

What's Evolving at EGA During the 4Q of 2024

Our global talent development program for the class that started in June came to a close in December. It was a remarkable group of young students from around the world that EGA mentored and educated around investment research, capital markets and industry insights. We wish them success in their academic pursuits at UCLA, NYU and the University of Indiana and are confident they will have prosperous professional careers. From a marketing perspective, EGA continued discussions around business development and investment strategy with interested potential institutional investors coming to visit us in San Diego.

Performance and Portfolio

International small-cap equities significantly declined in the fourth quarter of 2024, with our benchmark, the MSCI EAFE Small Cap Growth Index, declining -8.52%. Strong macro data out of the US drove longer-term treasury yields much higher, which in turn drove the US Dollar much higher as well.

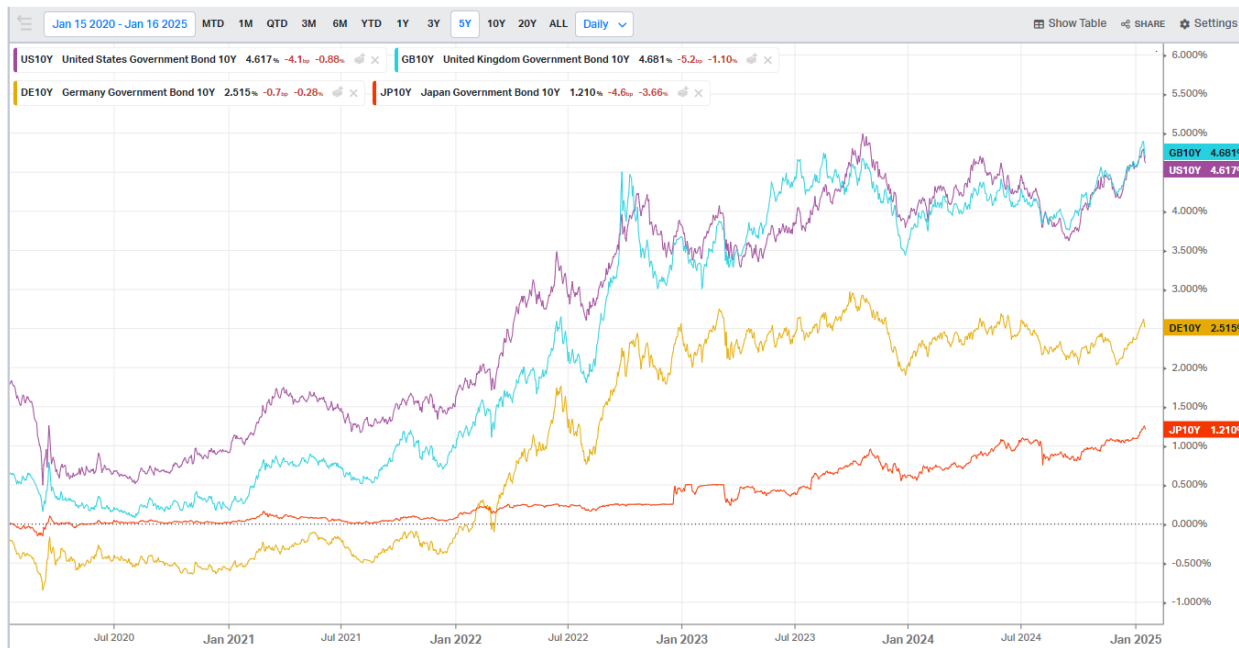
US Dollar Index (DXY):



(Source: Bloomberg)

Longer-term global yields followed suit, pressuring international equity markets as the combination of higher interest rates and weak non-US economic growth is not good for international equities.

Global Sovereign 10 Year Bond Yields:



(Source: Koyfin)

Additionally, the anticipation of a Trump election victory as well as the election of Trump as US President sent foreign equities and currencies lower on fears that his rhetoric around significant tariff hikes would hurt foreign economies. Conversely, US equities rose, driving one of the largest performance differentials between US and International equities in memory. US large caps as measured by the S&P 500 Index rose +2.07% vs. international large caps as measured by the MSCI EAFE Index declined -8.06%. US small cap relative performance saw the Russell 2000 Index rise +0.30% vs. the MSCI EAFE Small Cap Index declined by -8.31%. As a result, valuation disparity levels between the US and International equities have reached a historically high level. Growth outperformed value in the US but was very similar in international small caps.

US vs. International Large Cap Equity 2024 Performance (SPX = S&P 500 Index, MXEA = MSCI EAFE Index):



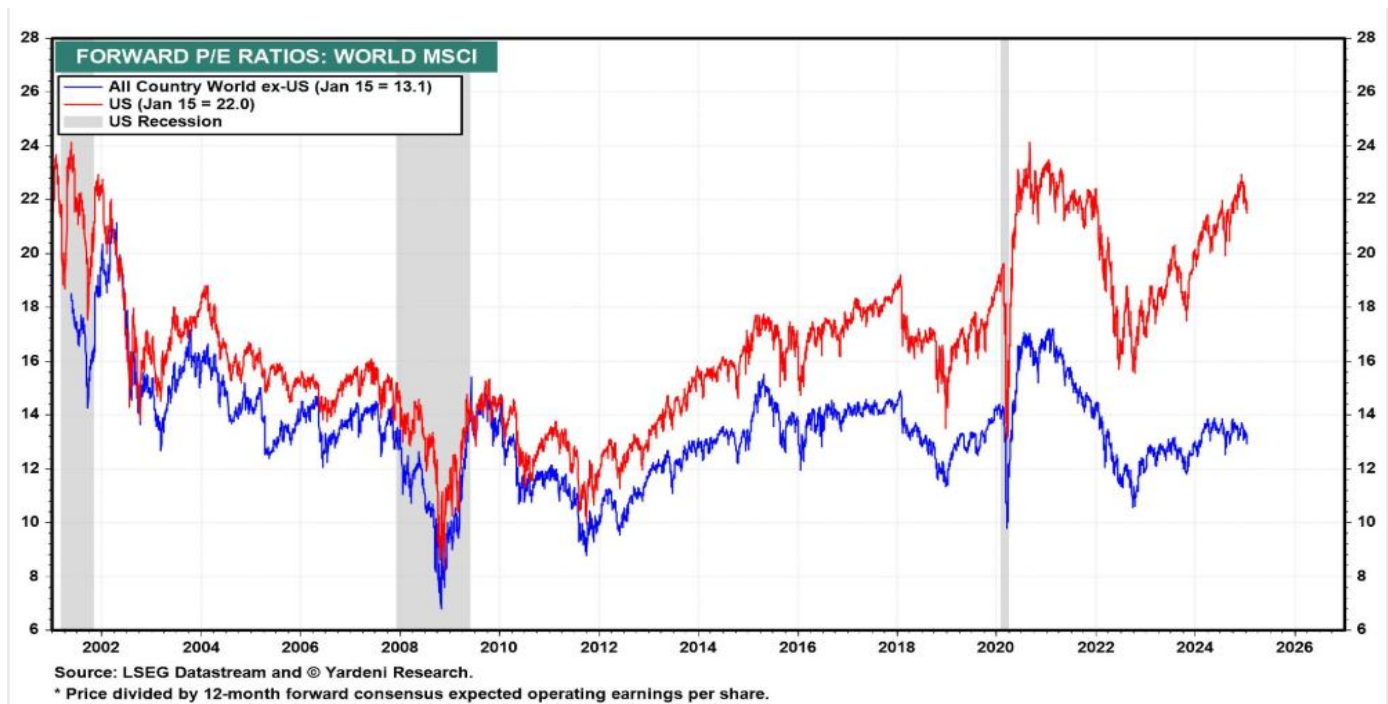
(Source: Bloomberg)

US vs. International Small Cap Equity 2024 Performance (RTY=Russell 2000 Index, MXEASC=MSCI EAFE Small Cap Index):



(Source: Bloomberg)

US vs. International 12 Month Forward P/E Ratios (ACWI=All developed & emerging markets ex-US):



(Source: Yardeni Research)

The EGA International Small Cap Strategy (ISC) posted a net of fees return of -7.97% for the quarter, outperforming its benchmark, the MSCI EAFE Small Cap Growth Net Index, which declined -8.52%. For 2024, the strategy achieved a net of fees return of -1.83% vs. a small gain of +0.96% for its benchmark. ISC's longer-term performance has outperformed. Our 3-year net of fees annualized return is -6.57% vs. -6.74% for our benchmark and our 5 year net of fees annualized return is +5.13% vs. +1.49% for the benchmark.

A key driver of the ISC's outperformance relative to the MSCI EAFE Small Cap Growth Net Index in Q4 2024 was stock selection. Our best stock was a Chinese cloud software company called Kingsoft Cloud Holdings. They reported much better than expected earnings on a shift towards more of their AI services and good cost control. The stock rose +167% for the quarter.

Market Outlook

The last few years have been one of the most difficult environments for our style of investing. An international macro environment characterized by weak economic growth translating to weak sideways/declining earnings is difficult for small cap investors searching for growth. The opportunity set is much smaller and often whatever short-term growth is produced is not sustainable. In turn, this causes trendless and choppy equity markets, which has always been difficult for investors using relative price strength as a component of their process.

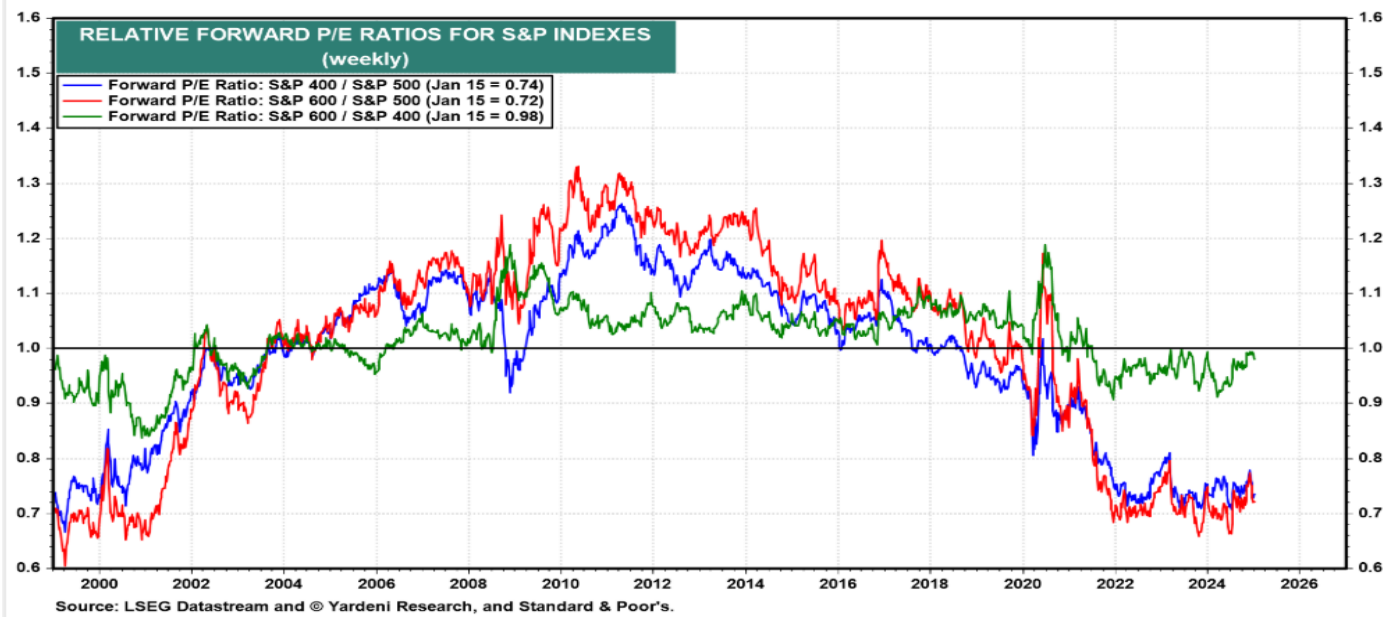
MSCI EAFE Small Cap Growth Index Price Level & Consensus EPS Estimate Trends by Year:



(Source: Bloomberg)

Combined with the high interest rates, it has created a risk-off mood, driving a valuation contraction and a move away from international small cap equities and many longer-duration growth stocks outside of the “Magnificent Seven”. The extreme level of this valuation contraction has persisted over the last few years as fears of inflation have not completely subsided and longer-term interest rates remain high.

US Small and Mid Cap Forward 12 Month P/E Ratios vs. Large Cap (SC=S&P 600, MC=S&P 400, LC=S&P 500):



(Source: Yardeni Research)

Despite the tremendous growth in AI experienced by a handful of large US companies, driving significant US technology sector and US broad market outperformance, this has not translated into the international small cap arena. This first phase of global AI growth has been driven by infrastructure-related investments such as high-speed semiconductor chips that Nvidia produces. Ostensibly, most of this benefit has accrued to these large US companies like Nvidia that were first to market and have a commanding lead in this area. There are very few publicly-traded international small cap supplier pure-plays to this AI infrastructure food chain—for most companies, only a part of their business is involved. Many of them did not benefit nearly to the extent that the US companies did as their non-AI business performance hurt overall corporate profits as spending in many other areas of technology such as smartphone, computers, etc... have still not recovered from the downturn in 2022. Many international small cap equities had large gains in the first half of 2024, only to see the gains fade during the remainder of the year.

AI Stock Performance Example—Nvidia vs. Towa Corp. (Towa=Japan AI semi equipment play)



(Source: Bloomberg)

The good news surrounding AI in the international small cap arena is that at EGA, we feel that the AI story is now moving towards its second phase, which is software products/services using AI, such as AI Agents, to generate significant profits. This is exactly what drove our best performing stock in Q4--Kingsoft Cloud Holdings. Within this context, there are more opportunities in this asset class than during the infrastructure buildout. This secular growth story helps to give us confidence in an increasing number of sustainable growth stock opportunities in 2025. Additionally, from a macro standpoint, we feel that the dark clouds of high inflation and interest rates over the last few years are starting to part in 2025. Inflation has come down a great deal and many central banks outside of the US are much further along in their interest rate cutting phase than the Fed is, which should help support foreign economic growth.

Select Global Central Bank Interest Rates: FDTR = US, EURR002W = ECB, UKBRBASE = UK, SZLTDEP = Switzerland, SWRRATE = Sweden, CABROVER = Canada



(Source: Bloomberg)

As a side note, it is interesting to point out here the paradox between the current environment and history regarding the relationship between Fed interest rate cuts and longer-term interest rates. Historically, the Fed cuts rates when the economy is weakening. In 2024, the Fed cut while the economy remained strong. As a result, we have longer-term yields rising since the beginning of the rate cuts a few months ago, when normally they would be declining at this point. This is most likely due to either: 1) investor expectations that the cuts will strengthen the economy, and hence inflation, further; or 2) Trump's policies will be inflationary.

10Y US Yields Around Rate Cuts Current moves buck historical trends



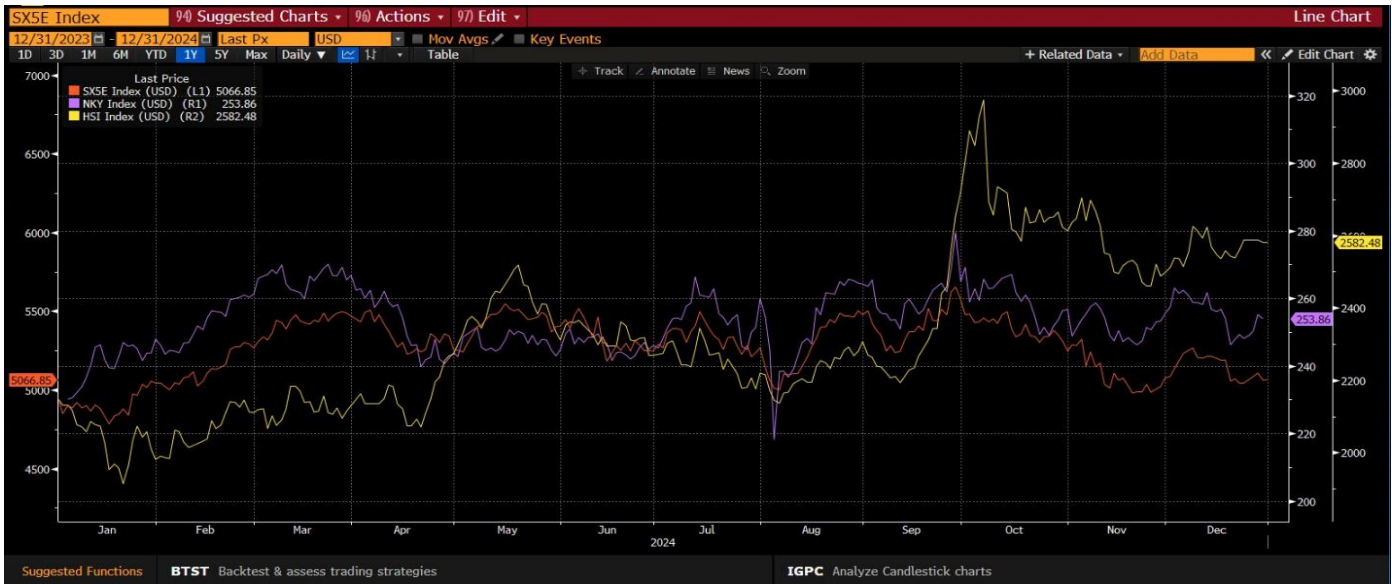
(Source: Citi Research)

Additionally, if the Fed is able to continue to cut interest rates, then foreign currencies may strengthen against the US Dollar, especially after the very strong rally in the US dollar in Q4 of 2024, benefiting US Dollar-based investors in foreign assets.

China is also a wildcard for global economic growth given its size. The combination of the debt-induced property market downturn and the crackdown by authorities on companies, especially within the technology sector, has significantly pressured domestic spending and, hence, economic growth. Thus far, it has been their industrial and export policies that have kept the economy from falling into a recession. In the second half of 2024, the government announced some significant stimulus measures to boost growth. They are aimed at stimulating domestic demand and addressing the property market crisis—very important given the possibility of weaker export growth to the US with the potential Trump tariffs. So far, it appears that it is beginning to at least arrest the decline in the domestic areas of their economy. If it continues to gain traction, the Chinese economy could provide a boost to global economic growth.

—It is interesting to note that the Hang Seng Index of Hong Kong was the best performing non-US developed market in 2024 (as measured in US Dollars), rising +22.9% vs. +3.83% for the Euro Stoxx 50 Index of European stocks and +8.68% for the Nikkei 225 Index of Japan (Source: Bloomberg). The announcement of their major stimulus package helped drive these returns.

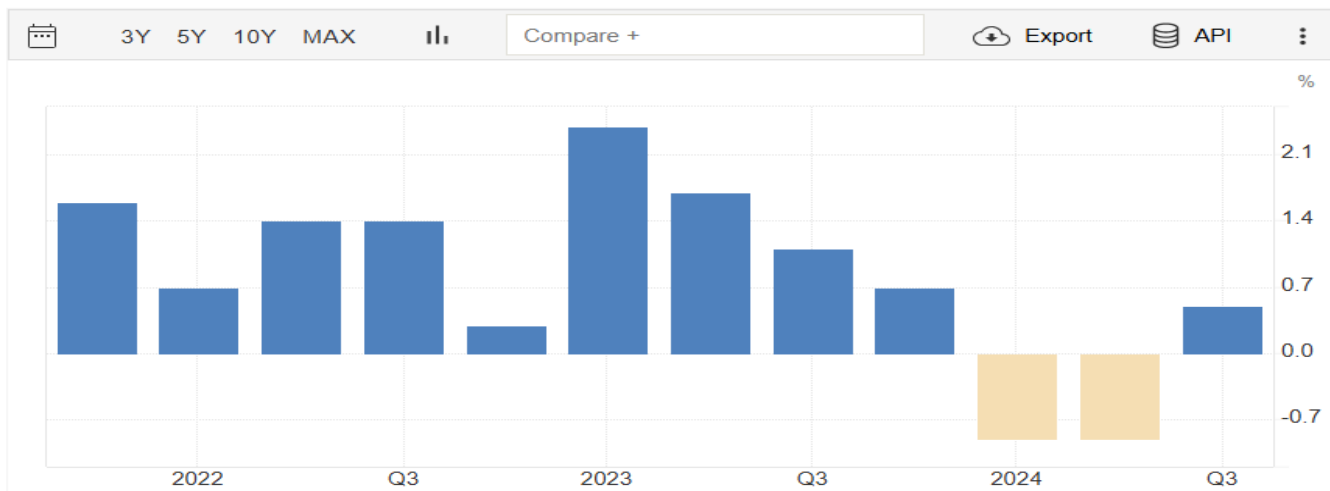
Non-US Developed Market Equity Returns 2024 (SX5E=Euro Stoxx 50 Index, NKY=Nikkei Index, HIS=Hang Seng Index):



(Source: Bloomberg)

As we enter 2025, the US economy and labor market remain strong. However, longer-term interest rates have risen around 1% over the last few months (back to their post-Covid high levels) and the number of Fed interest rate cut expectations for 2025 have been significantly reduced--down to two as we write this. This tighter monetary policy effect on the economy remains to be seen. Countering this is the Trump economic agenda, which promises for a more pro-business friendly environment, lower taxes and a more efficient government. How this plays out remains to be seen. Across the pond in Europe, weak economic growth combined with rising longer-term interest rates is a risk. The hope is that the US economy will slow down a bit, allowing the ECB and Bank of England to lower short-term interest rates even more, as there will be less pressure on the Euro/Dollar forex rate which has almost reached parity and the Pound/Dollar forex rate. In Japan, monetary policy continues to be asymmetric with the rest of the developed world as the Bank of Japan continues to raise interest rates from extremely low levels in an effort to normalize monetary policy as well as strengthen the extremely weak Yen which has reached around 155 to the US Dollar as we write this. This is happening despite weak economic growth as structural changes in Japan should benefit the economy over a mid to longer-term basis.

Japan Annual GDP % Growth Year-Over-Year on Quarterly Basis:



(Source: Cabinet Office of Japan, Tradingeconomics.com)

As can be seen, uncertainty prevails in this environment. The US stock market is on a tear (up over +40% in the last two years), driven by a handful of mega cap stocks, but is now at historically high valuation levels. International small cap equities continue to trade at a significant discount to not only their US counterparts, but to large caps as well. The US economy is strong but is at a point where stronger macro data will drive the equity market lower on fears of higher-than-expected inflation and interest rates. Foreign economies desperately need lower interest rates to support growth. The solution is a goldilocks scenario where the US slows down a bit but doesn't fall into a recession. This will allow global interest rates to decline while not torpedoing corporate profit growth. It would also relieve some of the forex pressure on currencies, enhancing returns for US Dollar-based investors. This would be a favorable environment for international small cap stocks. Positive surprises from domestic growth in China would also be a warm welcome for international equities in general.

Entering 2025, EGA's strategy is most notably overweight technology via software stocks that are benefiting from AI trends. We are also overweight China, mostly via a handful of very cheap stocks operating in pockets of strength in China such as AI, hospitality and EV's. We remain confident that the international small cap asset class is very attractive for longer-term investors given its significant valuation discount, the potential for much lower interest rates going forward and the potential for stronger currency performance. As always, we look forward to the fruits of our patience.

Portfolio Review

Q4 2024 Returns: EGA International Small Cap net of fees -7.97% vs. -8.52% for MSCI EAFE Small Cap Growth Index

Both the EGA International Small Cap Strategy and its benchmark, the MSCI EAFE Small Cap Growth Index, decreased in Q4 2024. For the year 2024, returns were -1.83% for EGA and +0.96% for the benchmark.

Stock Level Returns

EGA Top and Bottom 5 Stocks vs. MSCI EAFE Small Cap Growth Index for Q4 2024:

Identifier	Avg % Wgt		Tot Rtn			CTR			Active	Alloc	Selec	Curr	Tot Attr
	Port	Bmrk	Active	Port	Bmrk	Active	Port	Bmrk					
KINGSOFT CLOUD HOLDINGS-ADR	1.40		1.40	167.60		167.60	1.82		1.75		1.72	-	1.72
AAC TECHNOLOGIES HOLDINGS IN	3.30		3.30	17.55		17.55	0.54		0.52		0.54	0.00	0.54
Q TECHNOLOGY GROUP CO LTD	2.05		2.05	23.19		23.19	0.44		0.43		0.43	0.00	0.43
BOE VARITRONIX LTD	2.02		2.02	17.97		17.97	0.34		0.33		0.34	0.00	0.34
BONESUPPORT HOLDING AB	1.79	0.14	1.65	16.27	16.27	(0.00)	0.26	0.02	0.23		0.37	(0.12)	0.37
RAKUS CO LTD	1.90	0.09	1.82	(24.39)	(24.39)	-	(0.51)	(0.02)	(0.46)		(0.34)	(0.12)	(0.34)
CHEMRING GROUP PLC	3.03	0.09	2.93	(16.54)	(16.54)	(0.00)	(0.51)	(0.02)	(0.47)		(0.24)	(0.19)	(0.24)
ERO COPPER CORP	0.86		0.86	(23.33)		(23.33)	(0.53)		(0.50)		(0.41)	(0.06)	(0.41)
SAFESTORE HOLDINGS PLC	1.49		1.49	(24.30)		(24.30)	(0.55)		(0.52)		(0.42)	(0.10)	(0.42)
MERCARI INC	1.28	0.12	1.16	(34.91)	(34.91)	0.00	(0.71)	(0.05)	(0.63)		(0.48)	(0.13)	(0.48)

(Source: Bloomberg, EGA)

Our best stock was Kingsoft Cloud Holdings, a Chinese cloud service provider. It is benefiting from secular growth trends with clients migrating to digital and to the cloud as well as new AI-based services. It was a very cheap stock relative to its global peers, mostly driven by its affiliation to the Chinese market, which has undergone a large valuation derating. During the fourth quarter they reported strong growth trends relating to their AI services as well as their relationship with the consumer electronics giant X_iaomi and the video game producer

Kingsoft. Management managed their costs well, resulting in a much larger-than-expected growth in Ebitda for the company. Given its very cheap valuation level, the stock soared significantly higher.

Our next best stock was AAC Technologies, a Chinese producer of electronic components for mobile devices such as smartphones. It is benefiting from accelerating growth in the smartphone market in China on both a replacement cycle and Chinese government stimulus towards the consumer electronic segment of the economy. A strong earnings report helped propel that stock higher while we had a large weight in the stock.

Our worst stock was Mercari, a Japanese electronic marketplace provider. It's growth drivers were its expansion into the US market and its Fintech payment business. Unfortunately, their US business suffered weaker than expected sales, partially driven by a change in the fee model, driving the stock lower.

Our next worst stock was Safestore Holdings, a UK self-storage company. We own it as it is a leader in self-storage in the UK and expanding into Europe. It is a highly fragmented industry where their scale and digital marketing expertise serve as competitive advantages. The weakness in European economic growth has caused their business to slow in 2024 but expected to pick up next year. The very large rise in the UK longer-term interest rates caused all interest rate sensitive stocks, like real estate, to decline significantly during the quarter.

Sector Level Returns

EGA Return Attribution by Sectors vs. MSCI EAFE Small Cap Growth Index Q4 2024:

Identifier	Avg % Wgt			Tot Rtn			CTR			Alloc	Selec	Curr
	Port	Bmrk	Active	Port	Bmrk	Active	Port	Bmrk	Active			
INTL SC PORT	100.00	100.00	0.00	-7.81	-8.50	0.70	-7.81	-8.50	0.70	0.17	-0.88	1.41
Information Technology	25.14	15.13	10.01	1.22	-8.48	9.71	0.79	-1.29	2.02	0.02	2.08	-0.11
Health Care	8.16	8.45	-0.28	-4.30	-11.91	7.61	-0.33	-1.03	0.67	-0.01	0.64	0.01
Materials	2.23	7.69	-5.46	-21.42	-14.17	-7.25	-0.77	-1.12	0.33	0.30	-0.39	0.45
Financials	9.36	7.19	2.17	0.46	-4.02	4.48	0.04	-0.27	0.30	0.07	0.33	-0.08
Industrials	26.99	26.50	0.49	-7.72	-8.44	0.71	-2.07	-2.21	0.12	-0.01	-0.10	0.24
Consumer Staples	4.04	8.25	-4.21	-14.91	-9.48	-5.43	-0.68	-0.81	0.12	0.04	-0.28	0.35
Not Classified	1.70		1.70	0.00		0.00	0.00		0.00	0.03	0.00	0.00
Utilities	1.14	1.61	-0.47	-21.27	-7.74	-13.52	-0.26	-0.12	-0.14	-0.01	-0.13	0.00
Communication Services	4.26	4.45	-0.19	-18.34	-4.94	-13.40	-0.57	-0.22	-0.33	0.00	-0.43	0.08
Energy	3.30	2.77	0.52	-21.64	-8.58	-13.06	-0.83	-0.24	-0.57	0.04	-0.52	-0.06
Real Estate	4.89	3.42	1.48	-22.66	-12.39	-10.28	-1.21	-0.44	-0.73	-0.10	-0.53	-0.10
Consumer Discretionary	8.80	14.55	-5.75	-20.32	-5.41	-14.92	-1.90	-0.76	-1.10	-0.22	-1.54	0.65

(Source: Bloomberg, EGA)

At the sector level, allocation and currencies helped returns and selection detracted from returns. Being underweight the poorly performing Materials sector helped and being underweight the outperforming sector Consumer Discretionary hurt. From a contribution standpoint, Technology was our best sector, driven by stock selection. Much of this was Kingsoft Cloud Holdings and AAC Technologies mentioned above. Consumer Discretionary was our worst sector, mostly driven by Mercari's performance. Regarding the benchmark itself, the Technology sector performed in line with the overall index while Financials was the best sector with a decline of -4.02%. Materials was the worst sector, declining -14.17%.

Country Level Returns

EGA Return Attribution by Country vs. MSCI EAFE Small Cap Growth Index Q4 2024 (using Bloomberg Country Classification):

Attribution Navigator													
Report Definition													
Portfolio		INTL SC PORT											
Benchmark		MXEA00SG											
Universe Settings													
Currency		Default (USD)											
Classification													
Country of Domicile (Country)		Country											
Date Ranges													
Last Quarter		Last Quarter											
Field Settings													
Display Units		Percentage											
Position Settings													
Show Positions		All Universes											
Analytics Level		Security											
Display Settings													
Model Settings		Returns-Based											
Local Alloc		Local Rtn											
Apply & Reload													
Report Layout													
Columns		Fields > Universes											
Identifier	Port	Avg % Wgt	Active	Port	Tot Rtn	Active	Port	CTR	Active	Alloc	Selec	Curr	Tot Attr
Port	Bmrk			Port	Bmrk		Port	Bmrk					
INTL SC PORT	100.00	100.00	0.00	-7.81	-8.50	0.70	-7.81	-8.50	0.70	-1.24	0.53	1.41	-0.71
▶ China	11.88	0.23	11.65	14.72	-3.10	17.82	1.50	0.01	1.46	0.08	1.40	0.02	1.48
▶ Australia	4.86	9.84	-4.97	-16.04	-14.21	-1.83	-0.93	-1.44	0.49	0.16	-0.16	0.48	0.00
▶ Sweden	9.74	6.66	3.08	-3.29	-12.26	8.97	-0.34	-0.83	0.48	-0.10	0.85	-0.24	0.74
▶ Hong Kong	2.59	1.54	1.05	8.88	-6.39	15.27	0.32	-0.10	0.41	-0.06	0.44	0.00	0.38
▶ Austria	1.32	0.26	1.05	23.16	-8.22	31.38	0.22	-0.02	0.23	0.02	0.28	-0.07	0.30
▶ Italy	4.18	2.78	1.40	2.31	-3.12	5.43	0.09	-0.08	0.17	0.06	0.21	-0.09	0.27
▶ Netherlands		1.15	-1.15		-13.72	13.72		-0.17	0.16	0.07	0.00	0.08	0.07
▶ Norway		1.71	-1.71		-9.69	9.69		-0.16	0.15	0.02	0.00	0.12	0.02
▶ Denmark	0.92	2.60	-1.68	-24.55	-14.02	-10.53	-0.25	-0.38	0.13	0.11	-0.11	0.12	0.00
▶ Singapore		2.20	-2.20		-5.19	5.19		-0.11	0.10	-0.03	0.00	0.12	-0.03
▶ France	2.50	3.35	-0.85	-11.69	-11.65	-0.04	-0.30	-0.40	0.10	0.03	0.00	0.06	0.03
▶ Bermuda		0.34	-0.34		-14.46	14.46		-0.06	0.06	0.03	0.00	0.02	0.03
▶ Brazil	4.01		4.01	3.70		3.70	0.05		0.05	0.07	0.00	0.00	0.07
▶ Germany	2.50	3.52	-1.02	-11.14	-9.83	-1.31	-0.32	-0.34	0.02	0.02	-0.06	0.07	-0.04
▶ Jersey		0.15	-0.15		-13.16	13.16		-0.02	0.02	0.01	0.00	0.01	0.01
▶ Isle of Man		0.17	-0.17		-11.23	11.23		-0.02	0.02	0.01	0.00	0.01	0.01
▶ New Zealand		0.55	-0.55		-3.67	3.67		-0.02	0.02	-0.05	0.00	0.06	-0.05
▶ Spain	0.30	1.27	-0.96	-11.04	-7.31	-3.72	-0.08	-0.09	0.02	0.00	-0.05	0.07	-0.05
▶ Faeroe Island		0.22	-0.22		-3.22	3.22		-0.01	0.01	-0.01	0.00	0.01	-0.01
▶ Gibraltar		0.01	-0.01		-23.07	23.07		-0.01	0.00	0.00	0.00	0.00	0.00
▶ Malta		0.02	-0.02		-1.81	1.81		0.00	0.00	0.00	0.00	0.00	0.00
▶ Portugal		0.07	-0.07		0.95	-0.95		0.00	0.00	0.00	0.00	0.00	0.00
▶ South Africa		0.05	-0.05		4.01	-4.01		0.00	0.00	0.00	0.00	0.00	0.00
▶ Not Classified	1.70		1.70	0.00		0.00	0.00		0.00	0.03	0.00	0.00	0.03
▶ Peru		0.01	-0.01		8.30	-8.30		0.00	0.00	0.00	0.00	0.00	0.00
▶ Georgia		0.02	-0.02		17.65	-17.65		0.01	-0.01	-0.01	0.00	0.00	-0.01
▶ Finland	0.81	0.88	-0.07	-10.98	-17.25	6.27	-0.16	-0.14	-0.02	0.00	-0.02	0.00	-0.02
▶ United States		0.48	-0.48		6.29	-6.29		0.03	-0.03	-0.07	0.00	0.03	-0.07
▶ Ireland	0.70	0.37	0.33	-21.77	-7.44	-14.34	-0.16	-0.02	-0.13	-0.01	-0.10	-0.02	-0.11
▶ Belgium	1.04	0.98	0.06	-14.48	-14.47	-0.01	-0.29	-0.15	-0.14	0.00	-0.10	-0.02	-0.11
▶ Switzerland	6.69	5.52	1.16	-14.59	-14.30	-0.29	-0.98	-0.82	-0.15	-0.11	0.02	-0.05	-0.08
▶ Macau	0.91	0.04	0.87	-20.27	-20.27	0.00	-0.20	-0.01	-0.18	-0.18	0.00	0.00	-0.18
▶ Luxembourg	1.36	0.28	1.09	-20.99	-18.88	-2.12	-0.31	-0.06	-0.24	-0.12	-0.03	-0.07	-0.16
▶ Israel		3.04	-3.04		11.42	-11.42		0.32	-0.31	-0.27	0.00	-0.05	-0.27
▶ Canada	2.07		2.07	-29.66		-29.66	-0.74		-0.71	-0.59	0.00	-0.10	-0.59
▶ United Kingdom	13.34	13.16	0.18	-14.91	-9.50	-5.41	-2.02	-1.26	-0.72	0.04	-0.78	0.00	-0.74
▶ Japan	26.59	36.52	-9.92	-10.67	-5.99	-4.69	-2.92	-2.15	-0.75	-0.37	-1.25	0.83	-1.62

(Source: Bloomberg, EGA)

At the country level, our allocation hurt returns, but our stock selection and currency helped returns. From a contribution standpoint, our best country was China. Again, this was driven by our investments in Kingsoft Cloud Holding and AAC Technologies. Our worst country was Japan. Again, driven by the performance of Mercari. Regarding the benchmark, its best country was Israel, rising 11.42%. Performance was most likely driven by the success of Israel in the Middle East conflict. Its worst country was Finland, declining -17.25%. There are a small number of stocks in this country with a few of them doing very poorly. Also, the Scandinavian currencies performed very poorly.

Factor Performance (Using MSCI EAFE Universe as EAFE Small Cap unavailable)

MXEA Index				
Chart Actions Settings				
Long-Only Long-Short Pure Factor				
Sector All Sectors View Monitor Return Net Long-Short (High-Low) Rebal Monthly Wgt Equal				
Style	Factor/Driver Name (8)	1D Ret	4Q24 QTD ↓	
Style Summary	Filter			
1) Momentum	Momentum	-0.68%		7.64%
2) Size	Size	-0.43%		7.58%
3) Value	Value	-0.46%		3.25%
4) Quality	Quality	0.13%		2.95%
5) Growth	Growth	0.29%		2.66%
6) Trade Activity	Liquidity	-0.15%		1.11%
7) Dividends	Dividend Yield	-0.12%		0.68%
8) Volatility	Low Volatility	-0.26%		0.51%

(Source: Bloomberg)

The above chart illustrates, in the far right column, the equal-weighted performance for Q4 of a long/short strategy longing the top quintile of the factor and shorting the bottom quintile within the international large cap space (note that we cannot do this in the international small cap space and may be different from international large caps). Momentum did well. However, a closer look into it reveals that 12-month Momentum did very well, whereas shorter-term measures of Momentum did poorly. Large caps did much better than small caps. Low Volatility and Dividend Yield did the worst. The poor performance of the Materials sector probably helped to drag down the Dividend Yield factor performance.

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 Stephen Derkash – Co-Portfolio Manager
 Evolution Global Advisors, LLC
 January 17, 2025

Disclosures

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This report contains forward-looking statements and there can be no guarantees they will come to pass. Historical data shown represents past performance and does not guarantee comparable future results. The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the strategy. The information and statistical data contained herein have been obtained from sources believed to be reliable but in no way are guaranteed by EGA as to accuracy or completeness. Opinions expressed herein are subject to change without notice. EGA, or one or more of its officers and/or employees, may have a position in the securities held by clients and may purchase or sell such securities from time to time. There is no guarantee that the investments mentioned in this report will be in each client's portfolio. Asset allocation, diversification and rebalancing do not guarantee a profit or protect against a loss. EGA does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors regarding any potential tax and related consequences of any investments made under their account.

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All investments involve risk, including loss of principal invested. The strategy and investments referenced may not be suitable for all investors as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it.

Definitions of Benchmarks and Data Series:

- S&P 500 Index – A market capitalization weighted index of the 500 largest U.S. publicly traded companies.
- S&P 600 Index -- A market capitalization weighted index of 600 U.S. publicly traded small cap companies.
- S&P 400 Index -- A market capitalization weighted index of 400 U.S. publicly traded mid cap companies.

--S&P 500 Growth Index -- A market capitalization weighted index of the fastest growing companies in the S&P 500.

--S&P 500 Value Index -- A market capitalization weighted index of the lowest valued companies in the S&P 500.

--S&P 500 Equal Weighted Index – An equal-weighted version of the S&P 500 Index.

--SPDR S&P 500 Trust ETF (SPY) – An exchange-traded fund that tracks the performance of the S&P 500 Index.

-- Russell 2000 Index—an index of 2,000 publicly traded U.S. small cap stocks that rank from 1,001 to 3,000 in size.

--Russell 2000 ETF (IWM) -- An exchange-traded fund that tracks the performance of the Russell 2000 Index—an index of 2,000 publicly traded U.S. small cap stocks that rank from 1,001 to 3,000 in size.

--Russell 2000 Value ETF (RUJ) – An exchange-traded fund that tracks the performance of the Russell 2000 Value Index—an index of those Russell 2,000 publicly traded U.S. small cap stocks that have lower price-to-book ratios and lower expected and historical growth rates.

--Russell 2000 Growth ETF (RUO) – An exchange-traded fund that tracks the performance of the Russell 2000 Growth Index—an index of those Russell 2,000 publicly traded U.S. small cap stocks that have higher price-to-book ratios and higher expected and historical growth rates.

-- Russell 1000 Growth Index—an index of those Russell 1,000 largest publicly traded U.S. large cap/ mid cap stocks that have higher price-to-book ratios and higher expected and historical growth rates.

-- Russell 1000 Value Index—an index of those Russell 1,000 largest publicly traded U.S. large cap/ mid cap stocks that have lower price-to-book ratios and lower expected and historical growth rates.

--Russell 1000 Value ETF (IWD) – An exchange-traded fund that tracks the performance of the Russell 1000 Value Index—an index of those Russell 1,000 largest publicly traded U.S. large cap/ mid cap stocks that have lower price-to-book ratios and lower expected and historical growth rates.

--Russell 1000 Growth ETF (IWF) – An exchange-traded fund that tracks the performance of the Russell 1000 Growth Index—an index of those Russell 1,000 largest publicly traded U.S. large cap/ mid cap stocks that have higher price-to-book ratios and higher expected and historical growth rates.

--Nasdaq Composite Index – A market capitalization weighted index of over 2,500 common equities listed on the Nasdaq stock exchange.

--Dow Jones Transportation Index – A price weighted index of 20 transportation stocks traded in the US.

--MSCI EAFE Small Cap Index – A market capitalization weighted index of approximately 2,354 small cap constituents from developed markets across the world excluding the US and Canada.

--MSCI EAFE Small Cap ETF (SCZ) – An exchange-traded fund that tracks the performance of the MSCI EAFE Small Cap Index-- A market capitalization weighted index of approximately 2,354 small cap constituents from developed markets across the world excluding the US and Canada priced in US dollars.

-- MSCI EAFE Small Cap ETF (HSCZ) – An exchange-traded fund that tracks the performance of the MSCI EAFE Small Cap Index Local Currencies-- A market capitalization weighted index of approximately 2,354 small cap constituents from developed markets across the world excluding the US and Canada and priced in local currencies.

--MSCI EAFE ETF (EFA) -- An exchange-traded fund that tracks the performance of the MSCI EAFE Index—an index of large and mid-cap publicly traded stocks across 21 developed market countries, excluding the U.S. and Canada.

--MSCI EM ETF (EEM) -- An exchange-traded fund that tracks the performance of the MSCI Emerging Markets Index—an index of large and mid-cap publicly traded stocks across 27 emerging market countries.

--MSCI China ETF (MCHI) -- An exchange-traded fund that tracks the performance of the MSCI China Index—an index of large and mid-cap publicly traded stocks listed on the Shanghai and Shenzhen exchanges.

--CRB Commodity Index (CRB) -- Thomson Reuters/Core Commodity CRB Index is calculated using arithmetic average of commodity futures prices with monthly rebalancing. The index consists of 19 commodities: Aluminum, Cocoa, Coffee, Copper, Corn, Cotton, Crude Oil, Gold, Heating Oil, Lean Hogs, Live Cattle, Natural Gas, Nickel, Orange Juice, RBOB Gasoline, Silver, Soybeans, Sugar and Wheat. Those commodities are sorted into 4 groups, with different weightings: Energy: 39%, Agriculture: 41%, Precious Metals: 7%, Base/Industrial Metals: 13%.

--Bloomberg Commodity Spot Index (BCOMSP) – An index provided by Bloomberg that tracks spot prices of physical commodities on commodity markets by using near-maturing commodity futures. The index is designed to minimize concentration in any one commodity or sector. It currently has 23 commodities in six sectors.

--S&P GSCI Index – A benchmark commodities index that tracks the performance of the global commodities market. It is made up of 24 exchange-traded futures contracts that cover commodities spanning five sectors.

--Bloomberg US Aggregate Bond Index (LBSTRUU) – An index provided by Bloomberg that is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. It includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

--Invesco DB Commodity Index tracking ETF (DBC) -- An exchange-traded fund that tracks the performance of the DBIQ Optimum Yield Diversified Commodity Index—an index composed of future contracts on 14 of the most heavily traded and important physical commodities in the world.

--CBOE Interest Rate 10 Year Treasury Note Yield Index – An index of the yield-to-maturity of the most recently auctioned 10-year Treasury notes (usually occurs every 3 months). The index value is calculated by multiplying 10 x the yield-to-maturity.

--Sovereign 10 Year Bond Yields – The current yield-to-maturity of a 10-year sovereign bond for each respective country.

--US Dollar Index -- DXY is the symbol for the US dollar index, which tracks the price of the US dollar against six foreign currencies, aiming to give an indication of the value of USD in global markets. The index rises when the USD gains strength against the other currencies and falls when the dollar weakens.

--WTI Crude Oil Price – CL1 Commodity. The ICE West Texas Intermediate (WTI) Light Sweet Crude Oil Futures Contract offers participants the opportunity to trade one of the world's most liquid oil commodities in an electronic marketplace. The contract not only brings the benefits of electronic trading a US light sweet crude marker, but also brings together the world's most significant crude benchmarks on a single exchange: Brent, (Platts) Dubai, and WTI, as well as the emerging benchmarks Murban and Midland WTI AGC.

--COMEX Copper Index Futures -- Copper futures are widely traded on the London Metal Exchange (LME), at the COMEX and on the Multi-Commodity Exchange in India. The standard contract is 25,000 lbs.

--UK Natural Gas Price (FN1 Comdty) – Future price of UK Natural Gas for a contract of 1000 therms per calendar day. Price quoted in British Pounds/therm. Rolling future contracts.

--Invesco DB US Dollar Index Bullish Fund (UUP) -- An exchange-traded fund that tracks the performance of the Deutsche Bank Long USD Currency Portfolio Index—an index that tracks the performance of the U.S. Dollar relative to a basket of the 6 major world currencies (Euro, Yen, Pound, Canadian Dollar, Swedish Krona, Swiss Franc)

--ISM Manufacturing Index – calculates manufacturing activity-based survey conducted every month by Institute for Supply Management (ISM) of purchasing managers from more than 300 manufacturing companies.

--ISM Non-Manufacturing Index – An economic index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives.

--S&P Global Manufacturing & Non-Manufacturing PMI Index – A survey of senior executives at private sector manufacturing companies. It is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. It is more broad-based than the ISM Manufacturing Index.

-- Treasury Inflation-Protected Security (TIPS) – A Treasury bond that is indexed to an inflationary gauge to protect investors from the decline in the purchasing power of their money. The Breakeven Inflation rate is calculated as the difference between the Treasury yield and the TIPS bond yield.

--Inflation Rate CPI – The Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services. It is produced monthly and measured on a year-over-year rate.

--PPI – The Producer Price Index measures for producers the US price changes for commodities sold for personal consumption, capital investment, government and export.

--Core Inflation Rate -- The Core Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services excluding food and energy. It is produced monthly and measured on a year-over-year rate.

--Employment Cost Index (ECI) – A quarterly economic series published by the Bureau of Labor Statistics that details the growth of total employee compensation.

--Average Hourly Earnings Growth – The growth of the average hourly earnings for all workers in the US economy.

--GDP – The gross domestic product (GDP) measures of national income and output for a given country's economy. The gross domestic product (GDP) is equal to the total expenditures for all final goods and services produced within the country in a stipulated period of time. It is produced quarterly and measured on a year-over-year rate.

--Industrial Production – Measures the output of businesses integrated in industrial sector of the economy such as manufacturing, mining and utilities.

--M2 Money Supply – In the U.S., a broad-based measurement of the amount of money in circulation that includes cash, checking deposits and easily convertible near money.

-- Owners' Equivalent Rent -- Owners' equivalent rent (OER) is the amount of rent that would have to be paid in order to substitute a currently owned house as a rental property.

--ARK Innovation ETF (ARKK) – Actively managed ETF focusing on disruptive innovation stocks.

--Energy Select Sector SPDR Fund (XLE) – An ETF that tracks the market cap weighted index of US energy companies in the S&P 500.

--iShares 20+ Year Treasury Bond ETF (TLT) – An ETF that seeks to track the investment results of an index composed of U.S. Treasury Bonds with remaining maturities greater than 20 years.

--SPDR S&P Metals & Mining ETF (XME) – An ETF that tracks the metals and mining segment of the S&P Total Market Index of US companies.

--N. America Fertilizer Price Index – Provided by Green Markets, fertilizer benchmark across multiple nutrients (Urea, Potash, DAP) weighted by annual demand value for each nutrient.

--UN Food and Agriculture World Food Price Index – Provided by the UN, the index tracks monthly changes in the international prices of a basket of commonly traded food commodities.

--University of Michigan Consumer Sentiment

--Real Wage Growth – Year-over-year % change in average hourly earnings of production and nonsupervisory employees, total private sector minus year-over-year change in consumer price index, urban households, seasonally adjusted. Provided by the US Bureau of Labor Statistics.

--New Tenant Repeat Rent Index – An index constructed by the Cleveland Fed and the Bureau of Labor Statistics to measure changes in rents for new tenants rather than the average of all renters.

--All Tenant Repeat Rent Index – An index constructed by the Cleveland Fed and the Bureau of Labor Statistics to measure changes in rents for all existing tenants.

--US Unemployment Rate – A Bureau of Labor Statistics indicator that measures the number of people actively looking for a job as a percentage of the labor force.

--US Labor Force Participation Rate – A Bureau of Labor Statistics indicator that measures the number of employed and unemployed people looking for a job as a percentage of the population aged 16 years and over.

--US Employed Persons – A Bureau of Labor Statistics indicator that measures the number of people employed with a minimum required age who work during a certain time for a business.

--Fed Funds Rate – The target interest rate set by the Federal Open Market Committee (FOMC) at which commercial banks borrow or lend their excess reserves to each other overnight.

--High Yield Spread – Calculated by taking the Barclays Capital US Corporate High Yield Yield-To-Worst minus the US Generic Government 10 Year Yield.

--Bloomberg Economic Regime Index-- The index analyzes monthly changes in key inputs that factor into calling for a recession, including capacity utilization, jobless claims, manufacturing and sentiment.

--% of Top 100 Performing Global Stocks that are Non-U.S. Small Caps Chart – Measured across all developed countries (including US) as well as most emerging markets in US dollar total returns. The minimum market cap for the universe is \$500 million with no maximum. Non-US small cap stocks defined as those with market caps at \$5 billion or below.

-- MSCI EAFE Small Cap Index 1 & 3 Year Returns After Negative 3 Year Return Period Chart – 3 year historical annualized returns calculated on a rolling monthly basis. For each negative 3 year return point, a subsequent 1 & 3 year annualized return calculation was made. The average 1 & 3 year forward returns were calculated by averaging all of the 1 & 3 year forward returns for each month where the historical 3 year annualized return was negative.

-- Global Stocks with 100% or Greater Returns by Market Cap Bucket – All stocks with 100% or greater US dollar returns measured across all developed countries (including US) as well as most emerging markets. Categorized by various US Dollar market cap buckets at the beginning of the performance measurement period.

-- MSCI EAFE Small Cap Index Value & Forward 12 Month EBITDA Charts: MSCI EAFE Small Cap Index value is the value provided by Bloomberg. EBITDA is calculated by taking the (EBITDA value for each equity * respective number of shares in the index * FX Rate)/(Index Divisor * Coverage Factor). Coverage Factor is the free float market cap.

-- MSCI EAFE Small Cap Index Value & Operating Profit Margins Chart – Index values provided by Bloomberg. Operating margins are actual reported aggregated from each constituent in the index. Estimated Operating Margins are using the Bloomberg consensus mean estimate for the years 2024 and 2025.

-- US Small Cap Factor Performance – Calculated by Bloomberg. Measures the performance for each factor by taking the net return by longing the highest quintile bucket and shorting the lowest quintile bucket. This is done for each stock in the Russell 2000 Index.

-- Forward 12 Month Eps Forecasts – Calculated by Bloomberg. The forward 12 month EPS Estimate (by blending the current fiscal and next fiscal year estimates) for each stock in the index and then aggregated to the index level proportionally by market cap.

-- Bloomberg Economic Surprise Index – Calculated by Bloomberg as the % difference between the actual economic data release and the median of analysts' forecasts, smoothed with a 6 month decay. The data are equal weighted.

-- Full Time Employment Growth – The year-over-year % change in full-time employed people as tracked by a household labor force survey.

The time frames used for charts is typically over the last 5 years as this length can highlight recent performance in a longer-term context over a full economic cycle. In some instances, charts may be shortened to the last 3 months to highlight the trends that occurred during the quarter. In other instances, charts may be lengthened to 10 or 20 years to highlight how the recent data point exceeded a very long historical maximum or minimum point.

Additional Important Disclosures

Source of data: Evolution Global Advisors, LLC, MSCI and Bloomberg

Evolution Global Advisors, LLC (“EGA”) is an investment adviser registered with the California Department of Financial Protection and Innovation; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made. Prior to March 11, 2022, the firm was previously known as Spectrum Global Advisors, LLC (“SGA”).

The International Small Cap Equity Strategy (the “Strategy”) composite consists of discretionary accounts with an account minimum of US \$250,000. The Strategy is implemented by EGA. Investments are typically made in small- and mid-cap companies, which involve a higher degree of risk and volatility than investments in large-cap companies. Most investments are in non-U.S. companies in developed and emerging markets, which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation and differences in auditing and other financial standards. These risks are magnified in emerging markets. The investment process may change over time. The characteristics set forth above are intended as a general

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Past performance does not guarantee future returns and other individual accounts may vary.

Actual performance and statistical data shown for Q4 2024, 2024, 3 & 5 years ending in 2024 is based on a GIPS compliant composite. EGA has been independently verified through December 31, 2023. The strategy's inception date is January 1, 2018, and all accounts in the composite are fully discretionary.

Actual performance returns shown for the Strategy over the time frames noted above; are calculated net of an actual 0.40% management fee, performance fee, transaction costs, and includes the reinvestment of dividends and other earnings. The performance fee is 20% of all excess returns as compared to the MSCI EAFE Small Cap Index Net (regardless of whether the absolute return is positive or negative). Thereafter, Performance Fees shall only be assessed if the excess returns for a given quarter exceed the previous "high water mark." MSCI EAFE Small Cap Growth Net Index and MSCI EAFE Small Cap Net Index returns are shown gross of any management fees.

Performance attribution is derived from a representative account following the Evolution Global Advisors, LLC International Small Cap strategy. Individual client accounts may differ from the representative accounts. Portfolio holdings are subject to risks and may change at any time. References to specific securities should not be construed as recommendations by the Advisor.

Index Description

MSCI EAFE Small Cap Growth Index: is an equity index which captures small cap securities exhibiting overall growth style characteristics representation across Developed Markets countries around the world, excluding the US and Canada.. With 1,225 constituents, the EAFE Small Cap Growth index covers approximately 14% of the free float-adjusted market capitalization in each country. Indexes shown are unmanaged, include the reinvestment of dividends and do not reflect the deduction of transaction costs or other fees. They are provided for comparative purposes but are not meant to be representative of the Strategy since there are differences. An investor cannot invest directly in an index.

MSCI EAFE Small Cap Index: is an equity index which captures small cap representation across Developed Markets countries around the world, excluding the US and Canada. MSCI World Ex-US Small Cap Index is the EAFE Small Cap Index including Canada. With 2,173 constituents, the EAFE Small Cap index covers approximately 14% of the free float-adjusted market capitalization in each country. Indexes shown are unmanaged, include the reinvestment of dividends and do not reflect the deduction of transaction costs or other fees. They are provided for comparative purposes but are not meant to be representative of the Strategy since there are differences. An investor cannot invest directly in an index.

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