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 second quarter was characterized by a sharp reversal in sentiment that culminated in an impressive 11.53% return for the MSCI ACWI Net in US dollar (USD) terms. The quarter began with the steepest selloff in global markets since March 2020, driven by President Trump's April 2nd announcement of "Liberation Day" tariffs. The tariffs included a 10% baseline duty on US imports and higher reciprocal tariffs on dozens of countries — levies that were more severe than anticipated. However, one week later, Trump paused the reciprocal tariffs on most countries for 90 days, triggering a strong rally in global equities. Markets experienced a few setbacks later in the quarter in response to the Israel-Iran conflict and worries about the US debt, among other factors. But these bouts of volatility were relatively shallow and short-lived, and equity markets quickly resumed their upward trajectory.

Dovish Central Banks, a Resurgence in the AI Trade, and USD Weakness

Optimism that trade deals would be reached before the end of the 90-day tariff pause was the main driver of second-quarter equity gains. That said, several other dynamics were also supportive of markets, including central bank policies. The European Central Bank (ECB) and Bank of England continued lowering interest rates, as did monetary authorities in Mexico, South Korea, India, and a number of other emerging markets. The Federal Reserve held rates steady but signaled two cuts by year-end. Additionally, investors showed renewed enthusiasm for AI stocks during the quarter on the back of strong earnings reports from companies like NVIDIA, Microsoft, and Taiwan Semiconductor. Lastly, weakness in the USD increased non-US equity returns for US-based investors. After strengthening in 2024, June capped a very weak six-month period for the USD, which was pressured by concerns about US trade policy and the deficit implications of Trump's tax cut and spending bill — legislation that passed shortly after quarter-end.

A Broad Rally

The second-quarter gains in equities were widespread across regions and countries. On a relative basis, the MSCI USA advanced 11.36%, outperforming non-US markets in local currencies though slightly lagging in USD terms. The MSCI EAFE + Canada Net and MSCI EM Net rose 5.19% and 7.93%, respectively, in local currencies but a much stronger 12.05% and 11.99% in USD.

Within the MSCI EAFE + Canada Net (USD), Israel was one of the best-performing markets as the threat of Iran's nuclear program faded with US strikes on Iranian nuclear facilities. German equities also outperformed, lifted by hopes that government stimulus and ECB rate cuts would revive economic growth. Spain and the Netherlands were other markets that generated outsized gains. Conversely, the UK and Switzerland — while still posting strong returns — trailed their developed market peers. In the UK , signs of slowing economic growth, combined with higher-than-expected government borrowing, amplified concerns about the country's fiscal position. Switzerland, a market with heavy exposure to pharmaceutical stocks, was impacted by the prospect of steep tariffs on US drug imports and the Trump administration's efforts to lower US prescription drug costs.

In emerging markets, South Korea generated the strongest return and was also the strongest performer globally. South Korean equities surged more than 30% (USD) during the quarter, driven by the election of a new president after months of political instability, the pause on reciprocal tariffs, and the resurgence of AI stocks. The tariff delay and AI rally also benefited Taiwan, another top-performing market. In contrast, Saudi Arabia was the sole decliner in the MSCI EM Net (USD) and the weakest market globally amid the tensions in the Middle East and a drop in oil prices. The next-worst performers were Thailand, China, and Turkey, which generated only modest gains.

Growth and Small-Cap Leadership

On a global basis, quarterly returns were strong across style and size segments and positive in most sectors. Growth stocks outperformed value stocks in both developed and emerging markets, with growth leadership being especially pronounced in the US. Japan was another market where growth stocks significantly outperformed. In Japan, value stocks tend to be more locally based than growth stocks, and thus were less sensitive to optimism surrounding US-Japan trade negotiations.

With respect to size, small-cap equities modestly outperformed large caps globally, thanks to small-cap leadership in non-US markets — in the US, large caps outperformed alongside the rebound in large-cap US Technology stocks. On a global basis, Technology was the best-performing sector, followed by Communication Services and Industrials. Energy and Health Care, which posted negative returns, were the worst performers.

Performance Summary*

Composite Benchmark	Q2 2025	YTD	1 YR	5 YR (Annualized)	10 YR (Annualized)	Since Inception (Annualized)
Ativo International ADR						(3/1/2012)
Gross	10.45%	20.65%	22.55%	13.13%	7.36%	8.34%
Net	10.28%	20.27%	21.77%	12.41%	6.67%	7.64%
MSCI ACWI ex US Net	12.03%	17.90%	17.72%	10.13%	6.12%	5.96%
Excess Return (net of fees)	*-1.75%*	*2.37%*	*4.05%*	*2.28%*	*0.55%*	*1.68%*
Ativo International All Country ex US						(4/1/2007)
Gross	14.18%	22.45%	19.00%	10.37%	6.03%	5.55%
Net	14.05%	22.16%	18.43%	9.76%	5.37%	4.74%
MSCI ACWI ex US Net	12.03%	17.90%	17.72%	10.13%	6.12%	3.95%
Excess Return (net of fees)	*2.02%*	*4.26%*	*0.71%*	*-0.37%*	*-0.75%*	*0.79%*
Ativo International Developed						(8/1/2009)
Gross	11.75%	22.45%	20.50%	10.79%	6.66%	8.44%
Net	11.58%	22.10%	19.79%	10.12%	5.97%	7.72%
MSCI EAFE + Canada Net	12.05%	18.99%	18.70%	11.51%	6.65%	6.83%
Excess Return (net of fees)	*-0.47%*	*3.11%*	*1.09%*	*-1.39%*	*-0.68%*	*0.89%*
Ativo Global Institutional						(10/1/2014)
Gross	10.98%	12.53%	19.45%	14.48%	11.33%	11.21%
Net	10.84%	12.25%	18.86%	13.99%	10.85%	10.72%
MSCI ACWI Net	11.53%	10.05%	16.17%	13.65%	9.99%	9.57%
Excess Return (net of fees)	*-0.69%*	*2.20%*	*2.69%*	*0.34%*	*0.86%*	*1.15%*
Ativo International Small Cap (All)						(10/1/2015)
Gross	18.93%	28.47%	35.00%	14.19%	-	11.13%
Net	18.72%	28.01%	34.01%	13.54%	-	10.55%
MSCI EAFE + Canada Small Cap Net	16.82%	20.79%	22.92%	9.82%	-	7.73%
Excess Return (net of fees)	*1.90%*	*7.22%*	*11.09%*	*3.72%*	-	*2.82%*
MSCI ACWI ex US Small Cap Net	16.93%	17.68%	18.34%	10.74%	-	7.87%
Excess Return (net of fees)	*1.79%*	*10.33%*	*15.67%*	*2.80%*	-	*2.68%*

	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.*

All five Ativo strategies covered in this report generated double-digit gains, net of fees, in the second quarter. In addition, four of the five strategies outperformed or performed broadly in line (less than -0.69%) with their respective benchmarks, net of fees. Ativo International All Country ex US and Ativo International Small Cap led the way, exceeding their benchmarks by 2.02% and 1.79%, respectively, on a net-of-fee basis. Ativo International ADR was the only strategy that underperformed by a significant amount, trailing its benchmark by -1.75%, net of fees. Nonetheless, Ativo International ADR remains comfortably ahead of its benchmark year to date (net of fees), as do the other four strategies. The portfolios' second-quarter results reflected the positive overall performance of our multi-factor valuation model, which we discuss in more detail in the next section of this report.*

Model Review and Positioning

Our multi-factor valuation model performed well in the second quarter. The model was very effective at forecasting individual stock returns in our emerging markets, US, and non-US small-cap research universes. The model's overall performance was also positive in our developed international universe, although to a lesser degree.

Strength in Operating Momentum, Price Momentum, and ESG

Among the model's component factors, Operating Momentum had positive predictive ability across all four research universes as investors rewarded companies showing accelerating revenue growth and margin expansion. The performance of both Price Momentum and ESG was generally strong as well. Conversely, results for the Low Volatility factor were broadly negative. Low-volatility stocks had outperformed high-beta stocks in the first quarter of the year; however, that trend sharply reversed in the second quarter when the pause on reciprocal tariffs reignited risk appetites. Results for Intrinsic Valuation were mixed, with the factor adding value in our US and non-US small-cap universes but lacking skill in developed international and emerging markets.

Generally speaking, based on changes in the alpha scores of stocks in our research universes (as determined by our multi-factor model), our model continues to favor stocks in the Financials sector while pulling back on Health Care. Our model is also favoring equities in emerging markets over developed markets. Portfolios remain well-diversified across regions and sectors.

Opportunities and Risks

The first half of the year was characterized by bouts of market volatility, and we anticipate further volatility in the months ahead. The direction of US trade policy, and its implications for global growth and inflation, remains highly uncertain. President Trump recently extended the deadline for negotiating trade agreements from July 9th to August 1st, so talks with major trading partners are still underway. The lack of clarity around tariffs is making it more difficult for the Fed and other central banks to calibrate monetary policy. And although corporate earnings have held up thus far, we expect to hear more companies talk about how tariffs are impacting their businesses in the second half of the year. Against this backdrop, economic growth will likely slow over the next few quarters, particularly in the US, where hiring has weakened in certain sectors, including retail and technology , and high interest rates have taken a toll on the housing market.

Lastly, Ativo tracks valuations of factors just as we track valuations of stocks. We believe size continues to look overvalued (meaning large-cap equities still seem expensive), despite the strong relative performance of non-US small caps in the second quarter. In addition, our core valuation factor and our other valuation factors look inexpensive, which bodes well for their future performance.

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Performance and Positioning by Strategy

*Ativo Global Institutional**

	Q2 2025
Ativo Global Institutional Composite	
Gross	10.98%
Net	10.84%
MSCI ACWI (Net)	11.53%
Excess Return (Net of Fees)	-0.69%

Ativo's Global Institutional strategy underperformed the MSCI ACWI Net by -0.69%, net of fees, during the second quarter. The modest underperformance was due to a combination of stock selection and regional exposures. Stock selection was weakest in the Communication Services and Technology sectors and also subtracted a significant amount of value in Japan, Industrials, and Consumer Discretionary. An underweight in Emerging Asia ex China and an overweight in China further detracted. These and other negative effects were largely offset by areas of relative strength, including stock selection in Utilities and positioning in the Energy and Health Care sectors, where both stock selection and underweights were beneficial. Stock selection in China was another notable source of alpha.

Portfolio turnover was slightly higher than average during the quarter. That said, the only major changes to positioning were reducing the portfolio's substantial overweight in Financials and decreasing its underweight in Consumer Staples. All other changes to active regional and sector exposures were less than 2%. The largest overweights on June 30th remained in Developed Europe/Middle East ex UK, the UK, Financials, and Industrials. The largest underweights were in the US, Emerging Asia ex China, Technology, and Consumer Discretionary. At quarter-end, assets in the Global Institutional strategy totaled less than $1 million, and active share was 78%.

*Ativo International Developed**

	Q2 2025
Ativo International Developed Composite	
Gross	11.75%
Ne	11.58%
MSCI EAFE + Canada (Net)	12.05%
Excess Return (Net of Fees)	-0.47%

Ativo's International Developed strategy underperformed the MSCI EAFE + Canada Net by -0.47%, net of fees, in the second quarter. The modest underperformance was largely due to stock selection in Japan and the Technology sector. Stock selection was also negative in a handful of other sectors, including Industrials and Communication Services, as well as in Pacific ex Japan. In addition, an underweight in Technology dampened performance versus the benchmark. Conversely, stock selection in the UK, Canada, and Developed Europe/Middle East ex UK generated significant alpha, as did stock selection in Consumer Discretionary and Materials. An underweight in the Health Care sector was another plus.

Portfolio turnover was above long-term averages during the quarter. From a regional perspective, the biggest changes to positioning were moving the portfolio from an overweight to an underweight in Developed Europe/Middle East ex UK and from an underweight to an overweight in Canada. We also added exposure to Pacific ex Japan. Looking at sectors, we increased exposure to Financials and decreased exposure to Utilities. At quarter-end, the biggest active regional exposures were overweights in the UK and Canada and underweights in Developed Europe/Middle East ex UK and Japan. The biggest active sector exposures were overweights in Financials and Real Estate and underweights in Health Care and Technology. Assets in the International Developed strategy totaled $156 million on June 30th, and active share was 79%.

*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**

	Q2 2025
Ativo International All Country ex US Composite	
Gross	14.18%
Net	14.05%
MSCI ACWI ex USA (Net)	12.03%
Excess Return (Net of Fees)	2.02%

Ativo's International All Country ex US strategy outperformed the MSCI ACWI ex USA Net by 2.02%, net of fees, during the second quarter. The outperformance was driven by stock selection, which was positive in the majority of regions and sectors. Looking at regions, stock selection produced the most excess return in Emerging Asia ex China, followed by Emerging EMEA, China, and Canada. With respect to sectors, stock selection was strongest in Materials, Consumer Discretionary, and Industrials. Underweights in Health Care and Energy also positively impacted results versus the Index. In contrast, areas of relative weakness included stock selection in Japan and Pacific ex Japan and an overweight in China. Positioning in the Technology sector was unfavorable as well, with both stock selection and an underweight detracting from relative performance.

During the quarter, portfolio turnover was higher than average. Notable changes to positioning included increasing exposure to Pacific ex Japan and Emerging Americas and decreasing exposure to Developed Europe/Middle East ex UK, Industrials, and Financials. The largest overweights on June 30th were in Emerging Americas, China, Financials, and Consumer Discretionary. The largest underweights were in Developed Europe/Middle East ex UK, Japan, Materials, and Energy. Assets in the International All Country ex US strategy totaled $537 million at quarter-end, and active share was 85%.

*Ativo International Small Cap**

	Q2 2025
Ativo International Small Cap All Composite	
Gross	18.93%
Net	18.72%
MSCI ACWI ex USA Small Cap (Net)	16.93%
Excess Return (Net of Fees)	1.79%

Ativo's International Small Cap strategy outperformed the MSCI ACWI ex USA Small Cap Net by 1.79%, net of fees, in the second quarter. Positioning in the UK was a major area of relative strength due to both stock selection and an overweight. In addition, stock selection in Canada and Emerging EMEA generated significant alpha, as did an underweight in Japan. From a sector perspective, stock selection was positive in most sectors and strongest in Materials, Industrials, and Consumer Staples. An overweight in Financials also added a meaningful amount of value. Conversely, stock selection and an underweight in Emerging Asia ex China detracted from relative performance. Other notable sources of relative weakness included stock selection in Japan, Real Estate, and Health Care and an overweight in Emerging EMEA.

Portfolio turnover was lower than long-term averages during the quarter. The only major changes to positioning were increasing exposure to Japan and the Industrials sector and reducing exposure to Emerging EMEA and Financials. The biggest overweights at quarter-end were in the UK, Developed Europe/Middle East ex UK, and the Financials sector, while the biggest underweights were in Japan, Emerging Asia ex China, and Materials. On June 30th, assets in the International Small Cap strategy totaled less than $1 million, and active share was 95%.

*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**

	Q2 2025
Ativo International ADR Composite	
Gross	10.45%
Net	10.28%
MSCI ACWI ex USA (Net)	12.03%
Excess Return (Net of Fees)	**-1.75%**

During the second quarter, Ativo's International ADR strategy underperformed the MSCI ACWI ex USA Net by -1.75%, net of fees. One of the main detractors from relative performance was positioning in the Technology sector, where both stock selection and an underweight had a negative impact. Stock selection in Japan, Pacific ex Japan, Industrials, and Financials were additional areas of relative weakness, as was an underweight in Emerging Asia ex China. However, stock selection in Emerging Asia ex China was strong and also produced a meaningful amount of alpha in China and the UK. Performance versus the benchmark further benefited from stock selection and underweights in the Energy and Health Care sectors.

Portfolio turnover was slightly higher than average during the quarter. The most significant changes to positioning were increasing exposure to China, Pacific ex Japan, Consumer Staples, and Materials and decreasing exposure to Emerging Asia ex China, Developed Europe/Middle East, Financials, and Consumer Discretionary. On June 30th, the largest overweights were in the UK, Developed Europe/Middle East, and the Financials and Industrials sectors. The largest underweights were in Emerging Asia ex China, Technology, and Health Care. Assets in the International ADR strategy totaled $111 million at quarter-end, and active share was 87%.

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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.