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

The global equity market had a very strong third quarter, with the MSCI ACWI Net returning 6.61% in US dollar (USD) terms. During the quarter, there were shifts in market leadership and significant spikes in volatility. Despite these moves, stock markets in most countries finished the quarter with sizeable gains, lifted by solid global growth, the start of the Federal Reserve's rate-cutting cycle, and monetary easing abroad.

A Market Turning Point

The quarter began with positive news on the US inflation front. CPI data reported on July 11th showed that US inflation had cooled to a better-than-expected 3.0% annual rate in June, fueling optimism that the Fed would soon begin lowering interest rates. Expectations of Fed rate cuts triggered a sharp rally in small-cap stocks, which we believe marked a pivotal turning point for the market. In the US, for example, the Russell 2000 Index surged almost 12% in the five trading days ended July 16th, outperforming the Nasdaq Composite and S&P 500 by approximately 11% and 10%, respectively. While the FOMC held policy steady at its mid-July meeting, it cut the fed funds rate 0.50% to a range between 4.75% and 5.0% at its next meeting in September.

Volatility in Japan and China

Overseas, a number of central banks either started or continued their easing cycles in response to moderating inflation, including the Bank of England and European Central Bank. The Bank of Japan remained an outlier among its peers, raising its benchmark interest rate on July 31st for the second time this year. The rate hike, which surprised markets, led to significant appreciation in the Yen, which in turn sparked an unwinding of the Yen carry trade and a dramatic selloff in Japanese equities. In response to the volatility, the Bank of Japan's deputy governor signaled there would be no more rate increases until markets had stabilized — dovish remarks that helped Japanese stocks regain their footing in early August.

There was a second bout of extreme volatility near quarter-end, this time to the upside. In late September, China unveiled its largest economic stimulus package since the pandemic. The package included a slate of monetary easing measures, including reductions in key policy rates and bank reserve requirements. China's aggressive actions, coupled with hints that fiscal support might be forthcoming, drove the MSCI China Net (USD) up more than 20% in the final days of the quarter.

Outperformance of Non-US Stocks

The rally in China contributed to the strong quarterly performance of emerging market equities, with the MSCI EM Net returning 6.62% in local currencies and 8.72% in USD. At the same time, Emerging Asia ex China posted a relatively modest gain as investors reduced exposure to markets like India and South Korea to add exposure to China. Emerging Americas also underperformed due to weakness in Mexico, where controversial judicial reforms dampened sentiment.

In developed markets, the MSCI USA Net rose 5.82%, while the MSCI EAFE + Canada Net returned 1.82% in local currencies but a much stronger 7.76% in USD terms. Within the MSCI EAFE + Canada Net (USD), Pacific ex Japan performed especially well, helped by a surge in Hong Kong equities, which benefited from China stimulus news. In contrast, Japanese equities lagged, reflecting the late July/early August selloff. Still, the MSCI Japan Net (USD) rose nearly 6% for the quarter.

Value and Small-Cap Leadership

All major styles and capitalization segments of the equity markets, as well as most sectors, posted strong gains in the third quarter. Globally, value stocks outperformed growth stocks, while small-cap equities led large caps. Within the MSCI ACWI Net (USD), the Energy sector was the sole decliner, hurt by a steep drop in oil prices. Technology was the second-worst performer, recording a very slim gain as investors began to question tech companies' heavy AI spending. Conversely, the interest-rate sensitive Real Estate and Utilities sectors delivered the strongest gains.

Performance Summary*

Composite Benchmark	Q3 2024	YTD	1 YR	5 YR (Annualized)	10 YR (Annualized)	Since Inception (Annualized)
Ativo International ADR						(3/1/2012)
Gross	6.73%	12.33%	26.77%	7.72%	6.41%	7.67%
Net	6.56%	11.79%	25.97%	7.02%	5.72%	6.98%
MSCI ACWI ex US Net	8.06%	14.21%	25.35%	4.14%	5.22%	5.60%
Excess Return (net of fees)	*-1.50%*	*-2.42%*	*0.62%*	*2.88%*	*0.50%*	*1.38%*
Ativo International All Country ex US						(4/1/2007)
Gross	5.42%	12.64%	24.55%	4.31%	5.13%	5.06%
Net	5.29%	12.23%	23.95%	3.75%	4.44%	4.24%
MSCI ACWI ex US Net	8.06%	14.21%	25.35%	4.14%	5.22%	3.61%
Excess Return (net of fees)	*-2.77%*	*-1.98%*	*-1.40%*	*-0.39%*	*-0.78%*	*0.63%*
Ativo International Developed						(8/1/2009)
Gross	6.12%	9.98%	22.15%	3.96%	5.76%	7.96%
Net	5.96%	9.49%	21.43%	3.33%	5.07%	7.24%
MSCI EAFE + Canada Net	7.76%	13.10%	24.98%	5.65%	5.68%	6.50%
Excess Return (net of fees)	*-1.80%*	*-3.61%*	*-3.55%*	*-2.32%*	*-0.61%*	*0.74%*
Ativo Global Institutional						(10/1/2014)
Gross	6.92%	17.03%	30.90%	9.41%	10.87%	10.87%
Net	6.79%	16.60%	30.26%	8.93%	10.38%	10.38%
MSCI ACWI World Net	6.61%	18.66%	31.76%	8.09%	9.38%	9.38%
Excess Return (net of fees)	*0.18%*	*-2.06%*	*-1.50%*	*0.84%*	*1.00%*	*1.00%*
Ativo International Small Cap (All)						(10/1/2015)
Gross	6.40%	18.68%	33.57%	2.59%	-	9.17%
Net	6.20%	18.03%	32.60%	1.97%	-	8.63%
MSCI EAFE + Canada Small Cap Net	10.45%	11.53%	23.36%	0.05%	-	7.12%
Excess Return (net of fees)	*-4.25%*	*6.50%*	*9.24%*	*1.92%*	-	*1.51%*
MSCI ACWI ex US Small Cap Net	8.90%	11.93%	23.25%	1.39%	-	7.56%
Excess Return (net of fees)	*-2.70%*	*6.10%*	*9.35%*	*0.58%*	-	*1.07%*

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.*

All five Ativo strategies covered in this report outperformed their respective benchmarks, net of fees , on the majority of trading days in the quarter. Nonetheless, four of the five Ativo strategies finished the quarter behind their respective benchmarks, net of fees, due to relative performance lost during the two periods of extreme short-term volatility. The strategies lagged in the severe late July/early August selloff in Japan — a selloff we believed was not reflective of underlying company fundamentals. We therefore capitalized on the opportunity to buy select Japanese stocks at discounted prices. This decision subsequently benefited relative performance.

The historic late September rally in China also posed challenges. Ativo strategies have limited direct exposure to China and were underweight companies outside of China that are highly sensitive to Chinese growth, such as luxury automakers and commodity producers. Here again, we were able to capitalize on the volatility. We trimmed positions in the stocks we did own that have significant exposure to China on the view that the rally had pushed their valuations a bit too high. So we were able to take some profits while maintaining our strategic positioning in these names, which we consider to be attractive long-term investments.

Throughout the years, our systematic style has demonstrated resilience during market fluctuations, enabling us to remain disciplined without getting swept up in short-term market panics or buying frenzies. This quarter was no exception, and we believe our steady, focused approach will continue to benefit the long-term performance of Ativo strategies.

Model Review and Positioning

During the quarter, the relative performance of Ativo strategies reflected the performance of our multi-factor valuation model. The model was not effective at forecasting individual stock returns in our developed international and US large-cap universes, and its performance was essentially flat in our non-US small-cap and emerging markets universes. (Please note that, with the exception of our non-US small-cap universe, we have started measuring model performance on a cap-weighted rather than equal-weighted basis. We believe this is more appropriate given the increasing concentration in these universes over recent quarters.)

Areas of Factor Strength and Weakness
Among the model's component factors, ESG worked well in all four universes amid the weakness in Energy stocks, and Low Volatility was generally positive, consistent with the surge in market volatility. Conversely, Price Momentum was negative in all four universes. Price Momentum had worked well for most of the year but experienced a reversal, mainly because of the volatility in China. The performance of the model's other factors varied. For example, Valuation had strong predictive ability in our emerging markets and non-US small-cap universes but was flat to negative elsewhere.

Portfolio turnover in Ativo strategies was in line with long-term averages during the quarter. Based on changes in the alpha scores of stocks in our research universes (as determined by our multi-factor model), portfolio exposure to the UK and Japan generally increased alongside a decrease in Developed Europe/Middle East ex UK. Exposure to China also declined . With respect to sectors, exposure to Utilities increased, while exposure to Consumer Staples broadly declined.

Opportunities and Risks

The timing and magnitude of future rate cuts from the Fed and other major central banks is uncertain. However, in our view, what matters most is that the global easing cycle is underway, which should allow the US and global economies to continue to grow at a solid pace. The soft-landing scenario that we envision should be supportive of equities, especially small caps, and we believe the small-cap rally has more room to run. We are cautious in our outlook for China, where sentiment has driven recent market gains. Valuations are still attractive, but it remains to be seen whether new stimulus measures will be enough to revive the economy given the serious structural issues facing China.

Market volatility accelerated in the third quarter, and we see the potential for further volatility in the months ahead. The conflict in the Middle East remains a concern, as does the upcoming US presidential election. The outcome of the election is very uncertain at this point, and it obviously has major implications for tax, trade, and regulatory policies.

Lastly, just as we track valuations of stocks, we track valuations of factors. Currently, size looks expensive (meaning large-cap stocks appear overvalued), which supports our positive outlook for small caps. Conversely, value looks inexpensive. This bodes well for the performance of our model, since Intrinsic Valuation (our model's most heavily weighted factor) has a slight bias toward value metrics.

Performance and Positioning by Strategy

*Ativo Global Institutional**

	Q3 2024
Ativo Global Institutional Composite	
Gross	6.92%
Net	6.79%
MSCI ACWI (Net)	6.61%
Excess Return (Net of Fees)	*0.18%*

During the third quarter, Ativo's Global Institutional strategy outperformed the MSCI ACWI Net by 0.18%, net of fees. Looking at regions, relative results benefited from stock selection in the US and Developed Europe/Middle East ex UK, as well as a lack of exposure to Emerging Asia ex China. Conversely, stock selection in China was the largest detractor from performance versus the Index, and a lack of exposure to Pacific ex Japan was also unfavorable. In terms of sectors, stock selection in Technology, Health Care, and Utilities and an underweight in Energy added value. Alternatively, stock selection in Consumer Staples and Materials and an overweight in Technology detracted.

There were no significant changes to portfolio positioning during the quarter; all changes to active regional and sector exposures were less than 2%. At quarter-end, the largest overweights remained in Developed Europe/Middle East ex UK, the UK, and the Industrials and Technology sectors. The largest underweights were in Emerging Asia ex China, the US, Consumer Staples, and Materials. Assets in the Global Institutional strategy totaled less than $1 million on September 30th, and active share was 77%.

*Ativo International Developed**

	Q3 2024
Ativo International Developed Composite	
Gross	6.12%
Net	5.96%
MSCI EAFE + Canada (Net)	7.76%
Excess Return (Net of Fees)	*-1.80%*

Ativo's International Developed strategy underperformed the MSCI EAFE + Canada Net by 1.80%, net of fees, in the third quarter. The underperformance was due to stock selection and, to a lesser extent, regional exposures. Stock selection in Developed Europe/Middle East ex UK and the Health Care sector had the largest negative impact on relative returns, followed by stock selection in Materials, Industrials, and Consumer Staples. An underweight in Pacific ex Japan further dampened performance versus the Index. On the plus side, the top contributor to relative returns was stock selection in the UK. Positioning in the Energy sector also generated a significant amount of alpha due to a combination of stock selection and an underweight.

During the quarter, the major changes to portfolio positioning were increasing exposure to Japan, the UK, and the Technology sector and decreasing exposure to Developed Europe/Middle East ex UK and Pacific ex Japan. The largest overweights on September 30th were in the UK, Japan, and the Financials and Technology sectors. The largest underweights were in Pacific ex Japan, Health Care, and Materials. At quarter-end, assets in the International Developed strategy totaled $360 million, and active share was 71%.

*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 2024
Ativo International All Country ex US Composite	
Gross	5.42%
Net	5.29%
MSCI ACWI ex USA (Net)	8.06%
Excess Return (Net of Fees)	-2.77%

In the third quarter, Ativo's International All Country ex US strategy underperformed the MSCI ACWI ex USA Net by 2.77%, net of fees, driven by stock selection. From a geographic standpoint, stock selection had the largest negative impact in China, Developed Europe/Middle East ex UK, and Japan. Regional exposures also detracted, particularly underweights in Pacific ex Japan and China. With respect to sectors, stock selection was broadly negative and weakest in Health Care, Consumer Discretionary, Industrials, and Consumer Staples. On the plus side, sources of relative strength included stock selection in Canada and positioning in the Energy sector, where both stock selection and an underweight produced excess return.

The most significant changes to portfolio positioning during the quarter were increasing exposure to Japan and the Industrials sector and decreasing exposure to China, Developed Europe/Middle East ex UK, and Consumer Discretionary. On September 30th, the biggest overweights were in Japan, Emerging Americas, and the Industrials and Real Estate sectors. The biggest underweights were in Pacific ex Japan, Developed Europe/Middle East ex UK, Consumer Staples, and Health Care. Assets in the International All Country ex US strategy totaled $619 million at quarter-end, and active share was 80%.

*Ativo International Small Cap**

	Q3 2024
Ativo International Small Cap All Composite	
Gross	6.40%
Net	6.20%
MSCI ACWI ex USA Small Cap (Net)	8.90%
Excess Return (Net of Fees)	-2.70%

Ativo's International Small Cap strategy underperformed the MSCI ACWI ex USA Small Cap Net by 2.70%, net of fees, during the third quarter. The underperformance was primarily due to stock selection, which was negative in most regions and sectors. Stock selection detracted the most in Industrials and Japan, followed by Real Estate, Health Care, and Pacific ex Japan. An underweight in Japan and an overweight in Energy were additional areas of relative weakness. On the plus side, stock selection in Canada, Developed Europe/Middle East ex UK, Utilities, and Consumer Discretionary added value. Underweights in Emerging Asia ex China and the Technology sector also benefited performance versus the benchmark.

During the quarter, the only major changes to portfolio positioning were increasing exposure to the Industrials sector and reducing exposure to Real Estate and Energy. The largest active regional exposures at quarter-end were overweights in Developed Europe/Middle East ex UK and China and underweights in Japan and Emerging Asia ex China. The largest active sector exposures were overweights in Financials and Communication Services and underweights in Technology, Consumer Discretionary, and Health Care. On September 30th, assets in the International Small Cap strategy totaled less than $1 million at quarter-end, 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 2024
Ativo International ADR Composite	
Gross	6.73%
Net	6.56%
MSCI ACWI ex USA (Net)	8.06%
Excess Return (Net of Fees)	*-1.50%*

In the third quarter, Ativo's International ADR strategy underperformed the MSCI ACWI ex USA Net by 1.50%, net of fees. The underperformance was driven by stock selection, which was especially weak in China and the Consumer Discretionary and Health Care sectors. Stock selection in Pacific ex Japan, Developed Europe/Middle East ex UK, Financials, and Industrials also subtracted a significant amount of value, as did an underweight in China. Conversely, sources of relative strength included stock selection in Emerging Asia ex China, Emerging EMEA, and the Technology and Utilities sectors. In aggregate, sector exposures generated excess returns as well, mainly due to an underweight in Technology and an overweight in Financials.

Notable changes to portfolio positioning during the quarter included increasing exposure to Developed Europe/Middle East ex UK and the Financials and Consumer Discretionary sectors and decreasing exposure to Pacific ex Japan, Materials, and Industrials. The largest overweights on September 30th were in Developed Europe/Middle East ex UK, the UK, Financials, and Communication Services. The largest underweights were in Emerging Asia ex China, Pacific ex Japan, Materials, and Technology. Assets in the International ADR strategy totaled $103 million at quarter-end, and active share was XX %.

*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.