



Ativo Capital Management, LLC is an investment advisor focused on delivering both top-quartile performance and exceptional service to clients. We follow a rules-based process utilizing quantitative methodologies to build long-only equity portfolios with high active share. We invest globally with an emphasis on international markets. Central to our approach is a proprietary multi-factor model that scores stocks based on our assessment of their intrinsic value and other internally developed factors, which have low correlation with one another over time.

## Market Overview

The MSCI ACWI Net returned -3.40% in US dollar (USD) terms in the third quarter following three consecutive quarters of strong gains. Several factors contributed to the pullback in equities, including the hawkish stance of major central banks, which drove bond yields higher globally. In addition, a sharp rebound in oil prices exacerbated worries about inflation, and China's post-COVID economic recovery continued to lose momentum. Despite recent weakness, the MSCI ACWI Net (USD) has risen 10.06% year to date.

Third-quarter losses were broad based, with stocks declining in all major regions of the world. In the US, the MSCI USA Net returned -3.18% as the Federal Reserve's interest-rate outlook dampened hopes for a soft US economic landing. The Fed held rates steady in September after a July increase but, with inflation still elevated, forecast one more hike in 2023 and raised its year-end 2024 rate estimate from 4.6% to 5.1%. The prospect of a sustained period of higher rates, combined with heavy debt issuance by the US government, helped send the 10-year Treasury yield to its highest level since 2007.

International equities were more resilient than US stocks in local currency terms, but a broad strengthening in the USD caused them to lag in USD. In developed international markets, the MSCI EAFE + Canada returned -1.35% in local currencies and -4.10% in USD, with eurozone equities among the worst performers. The European Central Bank raised interest rates to a record high and said it would keep rates high for as long as necessary to curb inflation, pushing bond yields up across the region. Sluggish growth in China and the spike in oil prices were additional headwinds for eurozone stocks. Conversely, Japanese equities posted a relatively modest decline as weakness in the Yen boosted exporters' earnings. The UK market also outperformed, supported by its significant exposure to oil stocks.

In emerging markets, the MSCI EM Net returned -1.43% in local currencies and -2.93% in USD.

Stocks in Emerging Americas were particularly weak, pressured by a sizeable loss in Mexico, which had been a top-performing market in the first half of the year. In contrast, Emerging EMEA was one of the best-performing regions globally. Emerging EMEA benefited from a strong rally in Turkey, which continued to shift toward more orthodox monetary policy in efforts to tame inflation. India was another standout performer, with stocks advancing amid higher levels of government infrastructure spending that lifted GDP growth.

Quarterly returns were generally negative across styles, sectors, and capitalization segments of the global equity market. Large-cap stocks held up better than small caps in developed markets, consistent with the “risk-off” environment. However, in emerging markets, small-cap equities registered solid gains, outperforming large caps, which declined. Emerging market small caps benefited from relatively high exposure to India, where small-cap stocks rose more than 12%, and relatively low exposure to China, where small caps fell approximately 6%.

Within the MSCI ACWI Net (USD), the Energy sector was a positive outlier, generating a double-digit increase as oil prices surged. In contrast, Utilities and Real Estate — both interest-rate sensitive sectors — posted the steepest losses. Rising interest rates also weighed on growth stocks, which were less resilient than value stocks on a global basis. However, year to date, growth remains significantly ahead of value because of exceptional gains in a handful of US mega-cap growth stocks, including NVIDIA, Meta, and Tesla. Outside the US, value has led growth so far this year.

## Performance Summary\*

Composite Benchmark	3 Month	YTD	1 YR	ANNUALIZED		
				5 YR	10 YR	Since Inception
<b>Ativo International ADR</b>						
Gross	-3.02%	11.56%	26.71%	3.89%	5.22%	6.16%
Net	-3.18%	11.02%	25.90%	3.21%	4.54%	5.48%
MSCI ACWI ex US Net	-3.77%	5.34%	20.39%	2.58%	3.35%	4.05%
<i>Excess Return (net of fees)</i>	<i>0.59%</i>	<i>5.68%</i>	<i>5.51%</i>	<i>0.63%</i>	<i>1.19%</i>	<i>1.43%</i>
<b>Ativo International All Country ex US</b>						
Gross	-2.12%	7.45%	20.82%	1.78%	3.54%	3.99%
Net	-2.24%	7.06%	20.20%	1.16%	2.81%	3.15%
MSCI ACWI ex US Net	-3.77%	5.34%	20.39%	2.58%	3.35%	2.42%
<i>Excess Return (net of fees)</i>	<i>1.53%</i>	<i>1.72%</i>	<i>-0.19%</i>	<i>-1.42%</i>	<i>-0.54%</i>	<i>0.73%</i>
<b>Ativo International Developed</b>						
Gross	-2.56%	8.18%	24.19%	2.17%	4.33%	7.03%
Net	-2.71%	7.69%	23.46%	1.52%	3.64%	6.31%
MSCI EAFE + Canada Net	-4.10%	6.73%	24.00%	3.44%	3.84%	5.30%
<i>Excess Return (net of fees)</i>	<i>1.39%</i>	<i>0.96%</i>	<i>-0.54%</i>	<i>-1.92%</i>	<i>-0.20%</i>	<i>1.01%</i>
<b>Ativo Global Institutional</b>						
Gross	-2.75%	12.40%	28.76%	7.84%	-	8.84%
Net	-2.87%	12.00%	28.18%	7.43%	-	8.37%
MSCI ACWI World Net	-3.40%	10.06%	20.80%	6.46%	-	7.14%
<i>Excess Return (net of fees)</i>	<i>0.53%</i>	<i>1.94%</i>	<i>7.38%</i>	<i>0.97%</i>	-	<i>1.23%</i>
<b>Ativo International Small Cap (All)</b>						
Gross	-0.01%	3.59%	17.40%	2.83%	-	6.45%
Net	-0.20%	3.01%	16.63%	2.36%	-	5.96%
MSCI EAFE + Canada Small Cap Net	-3.48%	1.83%	17.32%	1.28%	-	5.25%
<i>Excess Return (net of fees)</i>	<i>3.28%</i>	<i>1.18%</i>	<i>-0.69%</i>	<i>1.08%</i>	-	<i>0.71%</i>
MSCI ACWI ex US Small Cap Net	-1.70%	5.03%	19.01%	2.58%	-	5.74%
<i>Excess Return (net of fees)</i>	<i>1.50%</i>	<i>-2.02%</i>	<i>-2.38%</i>	<i>-0.22%</i>	-	<i>0.22%</i>

Mandate Size	Separately Managed Account Fee Schedule (bps)				
	Ativo International ADR	Ativo International All Country ex US	Ativo International Developed	Ativo Global Institutional	Ativo International Small Cap (All)
First \$50 million	50	55	50	50	75
Next \$50 million	45	50	45	45	70
Next \$100 million	40	45	40	40	65
Remaining Balance	35	40	35	35	60

\*Please refer to the end of this report for important fee and performance disclosure information.

In the third quarter, the relative performance of Ativo strategies helped cushion the decline in global equities. All five strategies covered in this report outperformed their respective benchmarks, net of fees, during the quarter. Ativo International All Country ex US and Ativo International Small Cap generated the most alpha, outperforming their benchmarks by 1.53% and 1.50%, respectively, net of fees. The outperformance of Ativo strategies reflected the strong overall performance of our multi-factor valuation model.

## Model Review and Positioning

Our multi-factor valuation model had positive predictive ability across our US, developed international, emerging markets, and non-US small-cap research universes during the quarter. Among the model's component factors, the heavily weighted Intrinsic Valuation factor worked very well in all four universes. Intrinsic Valuation has a slight correlation to value factors and thus benefited from the outperformance of value stocks.

In contrast, ESG was the weakest factor in all universes. ESG tends to lag in periods when oil and materials stocks rally sharply, and the third quarter was no exception. The performance of the model's other factors was mixed. For example, Operating Momentum added value in our non-US universes but lacked skill in the US.

Portfolio turnover was below long-term averages during the quarter. Portfolios continue to be well-diversified across regions and sectors.

## Performance and Positioning by Strategy

### *Ativo Global Institutional\**

	Q3 2023
Ativo Global Institutional Composite	
Gross	-2.75%
Net	-2.87%
MSCI ACWI (Net)	-3.40%
<b>Excess Return (Net of Fees)</b>	<b>0.53%</b>

Ativo's Global Institutional strategy outperformed the MSCI ACWI Net by 0.53%, net of fees, in the third quarter. The outperformance was in large part due to stock selection, which produced the most alpha in the US, Developed Europe/Middle East ex UK, and the Technology and Energy sectors. Sector exposures also had a slightly positive impact, led by an overweight in Energy and underweights in Consumer Staples and Utilities. These and other positive effects offset sources of relative weakness, most notably stock selection in the Health Care and Financials sectors.

During the quarter, the only significant change to positioning was moving the portfolio from a modest underweight in Financials to an essentially neutral weight versus the benchmark. All other changes to active regional and sector exposures were less than 2%. The largest overweights at quarter-end were in Developed Europe/Middle East ex UK, Canada, and the Industrials and Technology sectors. The largest underweights were in Emerging Asia ex China, Pacific ex Japan, Consumer Staples, and Consumer Discretionary. On September 30th, assets in the Global Institutional strategy totaled less than \$1 million, and active share was 83%.

\*Please refer to page 3 for trailing performance and fee schedule information. Please refer to the end of this report for important disclosure information.

### *Ativo International Developed\**

	Q3 2023
Ativo International Developed Composite	
Gross	-2.56%
Net	-2.71%
MSCI EAFE + Canada (Net)	-4.10%
<b>Excess Return (Net of Fees)</b>	<b>1.39%</b>

During the third quarter, Ativo's International Developed strategy outperformed the MSCI EAFE + Canada Net by 1.39%, net of fees, driven by stock selection. From a regional perspective, stock selection was strongest in Developed Europe/Middle East ex UK and also generated a significant amount of excess return in Japan. Stock selection was positive in nearly all sectors, and added the most value in Consumer Discretionary, Health Care, and Energy. An overweight in the Energy sector benefited relative performance as well. Conversely, stock selection in Pacific ex Japan, the UK, and the Communication Services sector had a slightly negative impact on results versus the Index.

The only major changes to positioning during the quarter were increasing exposure to the Real Estate sector and decreasing exposure to Technology. On September 30th, the largest active regional exposures remained an overweight in Developed Europe/Middle East ex UK and an underweight in Japan. The largest active sector exposures were overweights in Real Estate and Financials and underweights in Health Care and Consumer Discretionary. Assets in the International Developed strategy totaled \$350 million at quarter-end, and active share was 68%.

\*Please refer to page 3 for trailing performance and fee schedule information. Please refer to the end of this report for important disclosure information.

### *Ativo International All Country ex US\**

Q3 2023

Ativo International All Country ex US Composite	
Gross	-2.12%
Net	-2.24%
MSCI ACWI ex USA (Net)	-3.77%
<b>Excess Return (Net of Fees)</b>	<b>1.53%</b>

Ativo's International All Country ex US strategy outperformed the MSCI ACWI ex USA Net by 1.53%, net of fees, during the third quarter. The outperformance was due to stock selection, which was positive in most regions and sectors. Looking at regions, stock selection was strongest in Developed Europe/Middle East ex UK, Japan, and Emerging Asia ex China and also added value in China, Emerging Americas, and Emerging EMEA. In terms of sectors, stock selection produced the most alpha in Materials and Financials, followed by Industrials, Energy, and Health Care. Pockets of relative weakness included stock selection in Pacific ex Japan, the UK, and the Real Estate sector, as well as an underweight in Energy.

During the quarter, the only material changes to positioning were moving the portfolio from a modest underweight in Developed Europe/Middle East ex UK to a modest overweight, and from essentially neutral exposure in Financials to a small overweight. The biggest overweights on September 30th were in Emerging Asia ex China, Emerging Americas, and the Technology sector. The biggest underweights were in Japan, Canada, and Consumer Staples. At quarter-end, assets in the International All Country ex US strategy totaled \$511 million, and active share was 75%.

\*Please refer to page 3 for trailing performance and fee schedule information. Please refer to the end of this report for important disclosure information.

### *Ativo International Small Cap\**

Q3 2023

Ativo International Small Cap All Composite	
Gross	-0.01%
Net	-0.20%
MSCI ACWI ex USA Small Cap (Net)	-1.70%
<b>Excess Return (Net of Fees)</b>	<b>1.50%</b>

Ativo's International Small Cap strategy outperformed the MSCI ACWI ex USA Small Cap Net by 1.50%, net of fees, in the third quarter. The outperformance was the result of stock selection and sector as exposures, as regional exposures detracted overall. Stock selection was positive in most regions and particularly strong in Japan and the UK. Stock selection in the Materials, Financials, and Industrials sectors also generated substantial alpha, as did overweights in Energy and Financials. The main area of relative weakness was positioning in Emerging Asia ex China, where both stock selection and an underweight detracted. Additionally, an overweight in China was unfavorable, as was stock selection in the Technology, Consumer Discretionary, and Health Care sectors.

The most significant changes to portfolio positioning during the quarter were increasing exposure to Developed Europe/Middle East ex UK, Financials, and Real Estate and reducing exposure to Emerging Asia ex China, Japan, and Consumer Discretionary. At quarter-end, the largest overweights were in Developed Europe/Middle East ex UK, China, the UK, and the Financials and Energy sectors. The largest underweights were in Emerging Asia ex China, Japan, Consumer Discretionary, and Materials. Assets in the International Small Cap strategy totaled less than \$1 million on September 30th, and active share was 96%.

\*Please refer to page 3 for trailing performance and fee schedule information. Please refer to the end of this report for important disclosure information.

### *Ativo International ADR\**

	Q3 2023
Ativo International ADR Composite	
Gross	-3.02%
Net	-3.18%
MSCI ACWI ex USA (Net)	-3.77%
<b>Excess Return (Net of Fees)</b>	<b>0.59%</b>

In the third quarter, Ativo's International ADR strategy outperformed the MSCI ACWI ex USA Net by 0.59%, net of fees. The outperformance was driven by stock selection, although sector exposures also positively impacted relative results. With respect to regions, stock selection was strongest in Developed Europe/Middle East ex UK and added further value in Canada, EM Americas, and Pacific ex Japan. Looking at sectors, stock selection in Health Care, Technology, and Financials produced a significant amount of excess return. Overweights in the Energy and Financials sectors were helpful as well. Alternatively, stock selection in Japan, Emerging Asia ex China, and Consumer Discretionary had the largest negative impact on performance versus the Index.

The only notable changes to positioning during the quarter were moving the portfolio from an underweight in the Financials sector to an overweight, and from an overweight in Materials to a modest underweight. The biggest overweights on September 30th were in Developed Europe/Middle East ex UK, EM Americas, and the Industrials and Financials sectors. The biggest underweights were in Emerging Asia ex China, China, Consumer Discretionary, and Health Care. At quarter-end, assets in the International ADR strategy totaled \$83 million, and active share was 89%.

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## Disclosures:

Performance results will vary based upon the period measured, and past performance is not indicative of future results. Results are based upon currently available information and subject to change. The US Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income and other earnings. From January 1, 2014 to April 27, 2015, and March 1, 2016 to present, all calculated returns include dividend accruals. Net of fee performance was calculated using the highest applicable annual management fee applied monthly. Gross returns are shown net of transaction costs and gross of all other fees; net returns are reduced by all management fees and transaction costs incurred. Composite performance is presented net of foreign withholding taxes, where applicable. This commentary candidly discusses a number of individual companies. These opinions are current as of the date of this commentary but are subject to change. The information provided in this commentary does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security. Please contact Michael Brooks (312-229-5208) or Kelly O'Malley (312-229-5204), if you would like more information about Ativo's proprietary quantitative model and/or its performance.

Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indices may be materially different from the performance of the Adviser. In addition, the Adviser's recommendations may differ significantly from the securities that comprise the indices.

The Ativo International Developed Composite is measured against the MSCI EAFE + Canada Net index. The MSCI EAFE + Canada Net index is an equity index which is designed to capture large and mid-cap representation across developed market countries around the world including Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The net total return index reinvests dividends after the deduction of withholdings taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Since its August 1, 2009 inception date, net performance was calculated using the highest applicable annual management fee of 0.70%, applied monthly. On October 1, 2013, the management fee increased to 0.74% annually applied monthly. On April 1, 2016 the management fee was decreased to 0.67% annually applied monthly. On January 1, 2020 the management fee was decreased to 0.65% annually applied monthly. On January 1, 2021 the management fee was decreased to 0.60% annually applied monthly. Net of fee performance is calculated using the highest fee charged to a client within the composite. Due to a policy change, net of fee performance no longer accounts for an additional estimated fee charged to the client by the Manager of Managers.

The Ativo International All Country ex US Composite is measured against the MSCI ACWI ex USA Net Index. The MSCI ACWI ex USA Net index is a market-capitalization index designed to capture large and mid-cap representation across developed and emerging market countries. The index covers approximately 85% of the global equity opportunity set outside the US. The net total return index reinvests dividends after the deduction of withholdings taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Since its April 1, 2007 inception date, net performance was calculated using the highest applicable annual management fee of 0.96%, applied monthly. On April 1, 2016 the management fee was decreased to 0.65% annually applied monthly. On January 1, 2020 the management fee was decreased to 0.62% annually applied monthly. Net of fee performance is calculated using the highest fee charged to a client within the composite. Due to a policy change, net of fee performance no longer accounts for an additional estimated fee charged to the client by the Manager of Managers.

International Small Cap All Composite is measured against the MSCI ACWI Ex USA Small Cap (Net) Index. The MSCI ACWI ex USA Small Cap (Net) index is an equity index designed to capture small cap representation across developed market and emerging market countries. The index covers approximately 15% of the global equity opportunity set outside the US. The net total return index reinvests dividends after the deduction of withholdings taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Since its October 1, 2015 inception date, Net of fee performance was calculated using the annual management fee of 0.35% applied monthly. On February 1, 2018 the management fee increased to 0.45% annually applied monthly. On January 1, 2020 the management fee was decreased to 0.40% annually, applied monthly. On December 1, 2021 the management fee was increased to 0.45% annually, applied monthly. Net of fee performance is calculated using the highest applicable fee charged to a client within the composite. Due to a policy change, net of fee performance no longer accounts for an additional estimated fee charged to the client by the Manager of Managers.

The Ativo International ADR Composite is measured against the MSCI ACWI ex USA Net Index. The MSCI ACWI ex USA Net index is a market-capitalization index designed to capture large and mid-cap representation across developed and emerging market countries. The index covers approximately 85% of the global equity opportunity set outside the US. The net total return index reinvests dividends after the deduction of withholdings taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Since its February 29, 2012 inception date, net of fee performance was calculated using the highest applicable annual management fee of 0.65%, applied monthly. Net of fee performance is calculated using the highest fee charged to a client within the composite. Due to a policy change, net of fee performance no longer accounts for an additional estimated fee charged to the client by the Manager of Manager.

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