line with the Russell 2000 benchmark and beating the MSCI World SMID CAP Index which was up 3.6% for the month. Market sentiment continued its positive trend after the Fed's earlier dovish comments signaling an indefinite pause in its rate normalization path, the end to the partial US government shutdown, and on hopes that a breakthrough could be reached soon in the ongoing US-China trade negotiations. China's slower GDP growth target and sluggish economic activity in Europe along with the protracted Brexit process were factors that tempered the optimistic market sentiment. During the month performance was a lot more evenly distributed between allocation and selection compared to previous months. At the stock level the top performer was Iceland-based industrial food equipment manufacturer Marel in anticipation of strong operational and financial results for full year 2018 and as the company announced plans for a dual listing of its shares on the Euronext Amsterdam exchange, which should enhance the share's liquidity and investment profile. US-based software and enterprise app developer Insight Enterprises also added value during the month as shares rallied after a strong set of 4th quarter and full year results with successful expansions into Europe and strong cash flow generation (as of month-end FCFY% was close to 10%). Valmet, based in Finland and a leading industrial equipment manufacturer serving the pulp and paper and energy industries, added to performance as the shares advanced after two important distribution agreement announcements, one for water waste management in Europe and another one for biofuels processing in the US; good results and strong cash flow also helped (7% free cash flow yield as of month-end). On the negative side pharmaceutical contract research organization Medpace Holdings detracted the most after the company reported in-line 4Q and full year results but guided to lower than expected EBITDA and cash flow for full year 2019 on the back of cost and margin pressures. Leading personal care products player Nu Skin Enterprises also detracted after weaker than expected 4Q and full year results while the company successfully continues to deploy its automated control environment agricultural system GROVIV. Finally, Encompass Health Corporation detracted as shares of the clinic and home-based post-acute healthcare provider gave back all its January gains over fears of a potential slowdown in growth despite the company reiterating its previous guidance. For the month of March, we book gains and partially trim down positions in Marel, Insight and Valmet and reallocate primarily to Methanex (Canadian methanol producer) and Ossur (Iceland-based medical equipment manufacturer), also to February's laggards Nu Skin and Medpace. As we approach the end of 1Q19 our risk outlook remains well balanced on the positive side seeing good earnings releases and stable economic data out of the US and no clear macroeconomic signs that would indicate an imminent global slowdown or recession. We continue our bottom-up research work as we comb the Nordic countries and Japan in the pursuit of good companies with strong cash flows to add to our strategy.

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