



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 very strong first quarter, with the MSCI ACWI Net gaining 8.20% in US dollar (USD) terms. The rally was driven by an improving outlook for the global economy, signs of stabilization in corporate earnings, and continued enthusiasm for technology stocks. During the quarter, strong US growth and inflation data made market participants less-dovish in their outlook for Federal Reserve policy. Nonetheless, they remained confident that the Fed and other major central banks would begin cutting interest rates later in the year. The quarter was characterized by a significant amount of divergence in the performance of various regions and market segments.

A Wide Margin of US Equity Outperformance

In the US, the S&P 500 Index gained 10.56% — its best first-quarter performance since 2019 — and the MSCI USA Net rose 10.30%. Data released during the quarter showed that the US economy grew at a 3.4% annual rate in the fourth quarter, and that growth had remained solid into the new year. Inflation data was also generally strong, suggesting that the disinflationary trend in the US had stalled. Against this backdrop, markets lowered their expectations for 2024 Fed rate cuts from about six 25-basis-point cuts to only three, with three cuts matching the Fed's projections. Of note, New York Community Bancorp was rescued by a group of investors in March after reporting a huge increase in loan-loss reserves related to default risks in its commercial real estate portfolio.

The MSCI EAFE + Canada Net nearly kept pace with US equities in local currency terms, gaining 9.61%. However, the Index returned a much lower (yet still impressive) 5.59% in USD due to a broad strengthening in the USD. Within the MSCI EAFE + Canada Net (USD), Japan was one of the best-performing markets, with the Nikkei surpassing its previous record high set in 1989. Several factors contributed to the robust rally, including improvements in corporate governance and signs Japan was entering a period of stable inflation. In March, the Bank of Japan began to normalize policy, ending negative interest rates and yield curve control. Conversely, Pacific ex Japan posted a decline and was the worst-performing region in the Index. Pacific ex Japan was pressured by steep losses in Hong Kong, where elevated global interest rates and China's slowdown weighed on equities. Australian stocks also underperformed amid sluggish economic growth and falling iron ore prices.

In emerging markets, the MSCI EM Net returned 4.49% in local currencies but a more modest 2.37% in USD, supported by gains in Emerging Asia ex China. Shares in Taiwan performed particularly well alongside strength in technology stocks, which represent about three-quarters of the MSCI Taiwan Index. On the negative side, Emerging Americas registered a loss, driven by weakness in Brazil. Brazilian equities were impacted by the country's economic challenges, including a widening fiscal deficit, as well as political unrest related to the Supreme Court's ongoing investigation into former president Bolsonaro. Chinese stocks declined for a fourth straight quarter, and Egypt had the distinction of being the worst-performing market in the MSCI ACWI Net (USD). Although local returns in Egypt were strong, Egyptian shares were down nearly 30% in USD due to a devaluation of the Pound.

Growth, Large-Cap, and Technology Leadership

Quarterly returns were broadly positive across major styles and capitalization segments of the global equity market. On a relative basis, growth stocks comfortably led value stocks, while large-cap equities strongly outperformed small caps. Large-cap leadership was especially pronounced in the US, where stocks of large companies concentrated in the Technology and Communication Services sectors posted outsized gains.

Within the MSCI ACWI Net (USD), the Technology sector generated a double-digit return and was the best-performing sector amid the third-largest quarterly inflows into technology stocks on record.¹ Communication Services was not far behind, followed by Energy, which benefited from a sharp increase in oil prices. Real Estate and Utilities were the worst-performing sectors as bond yields climbed higher across developed and emerging markets.

¹Bank of America Global Research

Performance Summary*

Composite Benchmark	Q1 2024	1 YR	ANNUALIZED		
			5 YR	10 YR	Since Inception
Ativo International ADR					(3/1/2012)
Gross	6.04%	22.16%	8.32%	5.87%	7.49%
Net	5.87%	21.38%	7.62%	5.18%	6.79%
MSCI ACWI ex US Net	4.69%	13.26%	5.97%	4.25%	5.08%
<i>Excess Return (net of fees)</i>	<i>1.18%</i>	<i>8.12%</i>	<i>1.65%</i>	<i>0.93%</i>	<i>1.71%</i>
Ativo International All Country ex US					(4/1/2007)
Gross	5.02%	17.29%	5.33%	4.29%	4.78%
Net	4.90%	16.72%	4.71%	3.58%	3.95%
MSCI ACWI ex US Net	4.69%	13.26%	5.97%	4.25%	3.19%
<i>Excess Return (net of fees)</i>	<i>0.21%</i>	<i>3.46%</i>	<i>-1.26%</i>	<i>-0.67%</i>	<i>0.76%</i>
Ativo International Developed					(8/1/2009)
Gross	4.49%	16.72%	6.15%	4.98%	7.87%
Net	4.34%	16.03%	5.49%	4.29%	7.15%
MSCI EAFE + Canada Net	5.59%	15.29%	7.48%	4.81%	6.23%
<i>Excess Return (net of fees)</i>	<i>-1.25%</i>	<i>0.74%</i>	<i>-1.99%</i>	<i>-0.52%</i>	<i>0.92%</i>
Ativo Global Institutional					(10/1/2014)
Gross	9.31%	26.80%	12.10%	-	10.67%
Net	9.17%	26.18%	11.66%	-	10.19%
MSCI ACWI World Net	8.20%	23.22%	10.92%	-	8.83%
<i>Excess Return (net of fees)</i>	<i>0.97%</i>	<i>2.96%</i>	<i>0.74%</i>	<i>-</i>	<i>1.36%</i>
Ativo International Small Cap (All)					(10/1/2015)
Gross	8.77%	22.99%	8.14%	-	8.62%
Net	8.57%	22.08%	7.61%	-	8.10%
MSCI EAFE + Canada Small Cap Net	2.58%	10.04%	5.39%	-	6.50%
<i>Excess Return (net of fees)</i>	<i>5.99%</i>	<i>12.04%</i>	<i>2.22%</i>	<i>-</i>	<i>1.60%</i>
MSCI ACWI ex US Small Cap Net	2.11%	12.80%	6.24%	-	6.86%
<i>Excess Return (net of fees)</i>	<i>6.46%</i>	<i>9.28%</i>	<i>1.37%</i>	<i>-</i>	<i>1.24%</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 strong first-quarter rally, four of the five Ativo strategies covered in this report outperformed their respective benchmarks, net of fees. Ativo International Small Cap performed especially well, exceeding its benchmark by 6.46%, net of fees. Ativo International Developed was the one strategy that trailed its benchmark on a net basis, with the underperformance concentrated in February. The relative performance of Ativo strategies reflected the overall performance of our multi-factor valuation model, which we discuss in more detail below.

Model Review and Positioning

During the first quarter, the overall performance of our multi-factor valuation model was positive in our non-US small-cap and emerging markets research universes. The model's predictive ability was slightly negative in our US universe and also did not add value in our developed international universe, in part due to weakness in Japan.

Strength in Price Momentum and Operating Momentum

Among the model's component factors, Price Momentum worked well in all four universes. Just as we track the valuations of companies, we track factor valuations, and Price Momentum bounced back from what were very inexpensive levels heading into the quarter. Price Momentum further benefited from a continuation in the strong rally in stocks that began late last year. Operating Momentum also had a good quarter, adding value in all four universes except the US.

In contrast, the ESG and Low Volatility factors were not skillful at forecasting individual stock returns across our four universes. ESG was negatively impacted by the strong performance of energy stocks, while the risk-on environment was a headwind for Low Volatility. Lastly, the Intrinsic Valuation factor was essentially flat in emerging markets but negative elsewhere. This was consistent with the outperformance of growth stocks, as Intrinsic Valuation has a slight value bias.

Generally Higher-Than-Average Turnover

Portfolio turnover in most Ativo strategies was above long-term averages during the quarter. Broadly speaking, portfolio exposure to the Financials sector and Japan increased based on the changes in the alpha scores of stocks in our research universe. We also observed that the alpha scores of Chinese stocks in various sectors have started to trend higher. Portfolios remained well-diversified across regions and sectors at quarter-end.

Opportunities — and Risks

As we head into the second quarter, small-cap stocks look very undervalued compared to large caps, leading us to believe that we could see a rebound in small-cap leadership in the months ahead. We are particularly positive in our outlook for Japanese small caps as Japan exits more than two decades of deflation. Valuations in general look more attractive outside the US, setting the stage for potentially higher returns abroad. In terms of our model, we believe our Price Momentum factor remains undervalued and can extend its recent strong performance following weakness in 2022 and 2023. This bodes well for Ativo strategies.

We continue to monitor various risks facing the global economy and markets. Chief among them is that US inflation remains elevated and the Fed holds rates higher for longer than markets are expecting. Uncertainty surrounding the US presidential election and a potential fallout from problems in the commercial real estate sector could also inject volatility into markets. Last but not least, China remains a concern. China faces some daunting challenges, including a prolonged downturn in the property sector, weak consumer spending and confidence, and a rising fiscal deficit. Meanwhile, geopolitical tensions remain elevated.

Performance and Positioning by Strategy

*Ativo Global Institutional**

	Q1 2024
Ativo Global Institutional Composite	
Gross	9.31%
Net	9.17%
MSCI ACWI (Net)	8.20%
Excess Return (Net of Fees)	0.97%

In the first quarter, Ativo's Global Institutional strategy outperformed the MSCI ACWI Net by 0.97%, net of fees, due to a combination of stock selection and sector exposures. From a regional standpoint, stock selection was strongest in the US and also generated a significant amount of alpha in China and Japan. Looking at sectors, stock selection added the most value in Consumer Discretionary, Materials, and Energy. An overweight in Technology and an underweight in Consumer Staples were helpful as well. In contrast, one of the main sources of relative weakness was positioning in Developed Europe/Middle East ex UK, where both stock selection and an overweight detracted. Stock selection in Technology and Consumer Staples was also unfavorable.

There were no major changes to portfolio positioning during the quarter. The largest overweights at quarter-end were in Developed Europe/Middle East ex UK, the UK, and the Industrials and Financials sectors. The largest underweights were in Emerging Asia ex China, the US, Consumer Staples, and Health Care. On March 31st, assets in the Global Institutional strategy totaled less than \$1 million, and active share was 81%.

*Ativo International Developed**

	Q1 2024
Ativo International Developed Composite	
Gross	4.49%
Net	4.34%
MSCI EAFE + Canada (Net)	5.59%
Excess Return (Net of Fees)	-1.25%

Ativo's International Developed strategy underperformed the MSCI EAFE + Canada Net by 1.25%, net of fees, during the first quarter. The underperformance was driven by stock selection, which was weakest in Developed Europe/Middle East ex UK and the Technology and Industrials sectors. In addition, stock selection in Canada, Japan, Materials, and Energy modestly detracted, as did an overweight in Real Estate. On the plus side, stock selection in the UK was the top contributor to performance versus the benchmark. Positioning in the Consumer Staples sector also added value due to a combination of stock selection and an underweight.

The only significant changes to portfolio positioning during the quarter were increasing exposure to Japan and the Financials sector and decreasing exposure to Developed Europe/Middle East ex UK. All other changes to active regional and sector exposures were less than 2%. On March 31st, all of the portfolio's regional weightings were broadly in line with those of the Index. The largest active sector exposures were overweights in Financials and Real Estate and underweights in Health Care and Materials. Assets in the International Developed strategy totaled \$397 million at quarter-end, and active share was 66%.

*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**

		Q1 2024
Ativo International All Country ex US Composite		
Gross		5.02%
Net		4.90%
MSCI ACWI ex USA (Net)		4.69%
Excess Return (Net of Fees)		0.21%

In the first quarter, Ativo's International All Country ex US strategy outperformed the MSCI ACWI ex USA Net by 0.21%, net of fees, driven by stock selection. From a geographic perspective, stock selection in Japan was the top contributor to relative returns, followed by stock selection in Emerging Asia ex China and China. Conversely, stock selection in Developed Europe/Middle East ex UK, an underweight in Japan, and an overweight in Emerging Americas dampened performance versus the Index. In terms of sectors, stock selection in Financials and Health Care added the most to relative returns, while stock selection in Materials and Industrials detracted the most. Sector exposures did not have a meaningful impact on relative performance.

The only notable changes to portfolio positioning during the quarter were increasing exposure to Japan and reducing exposure to Emerging Asia ex China. The biggest overweights on March 31st were in Developed Europe/Middle East ex UK, Emerging Americas, and the Consumer Discretionary and Financials sectors. The biggest underweights were in Pacific ex Japan, Canada, Health Care, and Consumer Staples. At quarter-end, assets in the International All Country ex US strategy totaled \$578 million, and active share was 74%.

*Ativo International Small Cap**

		Q1 2024
Ativo International Small Cap All Composite		
Gross		8.77%
Net		8.57%
MSCI ACWI ex USA Small Cap (Net)		2.11%
Excess Return (Net of Fees)		6.46%

Ativo's International Small Cap strategy outperformed the MSCI ACWI ex USA Small Cap Net by 6.46%, net of fees, during the first quarter. The outperformance was due to stock selection and sector exposures, as regional exposures detracted overall. Stock selection in Japan and the Industrials sector generated the most excess return. Stock selection in Emerging Asia ex China, Developed Europe/Middle East ex UK, Real Estate, and Financials also added a meaningful amount of value. With respect to sector exposures, an overweight in Financials and an underweight in Health Care were particularly helpful. Pockets of relative weakness included stock selection in the UK and Health Care, an overweight in China, and an underweight in Japan.

The only significant changes to positioning during the quarter were increasing the portfolio's overweight in the Financials sector and moving from neutral exposure in Industrials to an underweight. The largest overweights at quarter-end remained in Developed Europe/Middle East ex UK, China, Financials, and Real Estate. The largest underweights remained in Japan, Emerging Asia ex China, Technology, and Consumer Discretionary. Assets in the International Small Cap strategy totaled less than \$1 million on March 31st, and active share was 96%.

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*Ativo International ADR**

	Q1 2024
Ativo International ADR Composite	
Gross	6.04%
Net	5.87%
MSCI ACWI ex USA (Net)	4.69%
Excess Return (Net of Fees)	1.18%

Ativo's International ADR strategy outperformed the MSCI ACWI ex USA Net by 1.18%, net of fees, in the first quarter. The outperformance was due to stock selection, which was positive in most regions and sectors. In terms of regions, stock selection produced the most alpha in Japan, Emerging Asia ex Japan, and China. Stock selection among sectors was strongest in Health Care, Consumer Discretionary, and Financials. An underweight in Consumer Staples and an overweight in Industrials also added value. Conversely, stock selection in Pacific ex Japan, Emerging EMEA, Materials, and Energy negatively impacted relative performance. Regional exposures detracted as well, driven by an overweight in Emerging Americas and an underweight in Emerging Asia ex China.

The only major changes to portfolio positioning during the quarter were increasing exposure to the Financials sector and decreasing exposure to Consumer Staples and Materials. The biggest active regional exposures on March 31st remained overweights in Developed Europe/Middle East ex UK and the UK and underweights in Emerging Asia ex China and China. The biggest active sector exposures were overweights in Financials and Industrials and underweights in Technology and Consumer Discretionary. At quarter-end, assets in the International ADR strategy totaled \$98 million, and active share was 81%.

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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) 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.

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