



CAMBIAR GLOBAL EQUITY COMMENTARY 4Q 2023

MARKET REVIEW

Global equities rallied in the fourth quarter, buoyed by hopes that a continued decline in inflation data would lead to easing activities (i.e., interest rate cuts) by global central banks. The MSCI World Index registered a gain of 11.4% for the quarter, propelling the index to a full-year return of 23.8%. On a style basis, growth outperformed value by a wide margin in 2023, with mega-tech stocks in the U.S. leading the way. After holding up relatively better in 2022, international equities trailed their U.S. peers over the past year – although returns were still strong on an absolute basis. In a reversal from 2022, international equity returns benefited from an additional tailwind in the form of a weaker dollar, which further boosted returns for the quarter as well as on a full-year basis.

There is a popular saying that markets climb a wall of worry, and this was certainly the case for the global equity markets in 2023. Stocks demonstrated impressive resilience in the face of multiple military conflicts around the world, elevated borrowing costs, and contracting economic growth in a key end market (China). Cambiar's view for a somewhat rotational market characterized by multiple compression due to a higher cost of capital generally held correct, with

valuations in both the EAFE Index and equal-weighted S&P 500 Index remaining at relatively compressed levels until the commencement of the November rally through year-end.

The Federal Reserve all but confirmed that the next move in rates would be lower; however, policymakers in Europe remain committed to holding rates at current levels (for now). Here in the U.S., the Fed is in position to lower rates from restrictive territory to a more neutral level that can perform double duty in the economy; i.e., high enough to dissuade speculative behavior and excess risk-taking, while not so high so as to cause financial instability. Whether central banks can successfully nail the soft landing remains to be seen.

Although we remain aware of current macro dynamics, the Cambiar team is hesitant to anchor to a specific macro view(s) – there is simply not a lot of value that we can add on this front. Our research efforts remain centered on companies that offer attractive valuations and fundamentals, with a particular focus on businesses that possess pricing power due to their own unique products/services.

GLOBAL EQUITY

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
Uber Technologies	2.23	0.70
PNC Financial	1.67	0.64
Tokyo Electron	2.02	0.59
Amazon.com	2.75	0.58
Nintendo	2.03	0.51

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Merck	1.95	-0.12
Corteva	1.75	-0.15
Nidec Corporation	1.63	-0.31
Cenovus Energy	1.82	-0.46
Bayer	1.30	-0.52

The Top 5/Bottom 5 chart provided is based on a representative account managed in the strategy. The contribution to return is based on net returns and considers factors including the individual security's total return and the average weight of the holding during the quarter. See Disclosure – Top 5/Bottom 5 Chart for more information.

	4Q23	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Global Equity _(gross)	11.8%	19.6%	19.6%	4.2%	10.3%	6.3%	8.2%
Global Equity _(net)	11.6%	18.9%	18.9%	3.5%	9.6%	5.7%	7.5%
MSCI World	11.4%	23.8%	23.8%	7.3%	12.8%	8.6%	6.3%

Global Equity Composite Inception Date: 2.28.1998 / See Disclosure – Performance. Cambiar Model Net Return: calculated by subtracting the highest strategy fee (0.60% annually/0.05% monthly)

The Cambiar Global Equity portfolio ended 2023 on a high note, with the strategy posting a slim margin of outperformance in the fourth quarter. Although strong on an absolute basis, full-year performance trailed the benchmark. The portfolio's inability to keep pace with the index is somewhat understandable, given Cambiar's valuation bias vs. the strong outperformance in growth stocks in 2023. For perspective, the World Growth Index returned 37.3% in 2023 vs. a return of 12.4% for the World Value Index.

Portfolio buy/sell activity was comprised of two purchases and four sales, in addition to incremental trims/adds to existing positions. On the buy side, Cambiar initiated a position in PNC Financial Services Group, which is a regional bank in the U.S. PNC has a history of conservative credit underwriting, a diverse revenue stream, and strong capital ratios. At a one-year forward P/E of ~8x and Price/Tangible Book Value of 1.5x (at purchase), we believe current valuations more than reflect current macro uncertainties and thus offers the opportunity for attractive upside as conditions normalize.

Sales in the quarter included Booz Allen and Bayer. Government IT consultant Booz Allen reached our upside price target after posting strong results in both earnings and bookings backlog. While we continue to view Booz Allen to be a high-quality business, the current valuation does not adequately compensate for increasing risks such as potential government funding pressures and weaker near-term free cashflow. Cambiar also parted ways with Bayer after a somewhat challenging holding period. The investment case for Bayer included a number of potential inflection points that we believed would unlock value in the company: a new CEO who would provide a new vision/focus for Bayer, progress in the company's pharma pipeline, and settlement of the long-running glyphosate litigation. Unfortunately, the company was unable to make sufficient progress on some of these fronts, leading to the decision to move on in favor of more attractive pipeline opportunities.

Cambiar's excess return in 4Q was driven by positive stock selection across a number of sectors. Financials was a notable bright spot for the portfolio – for both the quarter as well as on a full-year basis. The prospect of lower interest rates was the primary upward catalyst for banks and related financial services companies, given the accompanying tailwind of lower deposit costs, higher net interest margins, and increased real estate/refi activity. Comprising approximately 19% of portfolio

capital as of year-end, Cambiar's financial holdings span a diverse mix of businesses that include traditional banking, credit cards, an investment bank, derivatives exchanges, and insurance.

The portfolio's holdings in the Industrials sector was an additional positive for the Global portfolio (in 4Q and 2023). The sector is extremely diverse by sub-industry and client segment, resulting in a unique opportunity set for the portfolio that includes aerospace/defense, rails, and freight/logistics. Rideshare operator Uber was the top individual holding in the sector. The company has built tremendous scale and a very strong market position in recent years that is translating into higher free cashflow. The position was trimmed multiple times in the year in response to the strong move in the stock price; that said, Uber remains a high conviction holding in the portfolio.

Performance detractors came in the form of sector allocation decisions relative to the index; i.e., an underweighting to Technology (the top-performing sector in the quarter) and an overweighting to Healthcare stocks, which trailed for the period. The portfolio's exposure to tech stocks continues to be a push-pull between fundamentals and valuation – the latter of which has become elevated for many companies in the sector. Regarding Healthcare, the sector's acyclical tendencies should have been a benefit in 2023, yet stocks struggled in response to higher interest rates (a negative impact for biotechs), patent cliffs and a lack of innovation in pharmaceuticals, and the negative ripple effects on medical device companies from a new category of weight-loss drugs. Security selection remains paramount within the sector; that said, we believe the combination of low valuations/low expectations being assigned to many healthcare companies increases the odds for improved results in 2024.

Energy stocks were the sole area of the market to post a loss in the quarter, as an increase in global supplies subsequently weighed on oil prices. Cambiar's Energy positions subsequently detracted from relative performance in the quarter (although a positive impact for the year). While near-term prices will be influenced by fluctuations in energy prices, the underlying investment cases for our holdings are based on longer-term dynamics – i.e., steady free cashflow that can be used for shareholder remuneration and share buybacks (which then leads to per share production growth and an eventual higher yield).

LOOKING AHEAD

Global equities closed out the year in high fashion, with stocks rallying in response to continued progress on the inflation front and associated prospects for a decline in interest rates. In a continuation of what has been an extended trend, U.S. stocks once again outperformed international markets. That said, we continue to believe that international stocks offer an attractive return opportunity, as valuations for non-U.S. stocks remain at a steep discount relative to their U.S. counterparts. This valuation disparity can be partially attributed to the larger percentage of tech stocks that reside in the U.S.; however, the lower multiples currently ascribed to many international companies feels a bit punitive relative to their expected earnings and cashflow.

Softening inflation data now provides the necessary breathing room for central banks to begin lowering interest rates. And although growth stocks outpaced value by a wide margin in 2023, we believe lower bond yields and normalizing inflation pressures should be positive tailwinds for multiple expansion within traditional value sectors in 2024.

Cambiar remains humble about our ability to make accurate macro forecasts; we instead channel our efforts on identifying competitively advantaged businesses that meet our Quality | Price | Discipline philosophy. Not unlike 2023, we anticipate a wide range of return outcomes for equities in the coming year. The backdrop should provide sufficient opportunity for active managers to add value via a combination of thoughtful stock-picking and abstention/selective avoidance. Cambiar remains vigilant in evaluating fundamentals vs. valuation at a company level, while portfolio construction efforts attempt to strike a consistent balance between conviction and prudent diversification.

We wish you a happy and healthy 2024 and appreciate your continued confidence in Cambiar Investors.

DISCLOSURE

Cambiar Investors, LLC (Cambiar) is an independent registered investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training. Cambiar claims compliance with the Global Investment Performance Standards (GIPS®).

Cambiar's Global Equity Composite includes discretionary, taxable and tax-exempt portfolios, including portfolios that are part of broker-affiliated or broker-sponsored programs, including wrap programs, that waive commission costs or bundle fees including commission costs. The records of the portfolios in the composite are maintained on Cambiar's systems. Portfolios in the composite invest in equity securities of companies located throughout the world. Cambiar's Global Equity Composite includes portfolios that take a broadly neutral weight relative to the U.S. and international exposure found in the stated benchmark. The typical number of securities in the Global Equity portfolio is 45-55 holdings. The Global Equity Composite contains proprietary assets. As of April 2020, there is no minimum asset level for the composite. Prior to April 2020, the minimum asset level for the composite was \$100,000.

For the periods of 2013 to 2017, the gross returns reflect accounts with both gross and "pure" gross performance. Gross returns are reduced by transaction costs. "Pure" gross returns do not reflect the deduction of any expenses, including transaction costs. "Pure" gross returns are applicable to separately managed accounts that are part of broker-affiliated or broker-sponsored programs, including wrap programs, that waive commission costs or bundle fees including commissions (SMAs). "Pure" gross returns are supplemental information. Net returns are reduced by transaction costs and actual investment advisory fees and other expenses that may be incurred in the management of the account. Net of fees performance reflects a blended fee schedule of all accounts within the Global Equity Composite. SMAs often incur bundled fees, charged by the wrap sponsor or affiliated broker, that may include transaction costs, investment management, portfolio monitoring, consulting services, and custody fees. Net returns for SMAs are calculated by deducting the investment advisory fees from the client's account as reported by the wrap sponsor or affiliated broker, or as received by Cambiar. Cambiar clients may incur actual fee rates that are greater or less than the rate reflected in this performance summary. Fees will vary based on the assets in the accounts. The management fee schedule for separate accounts managed to the Global Equity strategy is as follows: 0.60% on the first \$25 million; 0.50% on the next \$50 million; 0.35% thereafter. Returns are reported in U.S. dollars.

Performance results for the Global Equity Composite are evaluated against the MSCI World Index. The MSCI World Index is a free float-adjusted, market capitalization weighted index that measures large and mid-cap equity performance across countries with developed markets. The index assumes no management, custody, transaction or other expenses. The MSCI World Index is a broadly based index that reflects overall market performance and Cambiar's returns may not be correlated to the index. The index is unmanaged and one cannot invest directly in an index. Cambiar's performance and the performance of the MSCI World Index include the reinvestment of all income. Benchmark returns are net of withholdings taxes. Prior to July 2019, Cambiar typically followed each custodian's treatment of tax withholding and therefore dividends may have been presented as gross or net of dividend tax withholding depending on the custodian's treatment. As of July 2019, Cambiar typically records dividends net of withholding taxes although it may depend on various factors such as the issue country and custodian's treatment. Withholding taxes may vary according to the investor's domicile, and other reasons.

For additional information, including a GIPS Composite Report for the strategy presented herein and/or a list of composite descriptions, please contact: Cambiar Investors LLC, 200 Columbine Street, Suite 800, Denver, CO 80206, 1.888.673.9950, info@cambiar.com. **Past performance is no indication of future results and, as is the case with all investment advisors who concentrate on equity investments, Cambiar's future performance may result in a loss.** All information is provided for informational purposes only and should not be construed as an offer to buy or as a solicitation to buy or sell. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. **This communication is intended for non-wrap use only.**

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Top 5/Bottom 5 Chart: For the quarter, the total portfolio return for the representative account was 11.81% (gross) and 11.64% (net). The net performance is calculated assuming the highest applicable fee rate currently being offered to prospective clients for the strategy. As compared to the representative account, the composite performance shown is the asset-weighted performance of related accounts which may include accounts of varying types including pooled vehicles/mutual funds, separate accounts, and retail/wrap (directed) accounts. Cash flows, holdings and other activities may vary across accounts in the composite which can result in materially different performance between the composite (or other accounts in the composite) and the representative account.

The net contribution for individual holdings is calculated by determining each security's contribution to return as a percentage of the account's gross performance, then multiplying that percentage by the account's net performance. Fees and expenses are not charged to individual investments, and net performance of individual holdings are provided for illustrative purposes and to meet regulatory requirements. Different calculation methodologies can result in materially different net returns for individual holdings. Please refer to the net performance of the representative account, which best represents the net performance an investor would have received if they had invested in the strategy for the period shown.

A complete list of each security that contributed to the performance of the Cambiar portfolio mentioned above is available upon request. Please contact Cambiar at 1.888.673.9950 for additional information.

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