

Quarterly Portfolio Commentary – Third Quarter 2025
Clifford Capital International Value Portfolio

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

	3rd Quarter 2025	YTD	1-year	3-year, annualized	5-year, annualized	Since Inception**
Portfolio, gross ¹	7.60%	30.78%	19.95%	21.29%	16.10%	10.65%
Portfolio, net	7.38%	29.97%	18.95%	20.29%	15.11%	9.67%
MSCI EAFE Index	4.77%	25.14%	14.99%	21.68%	11.15%	9.07%

* Individual account performance will differ from the overall Composite.

** Inception Date: August 1, 2019, annualized

Past Performance does not guarantee future results.

International Markets

International markets continued to perform well in Q3 with the EAFE index returning 4.77% and the Clifford Capital International Value Composite returning 7.60% (gross of fees). The themes of the first half of the year continued, with some macro concerns emerging at the end of the quarter but markets continued to push forward despite ongoing conflicts and stable inflation. Major EAFE currencies stabilized after a weak period for the US\$ with gains in US\$ terms being slightly hindered this quarter. Financials were again the strongest sector in EAFE, outperforming the index along with Consumer Discretionary, Energy, Industrials and Materials. Despite the fervor of excitement over US artificial intelligence (“AI”) deals, EAFE technology underperformed in the quarter, along with Consumer Staples and Healthcare names.

The balancing act of cutting interest rates and managing inflation has been handled well in Europe, with stimulus plans leading to higher future growth expectations without seeing inflation rising. The European Central Bank cut rates in June but has subsequently paused, and the Bank of England cut rates by 25bps in August but held rates steady in September as inflation stabilized. Japan is facing the opposite issue but kept rates steady despite inflation expectations rising slightly in the quarter. The surprise appointment of Sanae Takaichi as Japanese Prime Minister in early October has led to the belief that her pro-stimulus stance will ease the pace of interest rate rises, fueling Japanese technology stocks to new highs.

As contrarian value investors we are constantly presented with opportunities in EAFE markets. The different geographies and political systems alone provide events that lead to stock price dislocations. As we write this letter the French Prime Minister has resigned, throwing the proposed budget into doubt. He has subsequently been re-appointed in an attempt to construct a cabinet capable of passing a difficult deficit-reducing budget, but from our perspective this provides opportunity. We had already reduced our exposure to our one financial stock in France, Societe Generale, but our other French stocks are global in nature and have relatively little exposure to domestic business. The small dip in the market is not large enough for us to scour the whole French market but we always consider volatility to be opportunity and are searching for asymmetric stock opportunities in this volatile market.

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.

With the continued excitement over Artificial Intelligence stocks, particularly in the US, we are often asked, “why should investors look to International markets?” We believe there are a few key reasons:

Diversity/concentration risk

1. The US markets are heavily concentrated, with approximately 40% of the S&P 500² accounted for by just 10 stocks. Nine of those stocks are technology stocks, all benefitting from the same trends. If that is the exposure that investors desire, the US is the best way to get it, but in EAFE markets the top 10 stocks account for less than 10% of the market by weight. EAFE markets are much more diverse and have very little concentration risk. We believe this provides fertile grounds for high conviction active managers to find alpha generating ideas that can diversify portfolios while outperforming broader international indexes.

Opportunity set and currencies

1. We tend to think that currency movements will wash out over the very long-term, but we find ourselves at a moment in time where the current US administration appears to want a weaker US\$. This can boost exports and help foreign earnings for US multi-nationals, but it can also mean, as it has this year, that international stocks will see stronger performance in US\$ terms.
2. When we search for undervalued stocks in international markets, we are agnostic where we find value, both sectorally and geographically. We find value where we find value. This means our opportunity set is extremely wide and diverse. We have already made the point of concentration risk, but we love international markets because they are so varied. One market can fall when others are rising, political failings in one country can have knock on effects but in general they are somewhat isolated and tend to lead to long-term value opportunities. In summary, we feel international markets of a huge opportunity set across many countries and sectors.

Growth and valuations

1. The US has seen far superior growth to international markets for many years but that gap appears to be narrowing. According to Bloomberg, the EAFE estimate for earnings growth FY+1 is 12.2%, with the DAX³ growing at 16.4% (highest) and the IBEX⁴ at 8.4% (lowest). This compares to an estimated growth of 13.6% for the S&P 500 and 16.8% for the NASDAQ. The US is still expected to grow faster, but that gap is much narrower than in years gone by.
2. The flip-side of earnings growth is valuation. The FY+1 P/E for EAFE is estimated at 14.7x compared to the S&P 500 at 22x and the NASDAQ at 24.5x (source Bloomberg). On face value, international markets appear to be providing 1.4% less growth than the S&P 500 for a 33% discount on valuation.

If we believe that international markets are attractive, then why not just buy a passive ETF⁵? That is of course a legitimate investment strategy but at Clifford Capital we believe our unique blend of deep and core value stock selection can generate alpha ahead of the index and we aim to outperform by at least 2% per annum. History would suggest this is achievable and this year we are 5.6% ahead of the index up to the end of September. Interestingly, it is our deep value names that have generated the most alpha so far this year. Our core value names are steady compounders that we are patient to enter, finding market dislocations as excellent entry points. Over time these names should provide market-like returns for lower volatility. Our Deep value names are much more opportunistic and look to take advantage of the diverse opportunity set that international markets present us. We expect our deep value names to be slightly more volatile than our core value names but provide greater alpha. This year our Deep Value “sleeve” is up 46.8%⁶ compared to the EAFE Index at 25.1%. We have found opportunities shortly after “Liberation Day”, when the markets fell as one, and we have identified a couple of stocks that were trading at

2 S&P 500 index includes 500 leading U.S. companies and captures approximately 80% coverage of available U.S. market capitalization.

3 DAX index is a stock market index that tracks the performance of 40 major companies listed on the Frankfurt Stock Exchange in Germany.

4 IBEX 35 is a stock market index that tracks the performance of 35 major companies listed on the Madrid Stock Exchange in Spain.

5 A passive ETF (Exchange-Traded Fund) is an investment fund that aims to replicate the performance of a specific market index rather than trying to outperform it.

6 Attribution returns are based on a representative account within the composite (the “Representative Account”). Returns include the reinvestment of income and capital gains and reflect the deduction of transaction costs. Representative Account performance returns are provided in lieu of composite performance as the overall Representative Account performance more accurately corresponds to the attribution returns for the IV Core Value and IV Deep Value stocks. Returns for the Representative Account are based on end of day holdings versus transaction values as in the actual composite. Composite returns will deviate slightly from Representative Account performance.

bargain valuations because their businesses are highly correlated (inversely) to commodity prices, that were at all time highs. Consequently, **JDE Peet's** (coffee) and **Barry Callebaut** (chocolate) have been two of our best performers YTD. Neither stock was familiar to us before this year, but we cast the net far and wide and will continue to do so.

Healthcare and taking a long-term view

Healthcare is a significant overweight sector for us, as we have been finding many companies with superior long-term prospects, trading at attractive valuations. The sector has, however, languished as concerns over US tariffs and pressures to reduce the pricing of drugs have coincided with rising labor costs and Value Based Pricing ("VBP") policies in China. So given this overweight, the team took a step back to assess the threats and opportunities in the space and believes this allocation is justified given the broader tailwinds that have developed. We have conviction that the names we own will result in both shorter and longer term alpha generation as we ride these trends.

We always build our portfolios from the bottom up, finding contrarian value ideas that we feel are significantly undervalued. However, every now and then it makes sense to challenge the industry's growth expectations and reassess our models. In Healthcare, we view the market as global and as such consider global demographics. What we observe is a global population that is slowing in developed markets and growing strongly in developing markets. Education and wealth tend to be correlated to lower birth rates and so the wealthiest countries are seeing much slower natural population growth. At the same time the quality-of-life factors such as medicine, food and safety are all improving. We are living longer and consequently the percentage of the population over 65 in developed markets is now around 18%, compared to South Asia at 7%, for example.

Not only is the percentage of developed populations aging, the over 65s are more active than ever. Work participation in over 55s remains strong and the desire to stay fit and enjoy outdoor activities means we are playing sports later into life. This is positive news for one of our largest holdings, **Smith & Nephew**. An active ageing population should lead to increasing demand for hip and knee replacements, as well as advanced wound care. This business is a market leader in products that are ideally placed to help the elderly remain active for years to come and whilst it has performed well since purchase, there remains significant upside with the stock only trading on 14.9x 2026 P/E.

Chart 1: Life Expectancy and Per Capita Healthcare Spending (PPP adjusted), 2023

Country	Life expectancy ▲	Health spending, per capita
United States	78.4	\$13,432
Germany	80.6	\$8,441
United Kingdom	81.1	\$6,023
Austria	81.6	\$7,811
Canada	81.7	\$7,013
Netherlands	82.0	\$7,737
Belgium	82.5	\$7,380
Comparable Country Average	82.5	\$7,393
Australia	83.1	\$6,931
France	83.1	\$7,136
Sweden	83.4	\$7,522
Japan	84.1	\$5,640
Switzerland	84.2	\$9,688

Notes: Health spending per capita data represent health consumption spending per capita. Comparable countries include: Australia, Austria, Belgium, Canada, France, Germany, Japan, the Netherlands, Sweden, Switzerland, and the U.K. 2023 U.K. life expectancy data is only for England and Wales. See Methods section of "How does U.S. life expectancy compare to other countries?"

Source: KFF analysis of CDC, OECD, Australian Bureau of Statistics, German Federal Statistical Office, Japanese Ministry of Health, Labour, and Welfare, Statistics Canada, and U.K. Office for National Statistics

Chart 1 shows why the US is so concerned over drug pricing. The US spends over 80% more per capita on healthcare than comparable country averages. This leads to healthcare spending as a percentage of GDP being around 17%-18% in the US, compared to around 11% in other developed nations. Cutting edge drugs can cost the US as much

as 3x what other nations pay, primarily because the US receives those drugs first and provides the best possible care for their citizens, but the excessive pricing compared to other developed nations does explain the administration's desire to see cheaper drug prices.

The recent deal between the US government and Pfizer gives us some insight into the valuation discount and opportunities in the pharmaceutical sector. Pfizer's stock jumped over 10% on the day of the announcement, and we feel the arrangement is likely to see similar deals struck by other companies in the sector in the coming months. The deal effectively offered lower pricing to Medicaid, heavily discounted drugs to uninsured patients and a promise to price drugs at similar levels across geographies for new drugs. In return the tariff threat was removed.

Medicaid accounts for approximately 20% of US healthcare spending and prescription drugs only account for 9% of total spending, so the size of the market affected by lower prices might only be 2% of the total spend. Uninsured patients already have access to lower priced drugs (that they still can't afford) and the promise of level prices across geographies for new drugs could actually be a positive for the companies if prices rise in other nations offsetting the fall in the US. Time will tell but the pharmaceutical stocks have been crushed by the threat of huge tariffs in the US and this feels like we are nearing the end-game.

One of our pharmaceutical stocks, **Sanofi**, has fallen 24% from its peak this year as fears over US drug spending and tariffs have hit the stock. Fundamentals remain strong with high single digit earnings growth rates expected for years to come with the stock trading at 9.9x 2026 P/E. This feels anomalous to us, and we recently added to our position. If tariffs can be avoided and we feel they can, then any pricing changes are likely to be minor, and this stock is way too cheap.

One final stock worth mentioning is **Fresenius Medical Care**. This is a business that really suffered through COVID. As a market leading kidney dialysis company, they are sensitive to life expectancy, and mortality rates jumped due to the COVID pandemic, effectively reducing their customer base. They have subsequently recovered and despite fears over GLP-1s reducing obesity levels, this is a business in a steady growth market. As populations age but live longer, we would expect to see a higher rate of kidney disease and the effect of GLP-1s has tended to keep patients alive longer rather than reducing the overall number of patients significantly. Therein lies the opportunity. The market has been concerned over a declining market opportunity which we feel is growing, and the stock trades at 12.8x 2026 P/E for expected double digit earnings growth.

Overall, we remain positive on the Healthcare sector, but specifically as it relates to investing through high conviction diligent stock selection. Our longer-term view on the sector remains positive, given demographic trends, but our exposure is to companies that we consider high quality, steady growth businesses, trading at significant discounts to their intrinsic value.

Performance Summary, Positioning and Outlook

During the quarter, the Clifford Capital International Value strategy outperformed the EAFE index. Financials and Consumer Discretionary were the best performing sectors in Q3, with Consumer Staples and Healthcare lagging yet again. But as the team continued the assessment of individual company Key Thesis Points ("KTPs"), valuations, and the broader tailwinds (particularly in Healthcare), the portfolio remains overweight Consumer Staples and Healthcare.

All of the performance in Q3 came from stock selection with currency and asset allocation detracting from Q3's performance. As ever, we build the portfolio from the bottom up and construct the positions based on our best ideas whilst remaining aware of our overweight positions to Healthcare and Consumer Staples and our underweight positions to Financials and Japan. We have found new ideas in both Financials and Japan recently but still remain underweight both.

Despite ongoing geopolitical uncertainty, EAFE markets continued to press ahead, with currency benefits reversing slightly this quarter, partly driven by stable to moderate financial conditions and stable company results combined with an expectation that US tariff deals will be struck in the near term and will not be as punitive as previously feared. AI excitement continues to drive the US technology sector, and we have seen enthusiasm feed into the EAFE

technology space and those companies that support hyperscale datacenters. In general, these stocks appear to be discounting significant growth already but only when the return/risk profile appears to be in our favor will we take advantage of those opportunities. We believe they are few and far between in the technology space currently.

Overall, we continue to see significant upside in the portfolio and have added to some high conviction names this quarter, whilst exiting names where our KTPs had either played out or were unlikely to play out.

Significant Portfolio Changes

We bought one new Core Value stock, **Fuji Electric**, and one new Deep Value stock, **Everest Group** during the quarter. We also received shares in **Aumovio** as a spin-off from Continental as well as buying, and subsequently exiting a small position in **Lululemon**.

We also sold three Core Value stocks, **Ahold**, **Sodexo** and **Nidec**, as well as exiting three Deep Value stocks, **Schlumberger**, **Ericsson** and **JDE Peet's** which was bid for by Keurig Dr. Pepper. We also added to positions in **Kering**, **Alstom**, **Fresenius Medical Care**, **Sanofi** and **Cap Gemini**, taking advantage of intra quarter weakness in names we like long-term.

Fuji Electric is a manufacturer of electric machinery and electronic devices. They service the power generation industry, automation and sensors within industry, semiconductors for automobiles as well as being the top vending machine manufacturer in Japan. This is an Asia focused business addressing energy generation and energy efficiency that was trading at a discount to peers with healthy returns at time of purchase.

Everest Group is a Bermuda based P&C insurer and re-insurer. Most of their business is in natural catastrophe reinsurance (Florida wind and California fire) and underwriting has been improving but the stock trades at a significant discount to peers. If they can deliver solid underwriting results, as we believe, then there is fundamental upside to forecasts and an additional re-rating potential.

Lululemon designs and manufactures athletic clothes and shoes. As a Canadian business Lulu looked interesting to us, having fallen 50% this year. We felt that the brand is still strong, and the consumer weakness is temporary, potentially providing us with an interesting opportunity. Timing a potential recovery in this competitive marketplace was always going to be challenging but we underestimated the size of the turnaround needed. We initiated a small position ahead of results but were shocked at the tonal change by management in just one quarter. This still feels like an undervalued business to us, but there is also the possibility that they have underinvested in their brand and products and as such, we decided to exit the position.

Ahold is a Dutch supermarket retailer with strong market shares in Europe and the US. Having seen strong performance and the margin improvement we expected, we decided to exit the position at what we considered a full valuation.

Sodexo is a French food services company providing catering services to businesses, schools and hospitals. They missed expectations again in the quarter and we reassessed our Key Thesis Points. We expected back to work trends to drive increasing revenue on the business side, which has yet to materialize, and they have struggled in the education segment, which appears to be company specific. We felt that the recovery would be long and protracted and decided to sell our position.

Nidec is Japanese manufacturer that leads the world in the production of motors. They produce precision motors, automotive motors, and motors for home and industrial appliances. Whilst a business that we admire, the new management team announced that they had discovered fraudulent accounting practices within the business. This felt like an audit that could take considerable time to resolve and the uncertainty surrounding the business could impact their business prospects, so we decided to exit the position.

Schlumberger is an oil services company and as such tends to fluctuate with the commodity price that we assessed was unlikely to rise significantly in the near term. Consequently, we reduced our exposure to the sector by exiting this position with a nice gain.

Ericsson is a network equipment provider that missed forecasts and was no longer trading at an attractive valuation so we sold our position to fund new ideas.

JDE Peet's had only been owned in the portfolio since Q1 of this year and was a high conviction name that is one of the world's largest coffee producers and distributors. They had been growing their business by expanding the reach

of coffee into emerging markets and were riding the high commodity prices by driving prices up, given their strong brands. Keurig Dr. Pepper (ticker: KDP US, a stock we own in the ACV strategy) bid for them in Q3 and the share price jumped to a small discount to the offer price. It is rare that we have one of our holdings buyout another but our knowledge of KDP helped in this situation. Given the adverse reaction of KDP's shareholders to the deal, we felt there was some risk of this deal falling through and so we sold our position in JDE Peet's. For KDP we believe that they purchased JDE Peet's at a discount to our fair value estimate and think this is a good deal for them, just not perhaps the energy drink deal that the market was hoping for. Were the deal to collapse and the share price of JDE Peet's to fall back, this is a name we would look at again.

Individual Stock Performance

Top Contributors ⁷ – Q3 2025	Largest Detractors – Q3 2025
Kering (KER FP)	Novo-Nordisk (NVO US)
Fuji Electric (6504 JP)	Nidec (6594 JP)
Banco Santander (SAN US)	Capgemini (CAP FP)
Barry Callebaut (BARN SW)	Lululemon Athletica (LULU US)
JDE Peet's (JDEP NA)	Fresenius Medical Care (FMS US)

Past performance does not guarantee future results.

Source: Bloomberg as of 9/30/2025

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

Kering, the owner of fashion houses, Gucci, YSL, Bottega Veneta and others, has seen earnings decimated over the last 3 years as the consumer tightened their belt and Asian travel waned. Demand for luxury goods has fallen significantly but the Gucci brand has also seemingly lost its way. The appointment of Demna (ex Balenciaga) is a bold step for Gucci, but it seemingly has started well with his recent "look book" being well received. A return to form at Gucci coupled with new financial discipline at the group level could see significant earnings recovery in the next few years that is not yet fully reflected in the share price, despite the encouraging start.

Fuji Electric was a new purchase in the quarter and is described above. The thesis of gaining exposure to the energy and energy efficiency sectors played out in strong quarterly results that saw the shares rally post purchase.

Novo Nordisk was the largest detractor of the quarter, falling around 18%, which was driven by high volatility over the pricing of drugs in the US, the perceived efficacy of Novo's weight loss drugs vs. Eli Lilly's, and the pipeline prospects of the next generation of obesity/weight loss drugs. Novo remains a small active position for us, so in attribution terms the impact on the portfolio was very modest, but it also remains a stock with significant upside potential but accompanied with above average volatility.

Nidec was also a modest detractor, finishing down around 8% in the quarter. We exited our position as explained above, due to the announced accounting fraud leading to heightened risk relative to the upside.

Final Comments

Thank you for your investment with Clifford Capital Partners. We will continue to focus on building long-term wealth through diligent and prudent portfolio management.

Sincerely yours,

James Harper, CFA, Roger Hill, and Allan C. Nichols, CFA
Portfolio Managers
Clifford Capital Partners, LLC

⁷ 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.

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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 less than 50 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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