CAMBIAR INTERNATIONAL EQUITY ADR COMMENTARY 3Q 2024

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MARKET REVIEW

International equities rallied in the third quarter, with the MSCI EAFE Index registering a 7.3% return. As central banks around the globe continue shifting to more accommodative monetary policy, the response has been an across-the-board boost to risk assets. Given that international stocks have trailed the U.S. markets for much of the current cycle, it is noteworthy that non-U.S. stocks outperformed their U.S. counterparts for the period (S&P 500 Index gained 5.9% in 3Q). Whether this is the beginning of a more persistent trend remains to be seen, although we believe the aggregate risk/reward for international stocks remains attractive.

CHINA STIMULUS

Emerging market stocks were the big winner in the quarter, as a massive stimulus announcement from China triggered a corresponding rally in Chinese stocks and sparked an 8.7% gain for the MSCI Emerging Markets Index. The announced stimulus – increased government spending, interest rate cuts, increased bank lending – happened to come at a time of deeply negative sentiment around China's longer-term growth prospects, triggering a classic short squeeze.

While China has announced monetary stimulus packages in the past, this most recent announcement is more impactful because: 1) it is the first time it came from Politburo directly, and 2) it mentions fiscal stimulus, which is more impactful and has not been previously deployed. What will such a plan look like? In the past, China had given vouchers to buy items such as home appliances and cars, but it had never sent checks to people. *Given only 10% of the population files income taxes,* it will be very difficult to do much via income-based stimulus checks or tax credits. While we would not be surprised if the recent price strength in Chinese stocks continued, we believe some caution is warranted, as it remains to be seen if these policy actions can provide a durable lift to economic growth. Cambiar does not currently have any direct exposure to China-based companies, but we will continue to monitor these recent developments. The portfolio may benefit on an indirect basis via our ownership of various consumer and insurance companies that sell into China.

INTERNATIONAL EQUITY ADR

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
MonotaRO	2.18	0.93
Chugai Pharmaceutical	1.67	0.53
Singapore Telecommunications	1.97	0.49
Haleon	1.90	0.49
UCB	2.11	0.42

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Infineon Technologies	1.65	-0.09
Nidec	1.63	-0.12
PUMA	1.17	-0.13
Equinor	1.71	-0.18
Tokyo Electron	1.16	-0.25

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.

	3Q 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
ADR (gross)	9.8%	18.4%	28.5%	3.7%	5.5%	4.5%	5.6%
ADR (net)	9.6%	17.7%	27.6%	3.0%	4.8%	3.8%	4.8%
MSCI EAFE	7.3%	13.0%	24.8%	5.5%	8.2%	5.7%	4.6%

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

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The Cambiar International Equity ADR strategy performed well in the third quarter – on an absolute basis as well as relative to the MSCI EAFE Index. The excess return for the period was a function of positive stock selection in areas such as Healthcare, Industrials, and Financials.

Portfolio construction efforts continue to strike a balance between conviction and prudent balance/varying return drivers. We view the recent broadening of market participation outside of narrow investment themes such as AI and obesity drugs to be a positive development, and believe the International Equity portfolio is well-positioned should market breadth continue to increase.

Trade activity in the quarter was comprised of two purchases, two liquidations, and incremental adds/trims to existing positions. One of the initiations was Kerry Group, which is an Ireland-based ingredients company. Kerry provides essential taste and related nutritional bases to the food and beverage markets. The company is benefitting from a growing trend within its customer base of providing premium food/beverage options, in addition to adjacent growth opportunities within the private label space. At attachment, Kerry was trading at a 5-year low on a P/E basis, resulting in what we view to be an attractive entry point for this high-quality business.

On the sale side, we parted ways with parcel/logistics operator DHL Group. While the company has benefitted from a continued increase in e-commerce parcel volumes within Europe, DHL has been hampered by a slowdown in global business-to-business (B2B) shipping volumes and pricing pressure within its freight forwarding segment. Given the potential for 2025 earnings vulnerability in conjunction with a slightly elevated valuation, we made the decision to move on from DHL.

In reviewing return drivers for the quarter, most sectors posted solid gains – illustrating the rising tide backdrop for equities. The downshift in interest rates by policymakers was particularly beneficial to rate-sensitive sectors such as Real Estate, Utilities, and Financials. The rotation to more traditional value sectors came at the expense of technology stocks, which posted a small loss in the quarter. The Energy sector also closed lower for the quarter in response to a pullback in oil prices.

Cambiar's holdings in the Healthcare sector comprised the top contribution to return in the quarter. The Healthcare arena remains a fairly atomized segment of the market, such that active management should be a tailwind if our underwriting efforts are successful. Individual outperformers in 3Q included Chugai Pharmaceutical and UCB SA, as both companies gained in response to strong earnings reports. Chugai specializes in research and development, whereby the company partners with larger players such as Roche and Eli Lilly for sales/distribution. Belgium-based UCB is a specialty pharmaceutical company with several approved treatments in the neurology and immunology fields. The stock's gains in 2024 are due in large part to the strong uptake of UCB's psoriasis drug (Bimzelx). With shares of UCB more than doubling this year, Cambiar has reduced our exposure accordingly; that said, we believe earnings are likely to move higher for UCB, warranting our continued attachment to the company.

Banks and related financial companies performed well in the quarter – a combination of improved earnings and the anticipation of a more supportive backdrop via a steepening yield curve and corresponding opportunity for higher net interest income. While Cambiar registered positive contributions from the portfolio's bank holdings, the top performer within Financials was Hong Kong-based insurer AIA Group. AIA has been a more challenging position within the portfolio over the past year; thus, we are encouraged by the improved price action. The catalysts for the gain in share price during 3Q were twofold in nature. The first was improving fundamentals, as AIA demonstrated growth in key metrics such as new business value, return on equity, and net free surplus generation (a variation on free cashflow). The second catalyst for the stock was the announced stimulus in China, which boosted AIA given the company's footprint in mainland China. Despite the sizable move over a relatively short timeframe, AIA continues to trade at a discount to its trailing mean valuation range on a price-to-book basis – thus providing the opportunity for additional upside.

While AI stocks have received no shortage of attention for their strong price gains in 2024, one asset has eclipsed the tech space thus far for the year: gold. As of 9/30/24, gold has returned ~28% vs. ~20% for the tech-heavy Nasdaq-100 Index (QQQ). Not surprisingly, the appreciation in the underlying commodity has provided an earnings boost to Cambiar holding Agnico Eagle Mines. Making predictions on the direction of gold prices is not our strong suit – our investment thesis for Agnico was based on low book valuation vs. history, the company's record of cost controls and operational execution, and the anticipated production growth from the combination of various mining assets. On an aggregate portfolio level, Agnico also provides good

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diversification, given the company's more differentiated return drivers.

Performance detractors in the quarter included an overweight allocation to the lagging Energy sector, a slightly elevated cash position for the period (i.e., cash drag), and below-benchmark performance within Utilities and Real Estate. Energy stocks declined in conjunction with the commodity as weaker global demand and the potential for Saudi Arabia to increase output weighed on oil prices. While Cambiar's holdings in the sector held up better than the index, the portfolio's higher allocation (6% of portfolio capital vs. 4% in the index) weighed on relative results.

Within Utilities, Germany-based RWE declined on investor concerns that the company may be looking at potential acquisitions in the U.S. The stock subsequently recovered after the company squashed any M&A rumors but still lagged for the quarter. Utility companies are seeing a bit of a renaissance in recent quarters, as investors bid up the sector in response to the massive power generation needs of AI and data centers that are due to come online. RWE has lagged the rally but remains well-positioned. In addition to its role as the largest electricity producer in Germany, RWE is also the third largest renewable developer in the U.S. - and thus on the front lines of the AI buildout. We believe RWE's management team possesses the capital discipline and skillset to successfully navigate the current environment.

LOOKING AHEAD

As we enter the final quarter of 2024, the global equity markets are well-positioned to register another year of above-average gains. While not at euphoric levels, investors' risk appetites are elevated, with optimism towards U.S. stocks reflected in the current one-year forward P/E for the S&P at 21.5x.

International equities have not incurred the same degree of upside participation in recent years, resulting in more fair valuations for non-U.S. stocks. Time will tell if the recent outperformance for international markets can be sustained, but absent a recession, the combination of low unemployment, moderating inflation, and accommodative monetary policy should provide a reasonably supportive backdrop for global equities.

While we acknowledge the ongoing upside case for the equity markets, we are equally focused on potential risks at the company level and lingering macro uncertainties such as the upcoming Presidential election, the ongoing conflict in Ukraine, increasing tensions in the Middle East, and ballooning government deficits. Equity markets (certainly in the U.S.) do not appear to be priced for any of these uncertainties. In our view, broad portfolio diversification, attentiveness to valuation, and the consistent implementation of Cambiar's Quality | Price | Discipline approach remain valuable risk mitigation tools.

We 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 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.

Prior to 2009 and for the periods of 2011 and forward, the composite's gross returns include accounts with gross and "pure" gross performance and are presented as supplemental information. From 2009 to 2010, the composite only contained accounts whose gross performance is 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, which waive commission costs or bundle fees including commissions (SMAs). 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 9.64% (gross) and 9.48% (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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