Quarterly Portfolio Commentary – Fourth Quarter 2023
Clifford Capital International Value Portfolio

Summary of the *Clifford Capital International Value Portfolio* Composite Historical Return* (unaudited)

	4th Quarter 2023	YTD 2023	1-year	3-year, annualized	Since Inception**
Portfolio, gross[1]	5.21%	14.32%	14.32%	8.84%	7.79%
Portfolio, net	4.99%	13.41%	13.41%	7.91%	6.82%
MSCI EAFE Index	10.42%	18.24%	18.24%	4.02%	6.40%

* Individual account performance will differ from the overall Composite.
** Inception Date: August 1, 2019, annualized
Past Performance does not guarantee future results.

Performance Summary and Market Observations

After a rough start to the quarter, European markets stabilized in late October. As central banks maintained interest rates, investors in the U.S., UK, and Eurozone speculated on significant rate drops in 2024, boosting stock prices. While the International Value Portfolio (the "Portfolio") performed strongly in November and December, it didn't keep pace with its benchmark. Despite a strong first half to the year, the disappointing second half resulted in underperformance compared to the index. We think the biggest reason for the Portfolio's underperformance in the second half, and especially the fourth quarter, was that the strategy's more defensive stocks (such as telecoms, pharmaceuticals, and consumer staples) lagged a strong market that disproportionately benefited more cyclical stocks. The Portfolio's underweight to Japan also continued to be a headwind to performance. Nonetheless, we remain optimistic about the Portfolio's positioning given the attractive valuations we see in our individual stocks.

Telecom Update

Key Thesis Points ("KTPs", which are long-term catalysts for fundamental improvement for every investment in the strategy) in the Portfolio's telecom holdings continue to show positive results. These companies have generally experienced an increase in EBITDA this year as they make steady progress in rolling out fiber to the home. Telefonica (TEF US), for instance, completed its fiber rollout in Spain and reduced capex spending in the third quarter, a trend we expect to continue, leading to increased free cash flow used for debt reduction. As debt decreases, we expect equity value to increase even if the overall value of the company remains unchanged.

Within the sector, mergers and acquisitions activities are on the rise. Vodafone (VOD US) announced the sale of its shrinking Spanish operation for €5 billion to Zegona and received a formal offer of €10.5 billion from Iliad for its Italian business (and market commentary suggests there may yet be additional bidders). Despite these being Vodafone's underperforming businesses, the offers are at higher multiples than the

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1 Portfolio, gross return represents the performance results for the International Value composite including the reinvestment of dividends and other account earnings and are net of transaction costs, but do not reflect the effect of advisory fees, which would lower performance. Portfolio, net return includes the deduction of advisory fees, reflects the reinvestment of dividends and other account earnings and are net of transaction costs. Past performance does not guarantee future results.

The benchmark for the International Value composite is the MSCI EAFE Index. The index captures large and mid cap securities across developed markets countries around the world, excluding the U.S. and Canada. Index returns include the reinvestment of dividends (total returns). Performance of the composite and the index may not be comparable due to differences amongst them including, but not limited to, risk profile, liquidity, volatility and asset composition. An investor cannot invest directly in an index. Moreover, index performance does not reflect the deduction of advisory fees, transaction fees, and other expenses.

entire business is currently trading for, including some growing segments. Etisalat has also expressed interest in further increasing its stake in Vodafone, so we see several positive developments in the stock.

Pharmaceuticals

Historically, we find some of our best investments by looking at companies that are not participating in a popular trend or trade within their industry. Recently, the popular trend in pharmaceuticals has been GLP-1 weight loss drugs, leading to significant stock price increases for Novo Nordisk (NOVOB DC) and Eli Lilly (LLY US). Novo Nordisk recently became the largest market cap company in Europe. Pharma companies without GLP-1 drugs in their pipelines have faced challenges as market interest has waned in the short term, leading to solid investment opportunity, in our view. Despite the market's current preference for these weight loss drugs, we are optimistic about the investment merits of each of the Portfolio's pharma holdings, and we see progress in many other important therapeutic areas that are receiving less current attention than weight loss.

The Portfolio's largest pharma position is Roche (ROG SW), which we consider one of the world's highest-quality pharma companies. Roche was a significant beneficiary of the Covid era, particularly in its diagnostic equipment business. While Covid-related sales declined, underlying diagnostic equipment sales continue to grow. Despite a drop in stock value throughout the year, we see strong potential in Roche's existing drugs and pipeline, including a recent purchase of a company that has three GLP-1 drugs in early-stage trials that adds some long-term optionality to the company.

Portfolio holding Takeda (TAK US) is one of the largest pharma companies in Japan. Takeda's strategic debt reduction after acquiring Shire has significantly improved its balance sheet, one of our primary KTPs. Its pipeline is strong with its largest drug, Entyvio, recently receiving approval in the U.S. for a subcutaneous (under the skin) injection at home, further improving its revenue growth rate.

Approval of Astellas Pharmaceuticals' (4503 JP) largest drug, Xtandi, for non-primary indication of prostate cancer, along with other recent drug approvals in areas that we think have great potential, coupled with successful phase 3 results for other new drugs, positions the company for significant growth, in our opinion. We think recent transactions in the marketplace (e.g. Pfizer's purchase of Seagen) for the types of drugs that Astellas develops suggest that the company is significantly undervalued. We added to the position in the fourth quarter on recent stock price weakness.

Bayer (BAYN GR) had a challenging year, mainly related to litigation in its crop science business and the halting of a drug in Phase 3 trial due to lack of efficacy. However, Bayer has other promising drugs recently graduated from its pipeline which are showing rapid growth and we believe are on their way to blockbuster drug status[2]. Changes in Bayer's leadership, with Bill Anderson taking over as CEO, adds to our optimism for the stock. We think Anderson (who came from Roche and was a leading candidate for the CEO role there as well, in our opinion) is a great choice to lead Bayer. We expect significant operational improvements and cost cuts that should boost profits under his leadership. He also recently purchased €1 million of Bayer stock in the open market, in a clear sign that he sees value in the stock. After an internal KTP review, we added to the Portfolio's position in the first part of 2024.

2 A drug which generates annual sales of $1 billion or more for the company selling it.

Significant Portfolio Changes

During the quarter, we sold one Core Value stock, Enbridge (ticker: ENB), and did not purchase any new stocks.

The decision to sell Enbridge was influenced by the company's acquisition of four gas utility companies from Dominion Energy. This move, while diversifying Enbridge's revenue, shifted its profile more towards a gas utility rather than a gas pipeline company, leading us to revise our fair value estimate downward. Despite the stock price still being below our fair value estimate, we believed that other holdings had greater upside potential. As a result, we sold Enbridge and allocated the proceeds elsewhere.

Individual Stock Performance

Top Contributors[3] – Q4 2023	Largest Detractors – Q4 2023
Rolls-Royce Holdings (RR/ LN)	Worldline SA (WLN FP)
Ericsson (ERIC US)	Bayer AG (BAYN GR)
Koninklijke Philips (PHG US)	Ping An Insurance Group (2318 HK)
Banco Santander (SAN US)	Astellas Pharma (4503 JP)
Continental AG (CON GR)	SLB - f.k.a. Schlumberger (SLB US)

Past performance does not guarantee future results. Source: Bloomberg as of 12/31/2023

Commentary on the Top Two and Bottom Two Contributors and Detractors to the Portfolio's Total Return

Rolls-Royce had a strong year, being one of the top contributors in three out of the four quarters this year. Despite trimming the position three times throughout the year, we anticipate further upside as the new CEO, Tufan Erginbilgic, continues to streamline the firm's portfolio, implement pricing adjustments, and reduce costs.

Ericsson faced challenges for most of the year but experienced a turnaround in the last two months. We think the market recognized the end of the lull in 5G network spending, driven by operators working through excess inventory accumulated during supply chain disruptions caused by Covid. As operators resume purchases (especially in the U.S.), Ericsson stands to benefit. A recent exclusive deal with AT&T to use Ericsson as the base for an open ran network, potentially worth $14 billion over five years, significantly boosted the stock price during the quarter.

Worldline reported third quarter results within our expectations, but the stock faced a dramatic stock price decline due to market panic after the company canceled relationships with over 1000 merchants in Germany over cybersecurity concerns, following requests from German regulators. The market interpreted this move as a potential precursor to similar actions in other countries. Although the stock rebounded over 60% from its bottom by the end of 2023, it still requires substantial additional upside to offset the loss.

Bayer experienced challenges in its crop science business in 2023. Despite winning nine cases related to glyphosate (the key ingredient in weed killer Roundup) in the first nine months of the year, the company

3 Portfolio holdings are from a representative account managed within the investment composite. The representative account is selected based on account characteristics that Clifford Capital believes accurately represent the investment strategy as a whole. Should these characteristics change materially, Clifford Capital may select a different representative account. Holdings may change daily and may vary among accounts, which may contribute to different investment results.

The securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients.

Please contact us at (385) 387-1212 or support@cliffordcap.com to obtain information about (i) the calculation methodology; and (ii) a list showing the contribution of each holding in the representative account to the account's performance during the measurement period.

lost five cases in a row later in the year, resulting in significant payments to litigants. In the fourth quarter, the stock declined considerably following the announcement of the end of the phase 3 drug trial for Asundexian. On the positive side, Bayer secured a win in the final glyphosate trial of the year, marking its first victory in California, historically known for sizable awards. Beyond litigation, demand for glyphosate declined in 2023, normalizing pricing after the elevated levels in 2022 due to Covid-related supply chain constraints.

Final Comments

We appreciate your investment in Clifford Capital Partners. While the last quarter was tough, we have confidence in the Portfolio's future prospects. Our excitement stems from its current positioning, and we are invested right alongside you. We will continue to focus on building long-term wealth through diligent and prudent portfolio management.

Sincerely yours,

Allan C. Nichols, CFA
Portfolio Manager
Clifford Capital Partners, LLC

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Information about Risk

***Risks of Investing in Equity Securities**. Overall stock market risks may affect the value of an equity portfolio. Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets. When the value of the portfolio investments goes down, the portfolio decreases in value and you could lose money.*

***Risks of Mid-Cap Securities.** Investing in the securities of mid-cap companies generally involves substantially greater risk than investing in larger, more established companies.*

***Risks of Large-Cap Securities.** Prices of securities of larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the Fund's value may not rise as much as the value of funds that emphasize companies with smaller capitalizations.*

***Focused Investment Risk.** The International Value strategy is a focused strategy and generally holds stocks of between only 25 and 45 companies. Focused strategies may invest a larger portion of their assets in the securities of a single issuer compared to a more diversified strategy. Focusing investments in a small number of companies may subject the portfolio to greater price volatility and therefore a greater risk of loss because a single security's increase or decrease in value may have a greater impact on the portfolio's value and total return.*

***Sector Risk**. The portfolio may emphasize investment in one or more particular business sectors at times, which may cause the value of portfolio to be more susceptible to the financial, market, or economic events affecting issuers and industries within those sectors than a strategy that does not emphasize investment in particular sectors.*

***Management Style Risk.** Because the strategy invests primarily in value stocks (stocks that Clifford Capital believes are undervalued), the strategy's performance may at times be better or worse than the performance of stock* *funds or strategies that focus on other types of stock strategies (e.g., growth stocks), or that have a broader investment style.*

Economic and Political Risks. *These effects may be short-term by causing a change in the global markets that is corrected in a year or less, or they may have long-term impacts which may cause changes in the markets that may last for many years. In any given country, some factors may affect changes in one sector of the economy or one stock, but don't have an impact on the overall market. The particular sector of the economy or the individual stock may be affected for a short or long-term.*

Emerging Markets Risk. *Emerging market securities may present issuer, market, currency, liquidity, volatility, valuation, legal, political, and other risks different from, and potentially greater than, the risks of investing in securities of issuers in more developed markets.*

Non-U.S. Investment Risk. *Securities of non-U.S. issuers (including American depository receipts ("ADRs") and other securities that represent interests in a non-U.S. issuer's securities) may be less liquid, more volatile, and harder to value than U.S. securities.*

Foreign Currency Risk. *Foreign securities often are purchased with and make any dividend and interest payments in foreign currencies. Therefore, the portfolio's value could decline solely as a result of changes in the exchange rates between foreign currencies and the U.S. dollar, particularly if the portfolio invests a significant percentage of its assets in foreign securities or other assets denominated in currencies not tightly pegged to the U.S.*

Inflation Risk. *When a substantial portion of the portfolio is held in cash or cash equivalents, there is the risk that the value of the cash account, including interest, will not keep pace with inflation, thus reducing purchasing power over time.*

Definitions

Core Value Stocks. *We define Core Value stocks as high-quality companies with sustainable competitive advantages and long-term records of strong returns on capital. These companies tend to have stable and predictable cash flows as well as steady growth in the intrinsic value of their stock.*

Deep Value Stocks. *We define Deep Value stocks as opportunistic investments in deeply discounted shares of businesses that do not meet the high requirements of a Core company. Deep Value investments are deemed by us to have high potential returns with acceptable downside risks. These investments may be considered traditional value stocks with low price multiples, and low near-term investor and analyst expectations.*

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