CAMBIAR INTERNATIONAL EQUITY ADR COMMENTARY 1Q 2023

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MARKET REVIEW

Global equities started 2023 on a positive note, with most market indices posting mid-single digit gains for the first quarter. After incurring a bruising drawdown in 2022, growth stocks paced the market advance and led value stocks by a wide margin in the quarter. The improved sentiment toward tech stocks can be attributed to a number of factors – anticipation of slowing inflation and a subsequent pause/end to rate hikes, increased focus by tech management on expense controls (i.e., layoffs), and safe haven status vs. the turmoil in the banks. The recent price strength notwithstanding, some caution towards tech is warranted, as earnings remain under pressure for the group – i.e., the YTD gains are almost exclusively a function of multiple expansion. Although multiples in techland are lower than a year ago, we do not believe that valuations reflect the risk to earnings/corporate profitability that are likely to surface in response to the higher cost of capital.

Given the sharp rise in interest rates over the past year and variable lag before a higher rate structure makes its way into the economy, it was only a matter of time before signs of stress emerged. Said pain surfaced in the quarter, as fissures in the financial plumbing began to appear, highlighted by the failing of two regional banks in the U.S. and elevated stress across many others. The weakness in the banking industry was not contained to the U.S., as ongoing outflows and ultimate loss of investor confidence at Credit Suisse resulted in an arranged merger with UBS – an unfortunate end for a bank that was founded in 1856.

We would note that although European Union (EU) bank stocks declined in sympathy with the heightened concerns surrounding U.S. banks, Cambiar views EU banks to be more insulated from the vulnerabilities that took place in the U.S. For example, the deposit base in Europe is predominantly retail in nature, which consequently results in much lower deposit betas (i.e., reduced competition for deposits). EU banks also have more stringent liquidity regulations (e.g., interest rate stress tests), and mark-to-market their bond portfolios, which is then reflected in capital levels. Lastly, alternative options such as higher-yield money market funds are much less prevalent in Europe, reducing the potential for deposit flight that created the stress in the U.S. banks.

Cambiar's allocation within the Financials sector has generally resulted in a more conservative allocation to banks, given our bias toward a more balanced exposure that includes non-credit businesses such as insurance and exchanges (in addition to banks). We continue to monitor conditions for potential changes to our views, as well as investment opportunities that may arise.

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INTERNATIONAL EQUITY ADR

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
SAP SE	3.14	0.62
LVMH	2.57	0.60
Tokyo Electron	2.50	0.51
Liberty Media Corp	2.28	0.49
Deutsche Post	2.14	0.44

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Santos Limited	2.89	-0.03
Singapore Telecom	2.22	-0.08
AIA Group	2.49	-0.11
Roche Holding	2.73	-0.15
Suncor Energy	0.50	-0.18

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.

	1Q 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
ADR (gross)	8.1%	8.1%	-5.0%	9.1%	-0.6%	3.9%	4.7%
ADR (net)	8.0%	8.0%	-5.6%	8.4%	-1.2%	3.2%	3.9%
MSCI EAFE	8.5%	8.5%	-1.4%	13.0%	3.5%	5.0%	3.8%

International Equity ADR Composite Inception Date: 2.28.2006 / See Disclosure –Performance

The Cambiar International Equity ADR strategy registered a solid gain in the first quarter, falling just shy of the MSCI EAFE Index. While our objective is to generate excess returns vs. the index, strategy performance should be evaluated in conjunction with underlying market conditions and related return drivers in the period. Given the strength in growth stocks and the subsequent outsized impact on the benchmark's return during the quarter, we believe the Cambiar portfolio performed largely in line with expectations.

There were no material changes in positioning at the sector or geography level during the quarter – the focus remains on balance and diversity of return drivers. Trade activity was relatively modest in the quarter, with one new purchase, one liquidation, and a number of adds/trims to existing positions. We initiated a position in Suncor Energy, which is a Canadian integrated energy company. In addition to company-specific fundamentals, our more constructive view towards energy stocks over the past year is also due to an improving market structure (i.e., a more balanced global supply/demand backdrop), as well as a demonstrable change in management priorities from maximizing drilling output to de-levering and free cashflow. We believe Suncor is a good example of the business characteristics we seek to attach to: a self-funding business that possesses an attractive valuation, strong balance sheet, and demonstrable free cashflow that can be returned to shareholders via dividends and share buybacks.

At a sector level, Technology was the standout performer in the quarter, illustrating the risk on sentiment that was pervasive for much of the quarter. The International portfolio benefited from both an overweight allocation to the sector, as well as strong returns from Tokyo Electron (semiconductors) and software company SAP. Our higher tech weighting (~11% vs. 7.5% for the index) should not be misconstrued as an overtly bullish call on the sector. Rather, Cambiar remains highly selective in seeking businesses with high switching costs and strong market positions in end markets with secular growth potential (e.g., electric vehicles). On a valuation basis, semiconductor companies may appear slightly expensive on a P/E basis; that said, we anticipate the 'E' to be moving higher in the coming quarters as excess inventories are worked down and utilization rates normalize. Similar to industrials, the time to buy semis is often when the P/E is elevated, vs. top-of-cycle multiples where the P/E is low.

Investors' skewed preference towards upside participation was apparent in Financials, as higher beta EU banks with commensurately higher interest rate sensitivity were notable outperformers. Cambiar's balanced allocation and quality bias within the sector resulted in modest underperformance vs. the index. The portfolio's lower allocation to EU banks limited

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gains vs. the index in the January/February timeframe, before providing a solid margin of safety when banks pulled back in March on contagion concerns. The increased volatility at a stock level may create an opportunity to shift portfolio capital within the sector, but for now we are reasonably comfortable with our mix of businesses. While we do not view the collapse of Credit Suisse to be a precursor to more bank failures, we do believe it is prudent to remain invested in high quality banks with strong capital levels and lower exposure to the shaky commercial real estate market.

Detractors in the quarter included cash drag and lagging returns in Consumer Discretionary. Discretionary stocks rallied in anticipation of improving fundamentals and easier earnings comps vs. same period results in 2022. Within the Cambiar portfolio, strong returns from LVMH and Sony were offset by weaker performances for Compass Group and Entain. The soft return for Entain was in response to a slowdown in revenue growth and modest margin compression. The stock's pullback can also be attributed to MGM Resorts essentially confirming that they are no longer interested in potentially acquiring Entain, although we had already viewed this to be a low probability event (the two companies are joint partners on the fast-growing BetMGM online sports betting franchise). Upon concluding a review of the investment case, we believe that the current headwinds facing Entain are largely transitory in nature, and the underlying secular drivers for the company remain in place.

LOOKING AHEAD

International equities are off to a good start to the year, as fears of a sharp earnings contraction in Europe have abated and overall valuations remain reasonable relative to the U.S. markets. The reopening of China (a key end market for many EU businesses) should provide an additional earnings boost. Despite their recent outperformance vs. U.S. stocks over the past year, international equities continue to trail by a wide margin over the past decade – an additional positive catalyst for mean-reversionists.

Monetary policy continues to take center stage for many investors. The move by central banks to continue tightening in the face of a potential banking crisis is a curious decision (vs. a pause), with rates now approaching restrictive levels. The debate amongst Fed watchers is already beginning to shift from 'how many more rate hikes' to 'how long before central banks cut rates'.

For Cambiar, buy and sell decisions remain based on company-specific fundamentals vs. macroeconomic predictions. We believe the current environment provides a two-sided opportunity to generate excess returns – via the companies we own as well as through selective avoidance. The recent turmoil in banks illustrates that alpha can be as much a function of abstention as it is stock selection.

While acknowledging the uncertain forward outlook, Cambiar remains committed to the consistent implementation of our Quality, Price, Discipline approach. Portfolio construction continues to favor self-funding companies with durable business models that we believe can generate strong through-the-cycle returns.

We appreciate your continued confidence in Cambiar Investors.

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DISCLOSURE

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Cambiar's International Equity ADR 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 predominantly in foreign securities through American Depositary Receipts ("ADRs") and other securities which are traded on U.S. exchanges. Cambiar's International Equity ADR Composite primarily invests in stocks with a market capitalization greater than $5 billion. The typical number of securities in the International Equity ADR portfolio is 40-50 holdings. 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.

The composite contains accounts with 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. 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. Returns are reported in U.S. dollars.

Performance results for the International Equity ADR Composite are evaluated against the MSCI EAFE Index. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted, market capitalization weighted index that is designed to measure developed market equity performance, excluding the U.S. & Canada. The index assumes no management, custody, transaction or other expenses. The MSCI EAFE Index is a broadly based index that reflects the 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 EAFE Index include the reinvestment of all income. Benchmark returns are net of withholding 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 8.05% (gross) and 7.89% (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 only 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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