



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 MSCI ACWI Net returned -0.99% in US dollar (USD) terms in the fourth quarter in what was a volatile three months for stocks. Global equities declined in October amid uncertainty ahead of the US presidential election and disappointment that China did not follow up on late-September monetary easing with large-scale fiscal stimulus. Stocks reversed course in early November, rallying on the re-election of former President Trump and his pro-growth agenda. However, the rally gave way to a sharp pullback in the final weeks of the quarter after the Federal Reserve signaled a less-dovish outlook at its mid-December policy meeting. The Fed cut interest rates for a third straight time but projected only two rate cuts in 2025, down from its previous estimate of four.

The fourth-quarter loss was just a modest drag on an otherwise strong year for global equities. The MSCI ACWI Net gained 17.49% (USD) in 2024 despite heightened geopolitical risk and spikes in volatility, the largest happening in early August alongside the unwinding of the Yen carry trade. Instead, investors focused on resilient global growth, solid earnings growth, and moderating inflation that allowed the Fed and other major central banks to start cutting interest rates. Continued enthusiasm for AI stocks was another tailwind for the global equity market. During the year, gold prices hit record highs, oil prices rose substantially, and the USD strengthened.

Broad Quarterly Losses Across Regions

In the fourth quarter, equity markets in most regions and countries in the MSCI ACWI Net (USD) generated negative returns. The US was a notable exception, as the MSCI USA Net gained 2.69%, driven by the strong performance of large-cap growth stocks. Overseas, the MSCI EAFE + Canada Net and MSCI EM Net returned -0.05 and -4.42%, respectively, in local currencies and -7.43% and -8.01% in USD. Portugal was the worst-performing market globally, impacted by a significant loss in its largest constituent, a utility that reported a steep drop in earnings. Stocks also performed very poorly in Brazil, where concerns about the country's fiscal crisis deepened, and South Korea, where the president was impeached after declaring martial law.

On the positive side, Israel, Singapore, and Taiwan joined the US in posting quarterly gains. These four countries were also the best-performing markets in the MSCI ACWI Net (USD) in 2024. Israeli shares led the way, rising nearly 40% during the year on outsized returns in a few large Pharmaceutical and Technology stocks. Conversely, Egypt was the worst-performing market, as the Egyptian government devalued the Pound in March in efforts to secure additional IMF support. Equities in Brazil and Mexico also ended the year sharply lower. Overall, developed international and emerging market equities delivered gains in 2024, although returns were not nearly as strong as those in the US. The MSCI USA Net rose 24.58%, while the MSCI EAFE + Canada Net (USD) and MSCI EM Net (USD) climbed 4.70% and 7.50%, respectively.

Growth, Large Cap, and Technology Outperformance

Globally, growth stocks registered solid USD gains in the fourth quarter, while value stocks declined. Growth's outperformance was due to leadership in the US and emerging markets, as value outperformed in developed international markets. Developed international markets are less Tech-heavy and more focused on Financials, and European and Canadian bank stocks generally performed well.

Large-cap stocks fell slightly during the quarter on a global basis but outperformed small caps, which had a sharp reversal in late December after the Fed signaled a slower rate-cut path. Sector performance was mixed. With double-digit losses, Materials and Health Care were the worst-performing sectors in the MSCI ACWI Net (USD) during the quarter, while Consumer Discretionary, Communications Services, and Technology were the best performers, posting strong gains.

For the year, returns were positive across major style and capitalization segments and nearly all sectors. Growth stocks significantly outperformed value stocks globally in 2025, which again came from growth's outperformance in the US and emerging markets. Large-cap equities outpaced small caps across developed and emerging markets, leadership that was especially pronounced in the US. Looking at sectors, Materials was the only negative performer in the MSCI ACWI Net (USD), pressured by the economic slowdown in China. The defensive Health Care sector was the second-worst performer in the predominantly risk-on environment. In contrast, Technology and Communication Services led the gains, driven by strength in AI stocks.

Performance Summary*

Composite Benchmark	Q4 2024	1 YR	ANNUALIZED		
			5 YR	10 YR	Since Inception
Ativo International ADR					(3/1/2012)
Gross	-4.83%	6.90%	6.65%	5.90%	7.10%
Net	-4.99%	6.21%	5.96%	5.22%	6.41%
MSCI ACWI ex US Net	-7.60%	5.53%	4.10%	4.80%	4.84%
<i>Excess Return (net of fees)</i>	<i>2.61%</i>	<i>0.68%</i>	<i>1.86%</i>	<i>0.42%</i>	<i>1.57%</i>
Ativo International All Country ex US					(4/1/2007)
Gross	-7.81%	3.84%	2.94%	4.43%	4.51%
Net	-7.92%	3.33%	2.35%	3.75%	3.70%
MSCI ACWI ex US Net	-7.60%	5.53%	4.10%	4.80%	3.10%
<i>Excess Return (net of fees)</i>	<i>-0.32%</i>	<i>-2.20%</i>	<i>-1.75%</i>	<i>-1.05%</i>	<i>0.60%</i>
Ativo International Developed					(8/1/2009)
Gross	-7.27%	1.98%	3.34%	5.16%	7.30%
Net	-7.42%	1.37%	2.70%	4.48%	6.59%
MSCI EAFE + Canada Net	-7.43%	4.70%	5.10%	5.26%	5.86%
<i>Excess Return (net of fees)</i>	<i>0.01%</i>	<i>-3.33%</i>	<i>-2.40%</i>	<i>-0.78%</i>	<i>0.73%</i>
Ativo Global Institutional					(10/1/2014)
Gross	-0.72%	16.19%	10.48%	10.55%	10.51%
Net	-0.84%	15.62%	10.02%	10.07%	10.02%
MSCI ACWI World Net	-0.99%	17.49%	10.06%	9.23%	9.03%
<i>Excess Return (net of fees)</i>	<i>0.15%</i>	<i>-1.87%</i>	<i>-0.04%</i>	<i>0.84%</i>	<i>0.99%</i>
Ativo International Small Cap (All)					(10/1/2015)
Gross	-1.24%	17.21%	6.37%	-	8.77%
Net	-1.43%	16.35%	5.80%	-	8.22%
MSCI EAFE + Canada Small Cap Net	-7.86%	2.76%	2.87%	-	5.98%
<i>Excess Return (net of fees)</i>	<i>6.43%</i>	<i>13.59%</i>	<i>2.93%</i>	<i>-</i>	<i>2.24%</i>
MSCI ACWI ex US Small Cap Net	-7.66%	3.36%	4.30%	-	6.42%
<i>Excess Return (net of fees)</i>	<i>6.23%</i>	<i>12.99%</i>	<i>1.50%</i>	<i>-</i>	<i>1.80%</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.

All five of the Ativo strategies covered in this report either outperformed or performed broadly in line (less than -0.33%) with their respective benchmarks, net of fees, during the fourth quarter. Ativo International Small Cap performed especially well, exceeding its benchmark by 6.23%, net of fees.

The fourth quarter capped a year of strong relative performance for Ativo International Small Cap, which beat its benchmark by 12.99% in 2024, net of fees. Ativo International ADR also outperformed for the year, while Ativo Global Institutional, Ativo International Developed, and Ativo International All Country ex US trailed their respective benchmarks (net). One reason these strategies underperformed was that our multi-factor valuation model was not effective at forecasting individual stock returns in our developed international research universe in 2024. We discuss the model's performance in more detail in the next section of this report.

Model Review and Positioning

In the fourth quarter, the overall performance of our multi-factor valuation model was mixed across our research universes. The model had positive predictive ability in our emerging markets and non-US small-cap research universes but did not work well in our developed international and US research universes. These results were consistent with the performance of Intrinsic Valuation — the model's most heavily weighted factor — which added value in emerging markets and non-US small caps but was negative in developed international markets and the US. Also of note, Price Momentum was positive in all four universes, while ESG was generally weak.

Similar Model Results for the Year

The 2024 performance of our model and factors was very similar to what we saw in the fourth quarter. Overall, the model was skillful at forecasting individual stock returns in our emerging markets and non-US small-cap research universes, where Intrinsic Valuation was positive, but lacked skill in developed international markets and the US, where Intrinsic Valuation was negative. Intrinsic Valuation worked particularly well in emerging markets, a reflection of the strong relative performance of Chinese value stocks, which led their growth counterparts by nearly 10%. Conversely, Intrinsic Valuation was not effective in developed markets, where companies with high ROIs and cash flows struggled in the second half of the year.

Also in 2024, the ESG factor was negative in most universes, and Price Momentum was positive across the board. The ESG factor was pressured by outflows from ESG funds. Price Momentum benefited from the persistence of various trends throughout much of the year, such as strength in US large-cap stocks and markets like Taiwan and India, and weakness in markets like Brazil and Mexico. In addition, just as we track valuations of stocks, we track valuations of factors, and Price Momentum had been inexpensive heading into the year.

Across Ativo strategies, portfolio turnover was in line with long-term averages in both the fourth quarter and 2024. Broadly speaking, based on changes in the alpha scores of stocks in our research universes (as determined by our multi-factor model), our model has been favoring equities in China, developed international markets, and the Financials sector, while avoiding Health Care. As the new year begins, portfolios remain well-diversified across regions and sectors.

The Potential for Policy-Driven Volatility

Global equities rallied in the weeks following the US presidential election, lifted by optimism about President-elect Trump's second term. Now markets are focused on the specifics of "Trump 2.0" — what his priorities will be, the details of those priorities, and how Republicans' narrow majorities in the House and Senate may affect his plans. As events unfold, we expect to see higher volatility in global markets.

A key risk for markets is how US trade policy takes shape given Trump's threats to impose steep tariffs on US imports from China, Canada, Mexico, and other countries. Uncertainty around US trade policy has added to our cautious outlook on Chinese equities, despite attractive valuations. More broadly, we think the uncertain path of US trade, tax, immigration, and regulatory policies will lead to more conservative monetary policies. We expect the Fed and other central banks to slow their rate-cutting cycles to ensure they have ample room to respond to the actions of the new administration.

Lastly, from a factor standpoint, Price Momentum appeared fairly valued at year-end following its strong performance in 2024. However, valuations on Operating Momentum and Intrinsic Valuation look attractive. Our outlook for Low Volatility is also positive given our expectations for higher volatility in the coming months.

Performance and Positioning by Strategy

*Ativo Global Institutional**

	Q4 2024	2024
Ativo Global Institutional Composite		
Gross	-0.72%	16.19%
Net	-0.84%	15.62%
MSCI ACWI (Net)	-0.99%	17.49%
Excess Return (Net of Fees)	0.15%	-1.87%

Ativo's Global Institutional strategy outperformed the MSCI ACWI Net by 0.15%, net of fees, in the fourth quarter. Relative returns benefited from strong stock selection in China, Developed Europe/Middle East ex UK, Canada, Technology and Materials. Underweights in Emerging Asia ex China, Materials, and Consumer Staples also generated a material amount of alpha. These and other positive effects were tempered by areas of relative weakness, especially stock selection in the US and the Consumer Discretionary and Consumer Staples sectors. An overweight in Developed Europe/Middle East ex UK was another major detractor.

During the quarter, the only significant changes to positioning were increasing the portfolio's underweight in the US and adding to its overweight in Financials. All other changes to active regional and sector exposures were less than 2%. The largest overweights on December 31st were in Developed Europe/Middle East ex UK, the UK, and the Industrials and Financials sectors. The largest underweights were in the US, Emerging Asia ex China, Consumer Staples, and Materials. At quarter-end, assets in the Global Institutional strategy totaled less than \$1 billion, and active share was 75%.

*Ativo International Developed**

	Q4 2024	2024
Ativo International Developed Composite		
Gross	-7.27%	1.98%
Net	-7.42%	1.37%
MSCI EAFE + Canada (Net)	-7.43%	4.70%
Excess Return (Net of Fees)	0.01%	-3.33%

During the fourth quarter, Ativo's International Developed strategy outperformed the MSCI EAFE + Canada Net by 0.01%, net of fees. Sector exposures positively impacted relative results, including an overweight in Financials and an underweight in Health Care. However, these and other sources of alpha were offset by positions in several stocks that fell sharply alongside weak earnings reports. Chief among them were Sumitomo Forestry, a Japanese wood products company; Wallenius Wilhelmsen, a Norwegian logistics firm; and Bytes Technology, a UK software supplier. On the plus side, the top relative contributor was Sekisui Chemical, a Japanese plastics manufacturer that announced a government-subsidized project to produce solar films. The next-largest contributors were Erste Group and NatWest, both European banks whose stocks posted strong gains.

The biggest changes to portfolio positioning during the quarter were increasing exposure to Pacific ex Japan, Developed Europe/Middle East ex UK, and the Financials sector and reducing exposure to Japan, the UK, Consumer Staples, and Health Care. The largest active regional exposures at quarter-end were a modest overweight in the UK and a modest underweight in Canada. The largest active sector exposures were overweights in Financials and Communication Services and underweights in Health Care and Consumer Staples. Assets in the International Developed strategy totaled \$333 million on December 31st, 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 All Country ex US**

	Q4 2024	2024
Ativo International All Country ex US Composite		
Gross	-7.81%	3.84%
Net	-7.92%	3.33%
MSCI ACWI ex USA (Net)	-7.60%	5.53%
Excess Return (Net of Fees)	-0.32%	-2.20%

Ativo's International All Country ex US strategy underperformed the MSCI ACWI ex USA Net by 0.32%, net of fees, during the fourth quarter. The modest underperformance was driven by positions in a number of stocks that were especially weak. The largest relative detractor was Wallenius Wilhelmsen, a Norwegian logistics company that reported a decrease in third-quarter earnings. The next-largest detractors were Ipsos, a French market research firm that lowered its full-year growth outlook, and ICON, an Ireland-based contract research organization that was hurt by slower-than-expected activity in its biotech business. Conversely, the top contributor to relative performance was MediaTek, a Taiwanese semiconductor stock that recorded a double-digit gain. Positions in two UK stocks also delivered substantial excess returns: Pearson, a provider of educational services, and InterContinental Hotels.

During the quarter, the only notable changes to portfolio positioning were increasing exposure to China and the Consumer Discretionary sector and decreasing exposure to Japan. On December 31st, the largest overweights were in Emerging Americas and the Industrials sector. The largest underweights were in Japan, Consumer Staples, and Health Care. Assets in the International All Country ex US strategy totaled \$570 million at quarter-end, and active share was 81%.

*Ativo International Small Cap**

	Q4 2024	2024
Ativo International Small Cap All Composite		
Gross	-1.24%	17.21%
Net	-1.43%	16.35%
MSCI ACWI ex USA Small Cap (Net)	-7.66%	3.36%
Excess Return (Net of Fees)	6.23%	12.99%

In the fourth quarter, Ativo's International Small Cap strategy outperformed the MSCI ACWI ex USA Small Cap Net by 6.23%, net of fees. The substantial outperformance was mainly due to stock selection, which added value in nearly every region and all sectors. Looking at regions, stock selection was strongest in Emerging Asia ex China, followed by Japan, Developed Europe/Middle East ex UK, and Pacific ex Japan. From a sector perspective, stock selection produced the most alpha in Industrials, Financials, Consumer Discretionary, and Real Estate. Sector allocations also positively impacted performance versus the Index, driven by an overweight in Financials and an underweight in Materials. Pockets of relative weakness included stock selection in Canada and an underweight in Japan.

The only major changes to portfolio positioning during the quarter were increasing exposure to the Financials sector and decreasing exposure to Industrials, Energy, and Materials. The largest overweights at quarter-end were in Developed Europe/Middle East ex UK, the UK, China, and the Financials sector. The largest underweights were in Japan, Emerging Asia ex China, Technology, and Materials. On December 31st, assets in the International Small Cap strategy totaled less than \$1 million, and active share was 96%.

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*Ativo International ADR**

	Q4 2024	2024
Ativo International ADR Composite		
Gross	-4.83%	6.90%
Net	-4.99%	6.21%
MSCI ACWI ex USA (Net)	-7.60%	5.53%
Excess Return (Net of Fees)	2.61%	0.68%

During the fourth quarter, Ativo's International ADR strategy outperformed the MSCI ACWI ex USA Net by 2.61%, net of fees, due to a combination of stock selection and sector exposures. Stock selection was broadly positive across regions and sectors and particularly strong in Pacific ex Japan, China, and Developed Europe/Middle East ex UK. Stock selection in the Technology, Consumer Staples, and Consumer Discretionary sectors also generated a meaningful amount of excess return. Relative results further benefited from underweights in Materials and Health Care, the worst-performing sectors in the benchmark, and an overweight in Financials. Conversely, stock selection in Emerging Asia ex China, Emerging EMEA, and Health Care detracted. An overweight in Emerging Americas was unfavorable as well.

The most notable changes to portfolio positioning during the quarter were adding exposure in Canada, Pacific ex Japan, Financials, and Consumer Discretionary, while reducing exposure in Developed Europe/Middle East ex UK and Health Care. The largest overweights on December 31st were in the UK, Developed Europe/Middle East ex UK, and the Financials sector. The largest underweights were in Emerging Asia ex China, Health Care, and Technology. At quarter-end, assets in the International ADR strategy totaled \$96 million, and active share was 86%.

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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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