ABOUT ATIVO

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

Global equities had a strong end to the year, with the MSCI ACWI Net gaining 11.03% in US dollar (USD) terms during the fourth quarter. Stocks rallied sharply as inflation continued to moderate across developed and emerging markets, global bond yields declined, and the Federal Reserve adopted an increasingly dovish stance. The Fed paused interest-rate increases for a third straight meeting and signaled three quarter-point rate cuts in 2024. In addition, Chair Powell said that FOMC members were now focused on avoiding the mistake of keeping policy too restrictive.

The fourth quarter capped a year of impressive gains for global equities. Despite heightened geopolitical tensions, major bank failures, and weak growth in China, the MSCI ACWI Net rose 22.20% (USD) in 2023. During the year, cooling inflation suggested that major developed market central banks (barring Japan) would soon be at or near the end of their rate-tightening cycles. In addition, several emerging market central banks that had been ahead of the curve in raising rates began cutting them. Meanwhile, the global economy continued to expand, supported by resilient labor markets, government spending in the US, and fiscal and monetary stimulus in China.

Broad Gains Across Regions

In the fourth quarter, returns in nearly every country in the MSCI ACWI Net (USD) were positive. US stocks performed especially well, outpacing non-US stocks in both developed and emerging markets. The MSCI USA Net gained 11.81% during the quarter on rising optimism that the Fed would be able to reach its inflation target without causing a US recession. The unemployment rate stayed below 4%, consumer spending continued to grow, and the personal-consumption expenditures price index — the Fed's preferred inflation gauge — fell to 2.6%, year-over-year.

Overseas, the MSCI EAFE + Canada Net advanced 5.33% in local currencies during the quarter but 10.51% in USD as the Fed's pivot toward rate cuts pressured the USD. Within the MSCI EAFE + Canada Net (USD), eurozone equities were among the best performers amid the European Central Bank's decision to pause interest-rate increases following ten consecutive rate hikes. Alternatively, the UK market posted a relatively modest gain, weighed down by underperforming energy stocks. Japanese equities also lagged after having outperformed in the first nine months of the year.

In emerging markets, the MSCI EM Net returned 5.58% in local currencies and 7.86% in USD during the quarter. Emerging Americas led the gains, helped by close to 20% returns in Brazil and Mexico. That said, Poland was the best-performing country — not only in emerging markets but globally — as investors welcomed the defeat of the country's ultra-conservative government in parliamentary elections. Conversely, China was one of the few countries to post a quarterly loss, solidifying its position as one of the worst-performing markets of 2023. Driven by weakness in China, the MSCI EM Net (USD) advanced a relatively modest 9.83% for the year. The MSCI USA Net and the MSCI EAFE + Canada Net (USD) surged 26.49% and 17.94%, respectively, in 2023.

A Year Dominated by US Technology Stocks

Fourth-quarter returns were positive across major style and capitalization segments and nearly all sectors. On a relative basis, growth stocks outperformed value stocks in the US and developed non-US markets but lagged in emerging markets. Small-cap equities rebounded and outperformed large caps across geographies. Technology was the best-performing sector in the MSCI ACWI Net (USD), followed by Real Estate, which benefited from falling bond yields. Energy was the sole decliner, as the third-quarter rally in oil prices gave way to a steep drop in crude near year-end.

In 2023, all major style and capitalization segments advanced, as did all sectors. Value stocks led growth stocks in developed non-US and emerging markets, but growth outpaced value by more almost 40% in the US, reflecting the extraordinary rally in the Magnificent Seven and NASDAQ. Large-cap equities outperformed small caps in developed markets but trailed by a wide margin in emerging markets, as emerging market small caps have minimal exposure to China. Globally, Technology was the clear sector leader of the year, outperforming Communication Services (the next-best performer) by over 15%. The defensive Utilities, Consumer Staples, and Health Care sectors posted the weakest gains in the generally "risk-on" environment.

Performance Summary*

Composite Benchmark	Q4 2023	2023	ANNUALIZED 5 YR	10 YR	Since Inception
Ativo International ADR					(3/1/2012)
Gross	12.86%	25.90%	9.23%	5.45%	7.12%
Net	12.68%	25.10%	8.53%	4.77%	6.43%
MSCI ACWI ex US Net	9.75%	15.62%	7.08%	3.83%	4.78%
Excess Return (net of fees)	*2.93%*	*9.48%*	*1.45%*	*0.94%*	*1.65%*
Ativo International All Country ex US					(4/1/2007)
Gross	10.55%	18.79%	6.47%	3.89%	4.55%
Net	10.42%	18.21%	5.83%	3.18%	3.72%
MSCI ACWI ex US Net	9.75%	15.62%	7.08%	3.83%	2.96%
Excess Return (net of fees)	*0.67%*	*2.59%*	*-1.25%*	*-0.65%*	*0.76%*
Ativo International Developed					(8/1/2009)
Gross	11.07%	20.15%	7.26%	4.65%	7.68%
Net	10.91%	19.44%	6.58%	3.95%	6.96%
MSCI EAFE + Canada Net	10.51%	17.94%	8.45%	4.32%	5.94%
Excess Return (net of fees)	*0.40%*	*1.50%*	*-1.87%*	*-0.37%*	*1.02%*
Ativo Global Institutional					(10/1/2014)
Gross	11.85%	25.72%	13.09%	-	9.91%
Net	11.72%	25.12%	12.65%	-	9.43%
MSCI ACWI World Net	11.03%	22.20%	11.72%	-	8.16%
Excess Return (net of fees)	*0.69%*	*2.92%*	*0.93%*	-	*1.27%*
Ativo International Small Cap (All)					(10/1/2015)
Gross	12.55%	16.59%	8.30%	-	7.78%
Net	12.34%	15.72%	7.78%	-	7.28%
MSCI EAFE + Canada Small Cap Net	10.60%	12.62%	7.05%	-	6.38%
Excess Return (net of fees)	*1.74%*	*3.10%*	*0.73%*	-	*0.90%*
MSCI ACWI ex US Small Cap Net	10.12%	15.66%	7.89%	-	6.80%
Excess Return (net of fees)	*2.22%*	*0.06%*	*-0.11%*	-	*0.48%*

	Separately Managed Account Fee Schedule (bps)				
Mandate Size	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.*

During the fourth quarter, all five Ativo strategies covered in this report outperformed their respective benchmarks, net of fees. We are also pleased to report that all five strategies outperformed their benchmarks in 2023, net of fees. These positive annual results were consistent with the generally strong performance of our multi-factor valuation model after a challenging 2022. We discuss the model's performance in more detail in the next section of this report.

As the new year begins, we believe Ativo strategies are well-positioned for continued success. We see the potential for strong performance from our multi-factor model in varying economic scenarios. In addition, valuations suggest that future equity returns could be higher outside the US, which bodes well for our strategies' global and international mandates.

An Environment Favorable to Our Style

In terms of our model, we expect to see a recovery in the model's Price Momentum factor, which was weak in both 2022 and 2023. Just as we track the valuations of companies, we track factor valuations, and Price Momentum looks very inexpensive in both developed and emerging markets.

Our outlook for the Intrinsic Valuation factor — which provides exposure to stocks' quality, value, and profitability characteristics — is also quite positive. If the global economy enters a period of slower growth or even a mild recession, Intrinsic Valuation should work well because of its quality component. Given its value and profitability components, Intrinsic Valuation should also perform well if global growth strengthens, disinflationary trends continue, and major central banks start cutting interest rates. In a higher-growth environment like this, small-cap stocks would likely outperform, providing an additional tailwind to Ativo strategies, which generally have a smaller-cap bias relative to their benchmarks.

We are also aware of, and continue to monitor, various risks facing the global economy and markets. These include the potential for inflation to remain elevated due to tight labor market conditions, further deterioration in China's property sector, escalation of conflict in the Middle East, and general elections in almost 50 countries in 2024, such as the US, UK, Taiwan, and Mexico.

The Prospect of Higher Returns Abroad

The MSCI USA Index has consistently outperformed the MSCI ACWI ex USA Index since the Global Financial Crisis. However, a number of metrics, including the Tobin's Q and CAPE ratios, highlight the potential risk in current US equity valuations. In addition, historical trends remind us that market dominance is not permanent. So while the US has led in recent years, market cycles suggest that other regions may emerge as leaders in the future.

Model Review and Positioning

In the fourth quarter, the overall performance of our multi-factor valuation model was modestly positive in our developed international and non-US small-cap research universes, flat in our US universe, and negative in our emerging markets universe. The biggest challenge for the model was that Intrinsic Valuation — its most heavily weighted factor — lacked skill in all four universes. This was driven by weakness in October, when global equities sold off; Intrinsic Valuation rebounded later in the quarter. On the plus side, the ESG factor worked well in most universes, consistent with the relatively poor performance of commodity-oriented stocks.

For the year, the overall predictive ability of our model was generally very strong, adding substantial value in our developed international, non-US small-cap, and emerging markets universes. However, the model was not effective in the US, primarily because of the rally in technology stocks led by the Magnificent Seven. In our developed international and emerging markets universes, Intrinsic Valuation was the strongest factor, while Price Momentum was weak. In our non-US small-cap universe, the essentially flat performance of Intrinsic Valuation was offset by strength in other factors, including Low Volatility.

Anticipating More Exposure to Japan

Across Ativo strategies, portfolio turnover was below long-term averages during the fourth quarter and in line to slightly below average for the year. Portfolios continue to be well-diversified across regions and sectors, with an underweight in Japan. We expect that underweight to decrease going forward as Japanese stocks gets more uniformly blended into our broad equity universe.

We think Japan is a very interesting market, as there are clear signs the country is exiting nearly three decades of stagflation. Additionally, Japanese regulators and the Tokyo Stock Exchange are advocating policies to improve corporate governance among Japanese firms and push them to become more profitable.

Performance and Positioning by Strategy

*Ativo Global Institutional**

	Q4 2023	2023
Ativo Global Institutional Composite		
Gross	11.85%	25.72%
Net	11.72%	25.12%
MSCI ACWI (Net)	11.03%	22.20%
Excess Return (Net of Fees)	**0.69%**	**2.92%**

In the fourth quarter, Ativo's Global Institutional strategy outperformed the MSCI ACWI Net by 0.69%, net of fees. The outperformance was driven by stock selection, which generated alpha in most regions and sectors. From a geographic standpoint, stock selection in the UK, China, and Japan had the largest positive impact on results versus the benchmark. Looking at sectors, stock selection was strongest in Consumer Staples, Health Care, Materials, and Consumer Discretionary. An overweight in the Technology sector was also helpful. Notable areas of relative weakness included stock selection in the US and the Technology and Financials sectors, as well as an overweight in Energy.

The only major change to portfolio positioning during the quarter was reducing exposure to the Energy sector. All other changes to active regional and sector exposures were less than 2%. The largest overweights on December 31st remained in Developed Europe/Middle East ex UK, Canada, and the Industrials and Technology sectors. The largest underweights were in Emerging Asia ex China, the US, and Consumer Staples. Assets in the Global Institutional strategy totaled less than $1 million at quarter-end, and active share was 82%.

*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**

	Q4 2023	2023
Ativo International Developed Composite		
Gross	11.07%	20.15%
Net	10.91%	19.44%
MSCI EAFE + Canada (Net)	10.51%	17.94%
Excess Return (Net of Fees)	**0.40%**	**1.50%**

Ativo's International Developed strategy outperformed the MSCI EAFE + Canada Net by 0.40%, net of fees, during the fourth quarter. The outperformance was due to stock selection, which was strongest in the UK, Pacific ex Japan, and the Communication Services and Consumer Discretionary sectors. Stock selection in Consumer Staples and Financials also added a meaningful amount of value. Conversely, stock selection in Japan and the Technology and Energy sectors detracted the most from relative performance. While an underweight in Health Care produced a modest amount of excess return, regional and sector exposures generally had minimal impact on relative results.

There were no significant changes to portfolio positioning during the quarter. At quarter-end, the biggest active regional exposures remained an overweight in Developed Europe/Middle East ex UK and an underweight in Japan. The biggest active sector exposures were overweights in Real Estate and Financials and underweights in Health Care and Consumer Staples. On December 31st, assets in the International Developed strategy totaled $388 million, and active share was 69%.

*Ativo International All Country ex US**

	Q4 2023	2023
Ativo International All Country ex US Composite		
Gross	10.55%	18.79%
Net	10.42%	18.21%
MSCI ACWI ex USA (Net)	9.75%	15.62%
Excess Return (Net of Fees)	**0.67%**	**2.59%**

During the fourth quarter, Ativo's International All Country ex US strategy outperformed the MSCI ACWI ex USA Net by 0.67%, net of fees. The outperformance was primarily due to stock selection, which generated the most alpha in the UK, Pacific ex Japan, and the Financials sector. Stock selection was also positive in China and Developed Europe/Middle East ex UK, as well as in several other sectors, including Consumer Staples and Communication Services. In contrast, the biggest areas of relative weakness were stock selection in Emerging EMEA and the Consumer Discretionary sector, as well as an overweight in China.

There were no material changes to active regional and sector exposures during the quarter. At quarter-end, the largest overweights were in Emerging Asia ex China, Emerging Americas, and the Technology and Financials sectors. The largest underweights were in Japan, Canada, Health Care, and Industrials. Assets in the International All Country ex US strategy totaled $518 million on December 31st, and active share was 72%.

*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**

	Q4 2023	2023
Ativo International Small Cap All Composite		
Gross	12.55%	16.59%
Net	12.34%	15.72%
MSCI ACWI ex USA Small Cap (Net)	10.12%	15.66%
Excess Return (Net of Fees)	**2.22%**	**0.06%**

Ativo's International Small Cap strategy outperformed the MSCI ACWI ex USA Small Cap Net by 2.22%, net of fees, in the fourth quarter. The outperformance was the result of stock selection, which was positive in most regions and sectors. Stock selection was strongest in Japan, Emerging Asia ex China, and the Industrials sector and also generated significant alpha in Emerging EMEA, Technology, Consumer Discretionary, and Materials. On the negative side, regional and sector exposures detracted from performance versus the Index. Overweights in China and Energy and an underweight in Technology were particularly unfavorable. Other pockets of relative weakness included stock selection in Developed Europe/Middle East ex UK and Consumer Staples.

During the quarter, the only major changes to portfolio positioning were increasing exposure to Real Estate and decreasing exposure to Japan and Technology. The biggest overweights on December 31st were in Developed Europe/Middle East ex UK, China, and the Financials and Real Estate sectors. The biggest underweights were in Japan, Emerging Asia ex China, Technology, and Consumer Discretionary. Assets in the International Small Cap strategy totaled less than $1 million at quarter-end, and active share was 96%.

*Ativo International ADR**

	Q4 2023	2023
Ativo International ADR Composite		
Gross	12.86%	25.90%
Net	12.68%	25.10%
MSCI ACWI ex USA (Net)	9.75%	15.62%
Excess Return (Net of Fees)	**2.93%**	**9.48%**

In the fourth quarter, Ativo's International ADR strategy outperformed the MSCI ACWI ex USA Net by 2.93%, net of fees. The outperformance was driven by stock selection, which was broadly positive across regions and sectors. In terms of regions, stock selection added the most value in Pacific ex Japan, Japan, the UK, and China. From a sector standpoint, stock selection was strongest in Financials, Materials, Communication Services, and Consumer Staples. Relative results further benefited from an overweight in Emerging Americas and underweights in China, Health Care, and Consumer Discretionary. Conversely, an underweight in Emerging Asia ex China was a key detractor from performance versus the benchmark. Positioning in the Technology sector also negatively impacted relative returns due to both stock selection and an underweight.

The only notable changes to portfolio positioning during the quarter were increasing exposure to the UK and the Financials sector and decreasing exposure to Developed Europe/Middle East ex UK and Technology. At quarter-end, the largest overweights were in Developed Europe/Middle East ex UK, the UK, and the Financials and Industrials sectors. The largest underweights remained in Emerging Asia ex China, China, Consumer Discretionary, and Health Care. Assets in the International ADR strategy totaled $93 million on December 31st, and active share was 85%.

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

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) 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 Global Institutional Composite is measured against the MSCI ACWI Net index. The MSCI ACWI 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 investable equity opportunity set. 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, 2014 inception date, net of fee performance was calculated using the highest applicable annual management fee of 0.74%, applied monthly. On April 1, 2016 the management fee was decreased to 0.37% 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 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 Managers.