Quarterly Portfolio Commentary – Fourth Quarter 2024
Clifford Capital All Cap Value Portfolio

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

	4th Quarter 2024	Full Year 2024	*annualized return* 3-year	5-year	10-year	Inception**
Portfolio, net of fees[1]	0.47%	9.70%	3.67%	8.79%	9.18%	12.40%
Russell 3000® Value, total return	-1.95%	13.96%	5.37%	8.57%	8.38%	10.97%

* Individual account performance will differ from the overall Composite
** Inception Date: August 1, 2010, annualized
Past Performance does not guarantee future results.

Portfolio and Market Observations

The Clifford Capital Partners All Cap Value Portfolio ("the Portfolio") outperformed its benchmark during the fourth quarter, posting a small overall gain. While the Portfolio's full-year results still ended behind the benchmark, performance significantly improved after a tough first quarter. Most of the quarterly outperformance came after the U.S. presidential election. The strategy's Deep Value stocks (mostly smaller-cap companies) rallied post-election on hopes of improving business conditions and the potential for an increase in pro-business policies.

Even though many of the stock market's post-election gains were lost in December, due in part to the Fed indicating that it may be less aggressive in lowering interest rates than originally believed, the Portfolio declined less than its benchmark during December with both Core Value and Deep Value stocks outperforming.

We think the Portfolio is well positioned headed into 2025. We believe the strategy's holdings have more attractive valuations than the overall market, and prospects that could be materially better with the proposed policies of the new administration. During the last few quarters, we've seen progress from many of the Portfolio's holdings towards their Key Thesis Points™ ("KTPs"), which we think will lead to better-than-expected fundamental results. Additionally, a significant portion of the strategy's holdings already have a shareholder activist presence, which we believe will lead to shareholder-friendly actions, including the potential for accretive mergers and acquisitions ("M&A"). We expect a large increase in M&A activity under the new administration, which should benefit smaller companies with solid valuations, including some of our holdings.

The Stock Market's Focus on Large Popular Companies Has Led to Opportunity

The fourth quarter ended up being a good example of how the U.S. market has behaved over the past several years; dominated by a relatively small group of well-known mega cap companies that have been performing very well. Many of these are technology companies and are influenced by the market's excitement over the potential of generative artificial intelligence, or AI.

During the fourth quarter, the official return of the widely used S&P 500 Index was positive by over 2% even though the average S&P 500 stock (as measured by the S&P 500 Equal Weight Index[2]) declined about 2%. This is attributable to the outperformance of the S&P 500's largest companies, especially the "Magnificent Seven".

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1 Performance results for the All Cap Value composite reflect the reinvestment of dividends and other account earnings, are net of transaction costs and includes the deduction of advisory fees. Past performance does not guarantee future results.

The benchmark for the All Cap Value composite is the Russell 3000 Value index. The Russell 3000 Value index is a capitalization-weighted index which measures the performance of Russell 3000 index companies, respectively with lower price-to-book ratios and lower forecasted growth values. Index returns include the reinvestment of dividends (total returns). Performance of the composite and the index will 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 charges, and other expenses.

2 S&P 500 Equal Weight Index is the equal-weight version of the S&P 500 Index. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 Equal Weight Index is allocated a fixed weight (~0.2%) of the index total at each quarterly rebalance date.

Table 1: Fourth Quarter Performance Again Led by the Magnificent Seven

(as of December 31, 2024)

	Q4 Total Return
Magnificent Seven Index[3]	15.89%
S&P 500 Index *(official market-cap weighted)*	2.39%
S&P 500 Equal Weight Index	-1.89%

Source: Bloomberg Finance L.P.

We think the outsized influence and popularity of the Magnificent Seven over the past few years—which has also expanded to other companies that have solid earnings and stock price momentum and are widely considered "high quality"—has been a major challenge to the Portfolio's performance, given our valuation discipline and contrarian investment style. Many of these popular stocks trade with high valuation ratios that we think are inconsistent with our value discipline (see **Table 2**). However, we think this environment has also led to ample contrarian opportunities in companies that are under-owned, underfollowed, and undervalued, particularly smaller companies, which we think will lead to better returns for the Portfolio. As we've mentioned before, we think our strategy is particularly well-suited as a diversifier for large cap technology stocks, given our investment discipline (for instance during the "Great Rotation" of July 2024 as described in our last letter).

Table 2: Valuations of Smaller Companies and the Portfolio Are More Compelling

(as of December 31, 2024)

	Price to Earnings[4]	Price to Sales[5]
Magnificent 7 Index	36.2	5.6
Russell 3000 Index[6] *(proxy for entire U.S. stock market)*	26.4	2.7
Russell 2000 Value Index[7] *(proxy for small cap value stocks)*	15.5	1.0
ACV Portfolio	12.9	0.7

Source: Bloomberg Finance L.P.

We continue to find many attractive investments among the market's smaller companies at valuations that are very compelling. We are also finding value in some larger-cap companies that reside in more "defensive" sectors of the market such as consumer staples and health care, which tend to perform relatively better in tough economic environments. We continue to see mixed economic signals, so owning some of these less economically sensitive companies that we think are trading at good prices makes sense to us.

We are not the only investors that are seeing these opportunities. We've observed a significant increase in shareholder activism among the market's less popular stocks, which we think could be a catalyst for these companies having their day in the sun. For example, at the end of 2024 over 2/3 of the Portfolio's investments in companies with a market capitalization of less than $30 billion had rumored or confirmed activist and/or

3 The Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies, commonly known as the "Magnificent 7". These are Apple, Amazon.com, Google/Alphabet, Meta Platforms, Microsoft, Nvidia, and Tesla, all of which are 0.00% of the Fund as of 12/31/2024.

4 Price to earnings ratio represents the current stock price divided by the prior 12 month's earnings per share, excluding extraordinary items and excludes companies without positive earnings for comparative reasons.

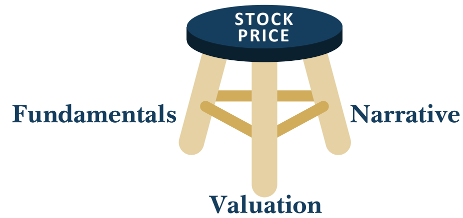
5 Price to sales ratio represents the current stock price divided by the prior 12 month's sales per share.

6 The Russell 3000 index is a capitalization-weighted index which measures the performance of Russell 3000 index companies, which represent ~98% of the investable U.S. stock market.

7 The Russell 2000 Value index is a capitalization-weighted index which measures the performance of Russell 2000 index companies, respectively with lower price-to-book ratios and lower forecasted growth values. Index returns include the reinvestment of dividends (total returns).

M&A interest at some point in the last two years. We view this as a strong leading indicator of future shareholder-friendly activity.

Today's Market Viewed Through the Lens of our Three-Legged Stool
As we've shared before, our simple model of the Three-Legged Stool of Stock Prices illustrates some factors that we believe are the primary drivers of stock prices. This is not a description of what a company is worth (its "fair value"), but rather our opinion about a few factors that influence stock prices (what stocks trades for in the market).



Borrowing some excerpts from our Q4 2020 commentary when we introduced this idea:

> We think a company's stock price is a product of its *Fundamentals* (its actual financial results and current financial condition); its *Narrative* (investor and analyst perception, growth expectations, management guidance and other forward-looking "stories" – all of which are more subjective); and its *Valuation* (how much investors are currently willing to pay for the *Fundamentals*, given the strength of the *Narrative*) . . .
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> The *Fundamentals* and *Valuation* of an individual company at a given point of time are usually fact based and are fairly easy to ascertain for a trained analyst. Figuring out the *Narrative*, however, is extremely time intensive and challenging. Much of today's investment industry is dedicated to this challenge (including our own).
>
> KTPs are the linchpin of this effort at Clifford Capital Partners. We believe KTPs are the catalysts that will lead to improvement in a company's *Fundamentals* and the *Narrative* surrounding its stock. When this happens, the *Valuation* often meaningfully improves as well, leading to a higher stock price. It requires significant analysis and judgment to identify KTPs, but we believe this approach, combined with an insistence on purchasing stocks at a discount to what we believe they are worth, is a prudent way to invest in stocks.

Looking at today's market through the lens of this stool, we think investors are increasingly magnifying the importance of *Fundamentals* and the *Narratives*, while discounting *Valuations*. For example, the Magnificent Seven—and other stocks deemed to be high-quality with strong growth rates—have very strong *Fundamentals* and *Narratives* today, while *Valuations* move even higher (see **Table 2**). It seems to us that *Valuations* have become the least important—or maybe even forgotten—leg of the stool for many market participants.

We think even a mild hiccup in either the *Fundamentals* or the *Narrative* for these companies is a risk, given how high *Valuations* are today. These potential hiccups could include among many other scenarios: earnings that miss growth expectations, economic conditions that worsen beyond current estimates, less accommodating monetary policy from the Fed, geopolitical turmoil, or simply the exhaustion of bullish investors.

Conversely, the Portfolio's holdings trade at *Valuations* below the benchmark and the overall stock market. We believe the KTPs we've identified for these holdings should result in better *Fundamentals* and improved *Narratives* over time, which we think will lead to increased stock prices as all three legs of the stool stabilize.

Conclusion
We remain highly encouraged by the value we see in the Portfolio, and its recent improvements in performance, despite lagging the benchmark over the past couple of years. We see evidence of progress towards our holdings' KTPs, and we believe that other investors, including activists and M&A participants, are becoming more interested in the strategy's stocks, which we think could result in positive outcomes. We continue to believe the

Portfolio provides strong diversification against what is most popular—and expensive—in today's stock market, and we think the long-term future of the strategy looks much brighter than its recent past.

Significant Portfolio Changes

There were two new holdings added to the Portfolio during the quarter: Core Value stocks **Henry Schein** (ticker: HSIC), and **Keurig Dr Pepper** (ticker: KDP). We also sold Core Value stock **GSK PLC** (ticker: GSK).

New Holdings

HSIC: Henry Schein is a worldwide leader in dental and healthcare product distribution. We believe the company has sustainable competitive advantages, given its wide distribution network and breadth of products for the dental industry. We think the company is on track to recover its revenue losses from a recent cybersecurity attack, which should result in better-than-expected revenue growth. Additionally, the firm's cost-cutting and share repurchases—which may accelerate given the presence of an activist investor—should lead to higher-than-expected earnings per share growth rates.

KDP: Keurig Dr Pepper is a large manufacturer and distributor of non-alcoholic beverages, including many strong brands worldwide. The investment opportunity arose when KDP's largest shareholder sold a significant stake in a secondary equity offering, which pressured the stock price. We believe the only reason for the sale was because the shareholder needed cash to finalize an acquisition. We think the company's growing international market share, coupled with growth in its energy drink segment (including a recent solid acquisition of the Ghost brand), should lead to better-than-expected revenue and earnings growth over the next few years.

Sales

GSK: We sold GSK (formerly GlaxoSmithKline PLC) after some of our KTPs had come to fruition, but the stock price did not react how we expected it to. We believed we had better opportunities elsewhere, so we sold the stock to provide capital for new ideas.

Individual Stock Performance

Top Contributors[8] – Q4 2024	Largest Detractors – Q4 2024
Warner Bros. Discover (WBD)	GSK PLC (GSK)
NCR Atleos (NATL)	Vodafone Group PLC (VOD)
Glacier Bancorp (GBCI)	General Mills (GIS)
Perdoceo Education (PRDO)	Green Plains Inc. (GPRE)
Walt Disney (DIS)	Kraft Heinz (KHC)

Past performance does not guarantee future results. Source: Bloomberg as of 12/31/2024

Commentary on the Top Two Contributors and Bottom Two Detractors

WBD: Warner Bros. announced a new corporate structure during the quarter that we believe will eventually lead to a spin-off or breakup of the company that should be favorable to shareholders. The firm's earnings results also showed progress, which was viewed favorably by market participants.

8 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.

For informational purposes only. The specific securities shown represent only the top contributors and detractors for the reporting period discussed in this Commentary, and do not represent all of the securities purchased, sold or recommended for the representative account or Portfolio. The reader should not assume that an investment in any of these securities, or in the Portfolio, was or will be profitable. Past performance is not a guarantee of future results.

You may obtain information about (i) the calculation methodology; and (ii) a list showing the contribution of each holding to the overall performance of the representative account during the reporting period discussed in this Commentary by contacting us at (385) 387-1212 or support@cliffordcap.com.

NATL: NCR Atleos reported better-than-expected earnings results and received some favorable new sell-side analyst coverage, some of whom believe the stock has significant near-term upside. We think the company's earnings should grow more than expected over the next few years, leading to a higher stock price.

GSK: As discussed above, despite one of our KTPs coming to fruition, the stock quickly reversed its temporary gains, and we sold the stock for other opportunities.

VOD: Vodafone declined during the quarter because of weakness in their Germany operations, which led to disappointing earnings results. We continue to believe the company's strategic restructuring progress is not being recognized fully by the market, so we applaud the company's current share repurchase plans, which we believe will add value over time.

Final Comments
Thank you for your investment with Clifford Capital. We will continue to focus on building long-term wealth through disciplined portfolio management.

Sincerely yours,

Ryan Batchelor, CFA, CPA
Principal and 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 Small-Cap and Mid-Cap Securities. *Investing in the securities of small-cap and mid-cap companies generally involves substantially greater risk than investing in larger, more established companies.*

Focused Investment Risk. *The All Cap Value strategy is a focused strategy and generally holds stocks of between only 25 and 35 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.*

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.*

Price-to-Book Ratios. *Ratio used to compare a stock's market value to its book value. It is calculated by dividing the current price of the stock by the latest quarter's book value per share.*

Price-to-Earnings Ratios. *Ratio used to compare a stock's market price to its earnings per share. It is calculated by dividing the current price of the stock by the last 12-months' earnings per share.*

About Us

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