2024 GIVES Review

In 2024 our Global Value Impact Equity Strategy (GIVES) had a strong year, proving that our value approach to sustainable investing can deliver strong financial returns even as the impact index suffers. We generated a +5.7% net return, significantly outperforming our style benchmark of the MSCI Sustainable Impact Index, which returned -9.4%. As in 2023, concerns about the speed of adoption for major sustainability trends like EVs and renewables dragged down the valuations of many of the more obvious impact stocks. At the same time, our cheaply valued impact stocks managed to post reasonable financial returns, while also delivering positive change including almost four million tonnes of portfolio-weighted emissions avoided.

While the universe of sustainability-focused stocks struggled, the MSCI World Index was propelled to an 18.7% return by a small number of mega cap growth stocks in the U.S. The effect of these few stocks is evident in comparing the returns of the cap-weighted MSCI World Index to its equal weighted counterpart, the MSCI World Equal-Weight Index. In 2024, the cap-weighted index returned +18.7%, outperforming the equal-weight return of +7.7% by 11 percentage points. This follows 7.1 percentage points of outperformance in 2023. These are the third and fourth widest differentials in a calendar year over the 30 years since the inception of the MSCI World Equal-Weight Index in 1995.

As a value manager focused on impact businesses, we've managed through an unfavorable period in 2023 and 2024. It may feel like the dominating performance of U.S. mega-cap growth stocks will go on forever, but the data lead us to expect otherwise. Historically, whenever the cap-weighted index has outperformed the equal-weight index by the widest margins the following five years experienced a reversal, with the equal-weight index substantially outperforming. Furthermore, in those same environments, value stocks outperformed by even more.

As for our portfolio of select value impact stocks, we believe we are attractively positioned with a historical EPS growth rate of around 8%, more than two percentage points faster than that of the MSCI World. Despite this better growth profile, the portfolio ended the year at a P/E ratio of 11.8x, while the MSCI World P/E was 62% higher at 19.1x. This valuation spread is incredibly wide by historical standards. Given our EPS growth, we expect that spread to compress, driving outperformance in the process.

	2024	2023	2022	2021	2020*	ITD Annualized
Lyrical – GIVES (Net)	**+5.7%**	**+16.4%**	**-16.2%**	**+18.6%**	**+37.9%**	**+12.1%**
MSCI World	+18.7%	+23.8%	-18.1%	+21.8%	+26.3%	+14.4%
MSCI World Equal Weighted	+7.7%	+16.7%	-16.8%	+14.9%	+27.2%	+9.7%
MSCI Sustainable Impact	-9.4%	+4.9%	-11.6%	-1.2%	+46.3%	+4.4%

*Partial year, inception date of 5/31/20. Past performance is not necessarily indicative of future results.

OBVIOUS IMPACT FAILS AGAIN

The importance of valuation within the sustainability space has become clear over the past two years with the MSCI Sustainable Impact Index returning -5% cumulatively. Prior to 2023, the more obvious impact stocks had earned expensive valuation multiples, driven by enthusiasm about the future of everything from electric vehicles to smart grid technology. Then, as concerns mounted about the rate of change slowing, the valuation multiples of these same stocks compressed. Our portfolio focused on impactful businesses with cheap valuations managed to buck the trend, generating a much better +23% cumulative return.

Many of our peers in the impact space did not fare so well because they had crowded into similar, more obvious impact businesses despite their high valuations. To show how crowded the space has become, we used the eVestment database to look at the holdings of the largest 15 actively managed sustainable and impact funds that had less than 100 holdings. These funds may be actively managed, but we found that they look awfully alike. As shown below, 21 stocks were found in five or more funds, and the most common company, Microsoft, showed up in 10 of the 15 funds.

Top Active Sustainable Funds Have a lot of Overlap			
Ticker	**Company Name**	**Peer Count**	**% of Peers**
MSFT-US	Microsoft Corporation	10	66.7%
SU-FR	Schneider Electric SE	9	60.0%
APTV-US	Aptiv PLC	8	53.3%
MA-US	Mastercard Incorporated Class A	8	53.3%
ASML-NL	ASML Holding NV	7	46.7%
AZN-GB	AstraZeneca PLC	7	46.7%
WMS-US	Advanced Drainage Systems, Inc.	7	46.7%
6861-JP	Keyence Corporation	6	40.0%
CDNS-US	Cadence Design Systems, Inc.	6	40.0%
LLY-US	Eli Lilly and Company	6	40.0%
NVDA-US	NVIDIA Corporation	6	40.0%
PRY-IT	Prysmian S.p.A.	6	40.0%
VWS-DK	Vestas Wind Systems A/S	6	40.0%
XYL-US	Xylem Inc.	6	40.0%
CRM-US	Salesforce, Inc.	5	33.3%
ECL-US	Ecolab Inc.	5	33.3%
HUBB-US	Hubbell Incorporated	5	33.3%
MELI-US	MercadoLibre, Inc.	5	33.3%
NEE-US	NextEra Energy, Inc.	5	33.3%
TMO-US	Thermo Fisher Scientific Inc.	5	33.3%
V-US	Visa Inc. Class A	5	33.3%

Of the most common impact stocks above, Lyrical only owns one company, Aptiv, which is highlighted in blue.

As one of the largest providers of electrical wiring and components, Aptiv is a key supplier in the electric vehicle ecosystem. It is an obvious impact company, and it previously was overvalued. Back in 2021, the stock traded for more than 30x earnings and wasn't close to being cheap enough for Lyrical to consider, even as we very much admired the company. Fast forward to 2024, and Aptiv's valuation had dropped to near 10x P/E, a victim of the selloff in obviously impactful businesses. This is when we purchased Aptiv - only when its valuation was as convincing as its positive impact.

VALUATION MATTERS

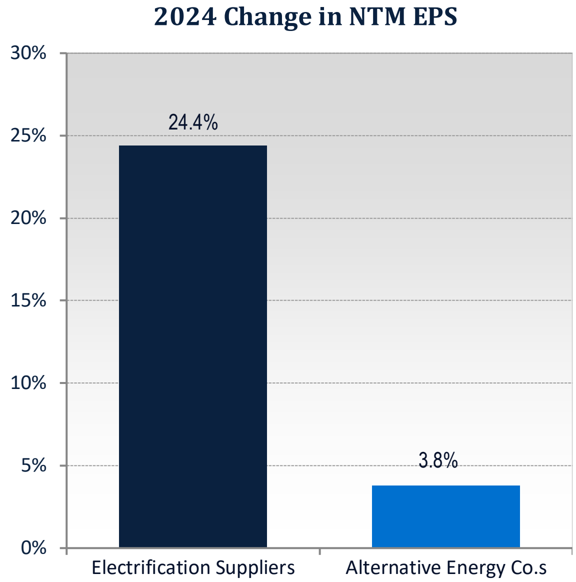
There's a lot to like about obvious impact businesses like Aptiv. Not only do they improve the world, they also typically benefit from secular growth. However, overpaying for any business, even an impactful one, will generate a poor return.

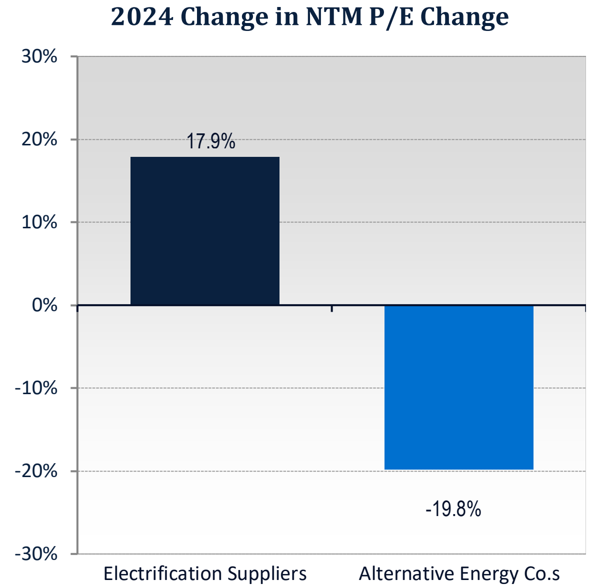
To understand this dynamic better, let's look at the performance in 2024 of two groups of companies aligned with the energy transition. First are the popular and expensive alternative energy companies, including companies such as Enphase and SolarEdge. Second, we have the cheap and less popular electrical suppliers, including three companies we own: Johnson Controls, Wesco, and Rexel.

In 2024, the alternative energy companies suffered both deteriorating fundamentals and valuation compression. As shown below, in 2024 these companies had earnings growth of just 3.8%. Questions were raised in 2023 about the long-term pace of adoption of renewables, but these companies still grew earnings at a heady near-30% pace in that year. In 2024, those growth concerns became reality as earnings growth slowed. As a result of this slowing growth, this group of companies saw a valuation de-rating of 20% in 2024, with their P/Es declining from 24.9x to 20.0x by year end.

While the more popular impact companies faced headwinds in 2024, our more ignored electrical suppliers continued to grow impressively, notching 24% earnings growth in 2024. They started the year at a cheaper valuation of 17.9x and ended the year at 21.1x. The alternative energy companies are now *cheaper* than the suppliers, something that would have been unthinkable a few years ago. This creates opportunity for GIVES to own businesses that were recently out of reach - like Aptiv.

Impact and Sustainable Comps





In GIVES, we look to benefit from the secular growth available to companies serving the energy transition, but we only invest in companies with attractive valuations. Of all the companies studied above, we own only three of the electrification suppliers, Johnson Controls, Wesco, and Rexel—which trade at an average P/E of 13.4x.

ENGAGING WHERE IT MATTERS MOST—CLIMATE CHANGE & NET ZERO

The companies we own are making a clear positive impact on the world. But, sometimes, these nonobvious impact companies need a helpful push when it comes to setting net zero targets. Oftentimes they have not begun the challenging process of estimating scope 3 emissions, or they have simply not been educated on how and why to align with SBTi. At Lyrical, we are laser-focused on guiding our companies to set and adhere to net zero targets.

We aim to have 75% of GIVES' portfolio companies (other than those with immaterial GHG emissions) develop SBTi-approved net zero targets by 2030, and we take an active role in pushing our companies to comply. As with our investing and research, we accomplish this by managing a structured process. When we initially invest in a business, we share where they are positioned within the table below. This exhibit shows our GIVES companies and where they stand on SBTI alignment, from immaterial emissions on the left to having long-term approved SBTi targets on the right.[1] We explain to management that our job is to move them to the right on the table below, insisting that they develop SBTi-approved net zero targets.

[1] **Notes:** Ayvens and Konecranes targets are pending SBTi-approval. Companies in red collectively comprise approximately 88% of the portfolio's reported Scope 1-3 emissions (on an unweighted basis). Flex has near-term SBTi-approved targets but does not have a mitigation plan for its Scope 3 emissions, which are the highest in the portfolio.

Immaterial Emissions	High Priority (No Commitment)	Medium Priority (Near-Term SBTi Target)	Low Priority (Net Zero SBTi Target)
Centene (SDG 3)	Ashtead	Aptiv	
Cigna (SDG 3)	CNH Industrial	eBay	Ayvens
F5 (SDG 16)	Flex*	Crown Holdings	Konecranes
Gen Digital (SDG 16)	HCA	Elis	Vistry
Grupo Catalana (SDG 8)	Kyudenko	JCI	Rexel
Open Text (SDG 16)	Wesco	NXP Semiconductor	Veolia Environment
Primerica (SDG 8)	United Rentals	SPIE	
27%	**27%**	**27%**	**19%**

This clear and simple net zero framework helps us focus on where engagement is most needed and where we can affect the most change.

MOVING COMPANIES IN THE RIGHT DIRECTION

As expected, we sometimes get pushback from our companies on setting these targets. Even if a company is helping the world with its products, it can seem daunting to measure and set targets on scope 3 emissions.

This was the case with Wesco in 2024, a clear impact leader but one that struggled with scope 3 emissions analysis. Wesco is towards the left in the table above because it has not set SBTi-approved near-term or net zero targets even though we estimate the company will make a massive difference. We estimated the company's efforts will result in about 30 million tonnes of avoided carbon by 2026 by lowering its Scope 3.11 emissions (use of sold products), primarily through promoting energy efficient products. The challenge for Wesco comes from measuring and reporting these Scope 3.11 emissions, since the company sells ~1.5 million products from 30,000 suppliers.

When we first asked Wesco to estimate Scope 3 emissions, they were unsure about reporting accurate figures.

We own Rexel, which is a similar business that excels at measuring Scope 3 emissions and has set an SBTi-approved net zero target. Over the past few years, we have met with Rexel several times to better understand their Scope 3 emissions measurement process. Through friendly, long-term engagement, we discovered that Rexel took a phased approach to Scope 3 measurement and moved from measuring GHG emissions, using a spend-based approach, to using product-level lifecycle assessments, which is a more intensive process.

In May 2024, we traveled to Pittsburgh, Pennsylvania to meet with Wesco senior management at their headquarters, specifically to discuss Wesco's Scope 3 strategy, in the context of Rexel's measurement process. Wesco has taken Lyrical's net zero feedback earnestly and has asked Persefoni, a third-party verification service, to begin a Scope 3 emissions inventory using the spend-based approach.

Wesco is moving in the right direction, with Lyrical's support.

We met with the company again, virtually, in November 2024 and learned that Persefoni had completed its initial analysis. Wesco is conducting a follow-up in 2025 to help ensure data accuracy and said it will disclose Scope 3 emissions by 2027 at the latest. After the second meeting with Wesco, Lyrical contacted the CDP to help expedite Wesco's Scope 3 disclosure process and sent Wesco resources on recommended emissions verification standards and providers.

Through focused engagement like with Wesco, we have seen our companies make significant strides towards net zero.

24 MONTHS OF MAGNIFICENT SEVEN

In 2024, our performance may have stood out within the impact space, but it wasn't enough to keep up with the MSCI World Index, which is dominated by mega-cap U.S. stocks. The Magnificent Seven is the popular nickname for the seven U.S. mega-cap growth stocks that drove much of the returns of the MSCI World in 2023 and 2024. Specifically, the seven are: NVIDIA, Meta, Apple, Amazon, Microsoft, Alphabet, and Tesla.

The Magnificent Seven (2023-2024)

Ticker	Company	Average Weight	Total Return	Relative Contribution	NTM P/E
NVDA	NVIDIA Corporation	2.8%	819.6%	4.7%	34.7x
META	Meta Platforms Inc Class A	1.4%	388.4%	1.6%	21.9x
AAPL	Apple Inc.	4.8%	94.8%	1.6%	33.9x
AMZN	Amazon.com, Inc.	2.3%	161.2%	1.5%	36.0x
GOOGL	Alphabet Inc. Class A	2.6%	115.3%	1.1%	21.8x
TSLA	Tesla, Inc.	1.0%	227.8%	0.9%	125.4x
MSFT	Microsoft Corporation	4.3%	78.6%	1.2%	32.1x

Source: FactSet

MSCI World	**46.9%**
MSCI World ex Mag Seven	31.5%
MSCI World Equal Weight	25.7%
LAM GIVES, net	23.0%
MSCI Sustainable Impact	-4.9%

73% of MSCI World constituents underperformed during this period

We have not owned any of the Magnificent Seven, which makes sense given that we are both disciplined value and impact investors. As you can see from the P/Es on the right in the table, these expensive stocks do not fit in the value category. The priciest of the seven is Tesla at over 125x forward earnings. Four have P/Es in the 30s, and Meta and Alphabet have P/Es in the 20s. Furthermore, we do not think any of these companies qualifies as creating positive impact (even though Microsoft was the most-owned company in our peer analysis of active sustainable funds mentioned above).

Without the Magnificent Seven, the MSCI World return since 2023 would have been 31.5%, but the impact of mega-cap stocks in general extended beyond the Magnificent Seven. The MSCI World Equal Weight return was an additional 5.8 percentage points lower at 25.7%.

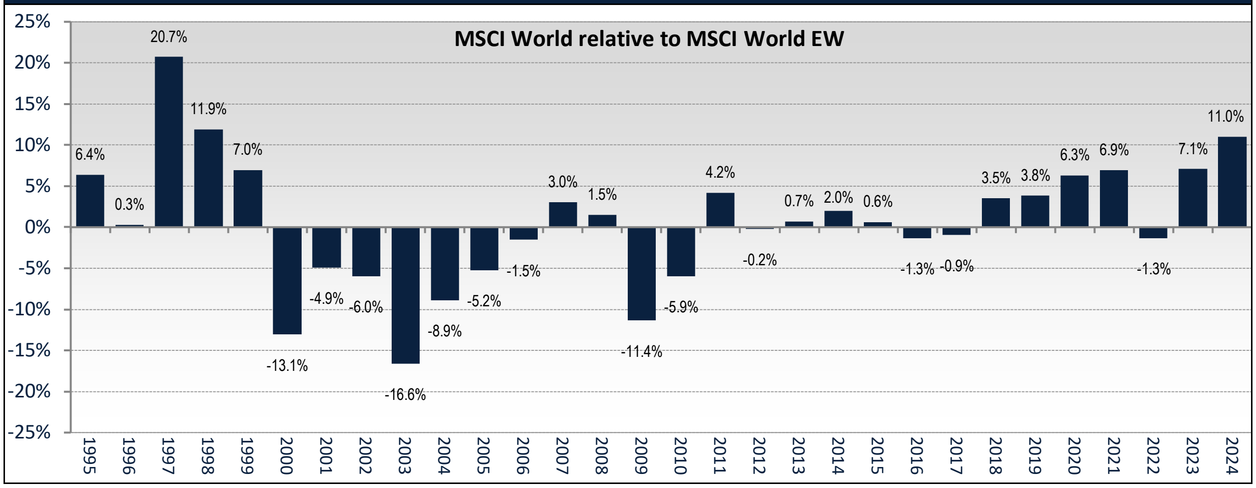
WEIGHT MATTERS

The performance of the MSCI World relative to the MSCI World Equal Weight has been extraordinary over the last two years. To illustrate this, we present the bar graph below which shows the year-to-year performance of the MSCI World relative to the MSCI World Equal Weight back to 1995, when the equal-weight index track record begins.

In 2024 and 2023, the MSCI World outperformed the MSCI World Equal Weight by 11.0 and 7.1 percentage points, respectively. These are the third and fourth largest outperformance years in this 30-year record. With the effect of compounding, these two years combined for 21.2 percentage points of outperformance.

The only other period in this record that resembles the last two years is the Tech Bubble years of 1997, 1998 and 1999, when the MSCI World outperformed by 20.7, 11.9 and 7.0 percentage points, compounding to 53.8 percentage points.

Annual Return Difference



Source: FactSet

Following those two Tech Bubble years, the MSCI World went on to cumulatively underperform the MSCI World Equal Weight by 79.4 percentage points over the next seven years from 2000 to 2006.

A WARNING SIGN

Historically, after periods when the MSCI World has outperformed the MSCI World Equal Weight by the most, that trend has reversed, and the MSCI World has gone on to significantly underperform in the years that followed.

The table below chronicles the three-month periods when the MSCI World outperformed the MSCI World Equal Weight by the widest margins.

Since 1995, we have 358 rolling three-month periods to observe. The top period when the cap-weighted index outperformed the most was from 1999, at the peak of the Tech Bubble. In those three months, the cap-weighted index outperformed the equal-weight index by an astonishing 12.1 percentage points. While this chart is dominated by the Tech Bubble, with 19 of the top 30 periods coming from that era, the second most frequent is the recent AI era, which has five occurrences (shaded in blue), including three from 2024.

Best 3-Month Periods for MSCI World Relative to MSCI World EW

Rank	Era	End Date	3 Month Relative Return	Next 1 Year Relative Return	Next 3 Year Relative Return	Next 5 Year Relative Return
1	Tech Bubble	12/31/99	12.1%	-18.7%	-27.0%	-58.3%
2	Tech Bubble	12/31/97	9.0%	+16.4%	+3.7%	-15.2%
3	Tech Bubble	1/31/98	8.1%	+18.6%	+0.2%	-16.3%
4	Tech Bubble	7/31/98	8.0%	+3.5%	-19.5%	-31.0%
5	Tech Bubble	11/30/97	7.8%	+12.7%	+10.9%	-16.6%
6	Tech Bubble	11/30/99	7.5%	-12.4%	-29.2%	-57.4%
7	Tech Bubble	6/30/98	7.4%	+7.1%	-15.1%	-25.0%
8	Tech Bubble	1/31/99	7.3%	+6.1%	-28.8%	-48.0%
9	Tech Bubble	8/31/98	6.6%	+5.6%	-25.3%	-41.5%
10	AI	5/31/23	5.6%	+7.2%	N/A	N/A
11	Tech Bubble	1/31/00	5.0%	-22.8%	-28.6%	-60.5%
12	Tech Bubble	9/30/97	5.0%	+13.0%	+25.0%	-8.8%
13	COVID	3/31/20	4.8%	-15.3%	-15.0%	N/A
14	Tech Bubble	7/31/97	4.8%	+10.0%	+27.6%	-13.3%
15	COVID	4/30/20	4.8%	-11.1%	-9.3%	N/A
16	Other	12/31/21	4.8%	-6.7%	+15.3%	N/A
17	AI	6/30/24	4.8%	N/A	N/A	N/A
18	Tech Bubble	2/28/99	4.6%	+9.2%	-29.0%	-49.6%
19	AI	12/31/24	4.5%	N/A	N/A	N/A
20	Tech Bubble	6/30/97	4.5%	+6.8%	+33.0%	-19.9%
21	Tech Bubble	10/31/99	4.4%	-6.1%	-21.7%	-50.5%
22	Tech Bubble	10/31/02	4.2%	-16.0%	-32.9%	-41.2%
23	Tech Bubble	8/31/97	4.1%	+12.4%	+33.9%	-10.6%
24	COVID	5/31/20	4.1%	-12.6%	-2.5%	N/A
25	GFC	10/31/08	4.0%	-13.7%	-28.3%	-49.5%
26	Tech Bubble	2/29/00	4.0%	-29.2%	-30.0%	-66.5%
27	Other	11/30/95	4.0%	+4.7%	+33.0%	+32.4%
28	AI	3/31/24	4.0%	N/A	N/A	N/A
29	AI	6/30/23	3.9%	+12.8%	N/A	N/A
30	Tech Bubble	5/31/98	3.9%	+8.6%	-11.2%	-23.0%
Average MSCI World Relative Performance (cum)				**-0.4%**	**-6.8%**	**-31.9%**

Source: FactSet

In addition to the relative performance in these three-month periods, the table includes the performance of the MSCI World relative to the MSCI World Equal Weight in the subsequent one-, three- and five-years. Notice all the numbers in red, indicating MSCI World underperformance.

In the short run, the acute outperformance of the MSCI World over the MSCI World Equal Weight has not always led to a reversal. There are several one-year periods where the cap-weighted index continued to outperform. However, as we extend the time horizon to three years, performance reversal became more common, occurring 64% of the time.

When we extend the time horizon even further to five years, performance reversal became nearly inescapable, with only one observation in this time frame where the cap-weighted index continued to outperform. On average, the next five years produced 31.9 percentage points of MSCI World underperformance compared to the MSCI World Equal Weight.

Admittedly, some of the periods in this table are too recent to have one-, three- and five-year subsequent returns, and it always is possible this time will be different. However, the consistency and magnitude of underperformance presented here is a damning historical record. It seems extremely unlikely that the cap-weighted index, and the mega-cap growth stocks driving it, will continue to outperform the average stock over the coming three to five years.

EQUAL WEIGHT GOOD, VALUE BETTER

As good as the case is for the MSCI World Equal Weight, we believe there is something even better to consider, namely value stocks. The table below is like the table above with the one change being that the subsequent returns are for the MSCI World relative to the cheapest quintile of the top 2,500 global stocks, rather than relative to the MSCI World Equal Weight. It shows that historically what has been a good environment for the equal-weight index has been an even better environment for value stocks.

Looking at the subsequent one-year returns for these 30 periods, the cap-weighted index underperformed the cheapest quintile by 2.8 percentage points on average. That's 2.4 percentage points more outperformance than the equal-weight index, which averaged 0.4.

Over the subsequent three years, the cheapest quintile outperformed the MSCI World by 20.4 percentage points. That's 13.6 percentage points more outperformance than the equal-weight index, which averaged 6.8 percentage points of outperformance.

And, over the subsequent five years, the cheapest quintile outperformed the MSCI World by 84.4 percentage points. That's 52.5 percentage points more outperformance than for the equal-weight index, which averaged 31.9 percentage points of outperformance.

Best 3-Month Periods for MSCI World Relative to Cheapest Quintile

Rank	Era	End Date	3 Month Relative Return	Next 1 Year Relative Return	Next 3 Year Relative Return	Next 5 Year Relative Return
1	Tech Bubble	12/31/99	12.1%	-27.9%	-58.5%	-146.4%
2	Tech Bubble	12/31/97	9.0%	+20.7%	+0.1%	-46.7%
3	Tech Bubble	1/31/98	8.1%	+29.9%	+3.1%	-43.8%
4	Tech Bubble	7/31/98	8.0%	+6.1%	-29.6%	-67.9%
5	Tech Bubble	11/30/97	7.8%	+14.2%	+10.2%	-43.6%
6	Tech Bubble	11/30/99	7.5%	-18.4%	-57.4%	-142.6%
7	Tech Bubble	6/30/98	7.4%	+14.4%	-21.9%	-58.0%
8	Tech Bubble	1/31/99	7.3%	+4.2%	-51.5%	-110.5%
9	Tech Bubble	8/31/98	6.6%	+9.7%	-42.6%	-82.4%
10	AI	5/31/23	5.6%	-1.1%	N/A	N/A
11	Tech Bubble	1/31/00	5.0%	-31.2%	-62.2%	-158.1%
12	Tech Bubble	9/30/97	5.0%	+17.4%	+31.1%	-39.1%
13	COVID	3/31/20	4.8%	-25.3%	-31.6%	N/A
14	Tech Bubble	7/31/97	4.8%	+11.9%	+32.1%	-45.7%
15	COVID	4/30/20	4.8%	-19.1%	-25.1%	N/A
16	Other	12/31/21	4.8%	-14.8%	+2.6%	N/A
17	AI	6/30/24	4.8%	N/A	N/A	N/A
18	Tech Bubble	2/28/99	4.6%	+8.5%	-56.4%	-117.5%
19	AI	12/31/24	4.5%	N/A	N/A	N/A
20	Tech Bubble	6/30/97	4.5%	+10.6%	+43.2%	-53.8%
21	Tech Bubble	10/31/99	4.4%	-5.9%	-49.0%	-124.3%
22	Tech Bubble	10/31/02	4.2%	-22.9%	-88.8%	-171.6%
23	Tech Bubble	8/31/97	4.1%	+12.9%	+42.2%	-45.9%
24	COVID	5/31/20	4.1%	-23.6%	-16.3%	N/A
25	GFC	10/31/08	4.0%	-34.8%	-43.4%	-76.9%
26	Tech Bubble	2/29/00	4.0%	-42.6%	-65.8%	-183.6%
27	Other	11/30/95	4.0%	+5.3%	+39.7%	+36.6%
28	AI	3/31/24	4.0%	N/A	N/A	N/A
29	AI	6/30/23	3.9%	+9.2%	N/A	N/A
30	Tech Bubble	5/31/98	3.9%	+16.3%	-13.3%	-49.7%
Average S&P 500 Relative Performance (cum):				**-2.8%**	**-20.4%**	**-84.4%**

Source: FactSet

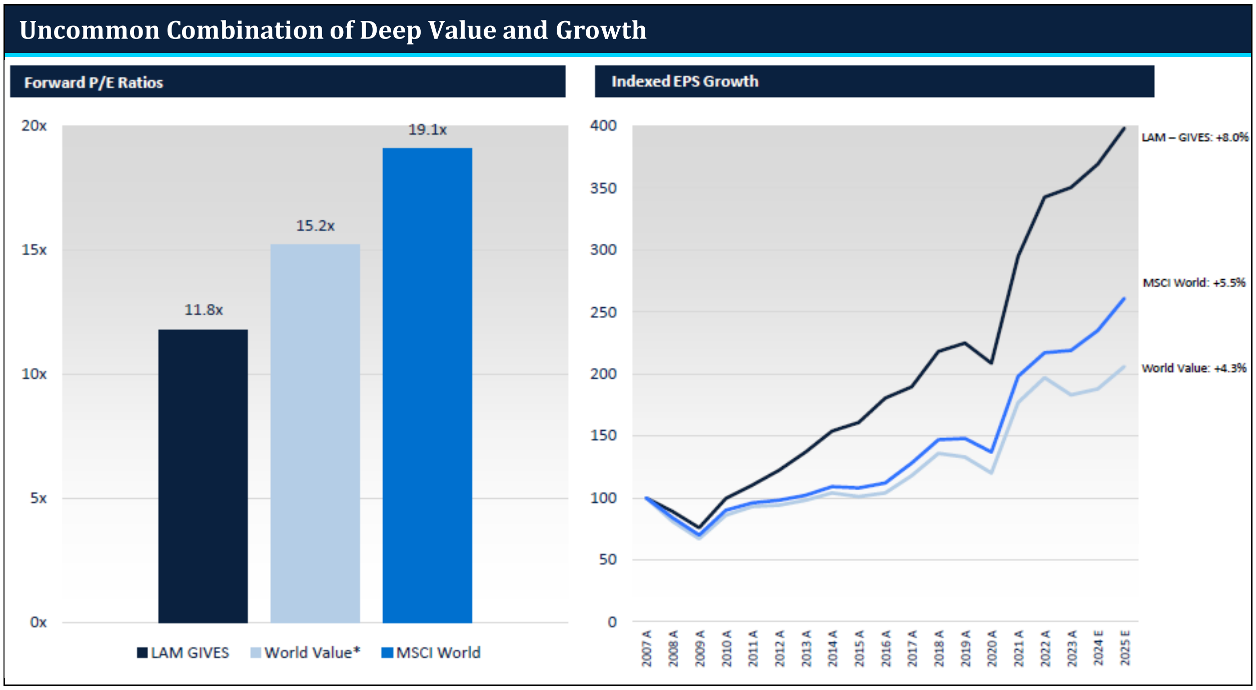
So, if you want to diversify away from the high valuation of the MSCI World, the MSCI World Equal Weight has been a good choice, but the far better choice has been a portfolio of the cheapest stocks, like what we construct in GIVES.

OUR UNCOMMON COMBINATION – VALUE, QUALITY, GROWTH

In addition to being deep value, our stocks also have quality growth. This uncommon combination is the signature feature of Lyrical's portfolios. Shown in the bar chart below on the left is a summary of our current valuation, as well as the valuations of our benchmarks. Valuation is important, but it isn't everything. What matters in investing is not just what you pay, but also what you get, specifically the future earnings.

Shown in the line graph below on the right is the growth profile of our portfolio and the benchmarks. The lines at the top show the EPS growth history of our current GIVES portfolio, while the lines below them show the EPS growth of the MSCI World and the MSCI World Value.

From 2007 to 2024, the MSCI World has had an annualized EPS growth history of 5.5%. By contrast, our current portfolio has a growth history that is more than two percentage points faster. This growth profile is why we continue to believe the wide valuation spread justifiably deserves to narrow.



Source: FactSet. See Notes below.

CONCLUSION

We have performed well in a period that has been tough for sustainability-focused indices and stocks. Our valuation discipline helped us avoid commonly owned and expensively priced stocks that collapsed in the past two years. With GIVES outperforming the MSCI Sustainable Impact Index by 27.9% over the past two years, we believe we have proven the merits of an impact investing strategy that is deeply rooted in value investing.

In addition to our solid financial performance, we have established a strong net zero framework and stewardship program. As long-term shareholders (our average holding period at Lyrical has been 7-8 years), we are able to effect change as shown by our recent work with Wesco.

While we outperformed sustainability-linked indices, we lagged an MSCI World that has been boosted by U.S. mega-cap tech stocks. It may feel like this will go on forever, but history suggests just the opposite and that a value-focused, equal-weight approach will succeed in the future.

As for our portfolio, most years our companies report earnings in line with our expectations, with a few positive and negative surprises. Our mix of earnings outcomes in 2024 was not materially different than in any other year. We continue to find excellent new opportunities even in this rich market. During the year we added three new impact stocks to the portfolio with P/Es below and expected growth rates above the MSCI World Index. As a group, the three new additions had an average P/E of only 12x, much cheaper than the MSCI World Index with expected EPS growth faster than the MSCI World Index .

Our portfolio is attractively valued, and the secular trends behind positive change remain in place, which should bring long-term earnings growth for our companies.

We greet 2025 with great optimism.

John Mullins and Dan Kaskawits
Portfolio Managers

DISCLAIMERS:

General:

Past performance is not necessarily indicative of future results. Individual results may vary based on timing of investments and/or other factors. There is no guarantee that the investment objective of our strategy will be achieved.

This document is confidential and does not convey any offering or the solicitation of any offer to invest in the strategy presented. Any such offering can only be made following a one-on-one presentation, and only to qualified investors in those jurisdictions where permitted by law.

The information included in this document is not being provided in a fiduciary capacity, and it is not intended to be, and should not be considered as, impartial advice.

"Forward-looking statements" contained herein can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, or assurance or as a representation as to the future.

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More complete information about our products and services is contained in our Form ADV, Part 2
Registration with the SEC does not imply a certain level of skill or training.

Disclosed holdings:

Lyrical disclaims any duty to update historical information included herein, including whether we continue to hold positions that are mentioned. In the interest of our clients, reporting as to positions in transition (being purchased or sold) is lagged at our discretion. Generally, securities which have not been purchased for all accounts are not reflected as held and sales of positions which remain in any client accounts similarly are not reflected.

Specific investments described in this document do not represent all investments by Lyrical. You should not assume that investment decisions we include were or will be profitable. Specific investment examples are for illustrative purposes only and not necessarily representative of investments that will be made in the future. A list of all prior investment recommendations is available upon request.

Model or hypothetical performance:

Where we provide information about performance that is not the actual performance results of our investment strategies (such as where we show the results of price-to-earnings quintiles), please note that there are substantial additional limitations inherent in using such performance information. Those include, but are not limited to, that actual trading and the associated expenses did not occur, that market conditions change over time, and that no investor had the actual performance presented.

IMPORTANT NOTES:

Index Information:

Any indexes and other financial benchmarks shown are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of advisory fees. Investors cannot invest directly in an index. Comparisons to indexes have limitations because indexes have volatility and other material characteristics that may differ from those of Lyrical's strategies.

The MSCI World Index is an equity index which captures large and mid cap representation across 23 developed market countries around the world. With 1,480 constituents, index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 Developed Markets countries around the world. The value investment style characteristics for index construction are defined three variables: book value to price, 12-month forward earnings to price and dividend yield.

The MSCI World Equal Weighted Index represents an alternative weighting scheme to its market cap weighted parent index, the MSCI World Index. The index includes the same constituents as its parent (large and mid cap securities from 23 Developed Markets countries*). However, at each quarterly rebalance date, all index constituents are weighted equally, effectively removing the influence of each constituent's current price (high or low). Between rebalances, index constituent weightings will fluctuate due to price performance.

The MSCI World Sustainable Impact Index is an equity index whose holdings address at least one of the world's social and environmental challenges, as defined by the United Nations Sustainable Development Goals. To be eligible for inclusion in the Index, companies must generate at least 50% of their sales from one or more of the Sustainable Impact categories and maintain minimum environmental, social and governance (ESG) standards. The parent index is the MSCI ACWI.

The MSCI EAFE Index is an equity index which captures large and mid cap representation across 21 Developed Markets countries around the world, excluding the US and Canada. With 722 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI EAFE Value Index captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 445 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.

Indexed EPS

The chart on page 9 depicts the historical change of earnings per share of the companies comprising the LAM GIVES portfolio as of December 31, 2024 using current composite share holdings as of that date. This chart also shows the change in earnings per share of the MSCI World Index and MSCI World Value* over the same period. Earnings per share is computed using consensus earnings data, which include certain adjustments from reported, GAAP earnings. Periods marked with an "E" include estimated earnings per share. LAM Global portfolio holdings are included from the earliest date of their available data.

Past performance is not necessarily indicative of future results.

LAM - GIVES results are unaudited and subject to revision, are for a composite of all accounts. Net returns include a 0.85% base fee and show all periods beginning with the first full month in which the advisor managed its first fee-paying account.

Annualized Returns	**1 Year**	**5 Year**	**10 Year**	**ITD (6/1/2020)**
LAM – GIVES, Net	+5.70%	N/A	N/A	+12.08%
MSCI World	+18.67%	N/A	N/A	+14.36%
MSCI World Value	+11.47%	N/A	N/A	+12.49%
MSCI World Equal Weighted	+7.68%	N/A	N/A	+9.68%
MSCI World Sustainable Impact	-9.39%	N/A	N/A	+4.36%