CAMBIAR INTERNATIONAL EQUITY ADR COMMENTARY 3Q 2026

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MARKET REVIEW

International equities (developed markets) posted mixed results for the third quarter, resulting in a modest return of 0.81% for the MSCI EAFE Index. On a year-to-date basis, international equity stocks have gained 10.3%. Although the asset class lags the 12.8% return for the S&P 500, it is worth noting that the EAFE Index has much less exposure to the AI capex trade that has been a big upside contributor to the U.S. equity markets in 2026.

The resilience in global equities during the quarter was impressive – considering the growing wall of worry that includes rising bond yields, multiple ongoing military conflicts, and triple-digit oil prices. At a deeper level, the positive returns for various equity averages mask an underlying deterioration in market breadth, with a growing number of individual stocks in bear market territory (defined as more than 20% below their 52-week high).

The sharp rise in price levels (led by oil) prompted the Federal Reserve to raise rates at their September meeting. The benchmark 10-year Treasury yield ended the period at 5.2% - the highest level since mid-2007. The surge in borrowing costs has been a global event, with the benchmark yield in Japan now at a 31-year high after its sixth rate hike in the past two and half years, and the European Central Bank raising rates to 2.5% in September. Tightening monetary policy has been in response to increasing economic pressures in the forms of high energy prices/sticky inflation, widening budget deficits, and competition for capital amid the AI datacenter buildout.

What are the implications of rising bond yields for equity investors? As Warren Buffett once said, 'Interest rates are to stocks what gravity is to matter.' Government bonds set the baseline interest rate for nearly everything in the global economy - from mortgages to corporate debt. When investors can earn attractive (guaranteed) returns from government bonds, they may become less willing to take risks in the stock market, which frequently puts downward pressure on equity valuations and asset prices.

The weakness in equities from higher rates can be just as much a function of the velocity of the move as it is the absolute level for yields. A gradual rate rise allows businesses to adjust, but a rapid increase (as seen in 2026) can often be a more sudden brake on economic growth. If yields are simply repricing to reflect stronger productivity and corporate earnings, the market may be better positioned to withstand the higher cost of capital…time will tell.

At a stock level, higher yields are likely to be more impactful for companies with elevated debt ratios that need to be rolled over in the current rate backdrop (i.e., floating rate debt). In contrast, the adjustment to a higher neutral rate should not be as challenging for investment candidates prioritized by the Cambiar team – i.e., quality businesses that we believe to possess durable earnings power, persistent margins, and more conservative leverage profiles. As always, selectivity remains paramount.

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INTERNATIONAL EQUITY ADR

	3Q 2026	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
ADR (gross)	1.2%	3.6%	7.1%	16.3%	6.5%	6.2%	6.1%
ADR (net)	1.0%	3.0%	6.3%	15.4%	5.7%	5.5%	5.3%
MSCI EAFE	0.8%	10.3%	15.7%	18.4%	9.3%	9.1%	5.6%

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

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
Tokio Marine	2.26	0.44
Galp Energia	2.33	0.43
DBS Group	2.25	0.42
ING Groep	2.96	0.38
SAP	1.28	0.36

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Nestle	2.83	-0.34
Novo Nordisk	1.81	-0.36
Grab Holdings	2.09	-0.39
ASML Holding	3.86	-0.42
AstraZeneca	2.73	-0.45

The Top 5/Bottom 5 chart provided is based on a representative account managed in the strategy and is derived from the account's gross performance which does not reflect the deduction of all fees and expenses that a client or investor would have paid. Please refer to the composite gross and net performance to understand the overall effect of fees. See Disclosure – Top 5/Bottom 5 Chart for more information.

The Cambiar International Equity ADR strategy closed the third quarter with a modest positive return, outgaining the EAFE Index by a small margin. The excess return for the period was primarily a result of positive stock selection, highlighted by a number of longer-held positions in the Technology and Consumer Discretionary sectors that rebounded after a tough start to the year.

In contrast to the broad-based positive returns in 2Q, sector performance was more mixed in the third quarter. The sharp rise in oil prices was a notable tailwind for the Energy sector, which was the top performer. Financials also closed higher for the quarter, as did Communication Services. Defensive, and yield proxy sectors such as Healthcare, Utilities and Consumer Staples posted modest drawdowns. After a strong start to the year, Technology was a notable laggard in 3Q – as the sector was hit with a rotation out of hardware/semi stocks that took place in July.

Buy/sell activity consisted of two initiations and one sale, in addition to incremental adds/trims to existing positions. We talk about one of our purchases below (Petrobras), while the team made the decision to part ways with low cost airline Ryanair. We were attracted to Ryanair due to its track record of profitability, strong market share and low valuation. While these attributes are still largely in place, the sharp rise in energy prices will result in more expensive jet fuel hedges and a stretched consumer could weigh on passenger volume trends. Upon review, our team made the decision to step aside, but we would welcome the opportunity to re-visit this name in the future.

While recognizing that there is more work to be done on the performance front, we were encouraged by the portfolio's overall resilience in the quarter. Our decision to not chase narratives (e.g., AI beneficiaries) was a positive, as was our decision to not capitulate and move on from AI 'disruption' holdings where we view the investment case to remain intact. The portfolio's more defensive positioning is evidenced by a trailing one-year beta of 0.61 – which may hamper upside participation on 'risk on' days, but adds value on down days. Our team is open to adding a bit more offense should the right opportunity emerge; that said, portfolio construction remains a stock-by-stock underwriting process.

Cambiar's underweight allocation to the trailing Technology sector was a positive contributor to 3Q performance, and further amplified by a strong recovery in SAP – which gained ~35% in the quarter.

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Did something at the company change in the way of earnings/cashflow to warrant the share price recovery? No – it was simply a reversal in narratives/capital flows out of hardware and into software. A similar dynamic was seen in Sony Group (Consumer Discretionary), which also recovered after a trying first half of 2026. Although overall consumer spending patterns have remained relatively solid, the Discretionary sector has been a weaker segment of the market…our underweight allocation thus far (~4% vs. 9% for the index) has been an additional value-add.

Energy and oil prices have been prominent headlines in 2026. We are not in a position to evaluate how the Iran war may conclude. Generally after a 'right tail' event such as the conflict in the Middle East, oil prices should contract significantly upon resolution – thus our more limited allocation to the sector. We did increase our exposure during 3Q with the purchase of Petroleo Brasileiro (PBR). We believe PBR offers the widest valuation opportunity in global energy. With a focus on growing production/reserves of low-cost Atlantic Basin crude, PBR runs the best offshore upstream business in the world (again, in our view). Petrobras' downstream operations are increasingly benefiting from strong refining spreads. We are cognizant of risks in the forms of export taxes in the upstream, price interventions for downstream retail fuel operations, and political arm-twisting the capex budget toward regionally favored projects. Yet we view these considerations to be reflected in PBR's valuation, resulting in a compelling return profile.

The Industrials sector remains a more inconsistent sector for the portfolio, with aggregate returns that trailed the index for the period. While encouraged by the share price recovery in MonotaRO and gains from newer holdings such as MTU Aero Engines and Schneider Electric, these positive return drivers were offset by drawdowns in Daifuku and Grab Holdings. Given a strong run into their 2Q earnings, we viewed the price weakness in Daifuku to be more of a 'sell the news' event. Daifuku sells advanced automation equipment for materials handling/warehouses, semiconductor packaging cleanrooms, airport security, and other manufacturing applications. The company's semi business remains a key growth driver and the 3Q reset in valuations results in a more balanced risk/reward.

Grab Holdings is a tech platform that operates the dominant taxi and food delivery network in Southeast Asia. Local demand is growing low double-digits alongside economic development and mobile connectivity, and Grab has competitive advantages in unique mapping technology and local payments that provides a solid competitive moat vs. new entrants. The YTD decline in the stock has been largely a function of higher fuel prices, as Grab has continued to meet/exceed key inputs – including revenue projections, EBITDA/FCF, and user growth. The company's move into financial services has also given investors pause, yet we believe the company can successfully integrate this business into their core rideshare/delivery efforts (Southeast Asia has a large unbanked population). On a more recent note, we were encouraged by the $30 million open market purchase by GRAB CEO Anthony Tan. As the saying goes, there are many reasons for insiders to sell stock, but only one reason to buy. Execution remains key, but GRAB remains a high conviction holding in the portfolio.

LOOKING AHEAD

As we transition into the final quarter of 2026, a glance at various equity averages shows double-digit gains for the year. Yet below the surface tells a different story, with many stocks trading well below their 52-week highs and struggling with the combination of higher input prices from tariffs, higher energy prices, and now higher financing costs.

The year-to-date gains in global equities have been largely propped up by beneficiaries of the massive investment in AI compute and datacenters – which to this point appears immune to the rise in yields. As long as hyperscalers continue their role as hyper-spenders, the AI capex flywheel will continue. These are odd times we are living in when companies such as OpenAI and Anthropic claim that their products could potentially trigger human extinction, and yet they are allowed to raise trillions of dollars via an IPO.

The strength in tech stocks (and related beneficiaries in areas such as industrials) has not just been a U.S. phenomenon, with the AI catalyst also powering international equities. Suffice to say, any slowdown in AI spending could pull a major support beam out from underneath the broader market. With free cashflow dwindling for many of the hyperscalers, the result is an increased reliance on external financing via the debt and private credit markets. If the AI buildout is able to generate persistent returns on capital, today's spending will look brilliant. At present, demand exceeds supply – resulting in impressive pricing power, margins, and earnings. But it is the longer-term sustainability of return on investment that should define a quality

business. For now, it is full steam ahead, with the recent introduction of personal AI agents unlocking another avenue of growth (and competition).

We believe the investment case for international equities remains very much intact. Exposure to non-U.S. equity markets can broaden one's overall portfolio diversification, and valuations/expectations remain considerably more appealing – as illustrated by the forward 1-year forward P/Es of 19.2x and 14.8x for the S&P 500 and MSCI EAFE indices, respectively. International equities (developed market) could also serve as a valuable hedge in the event of a stumble in the U.S. tech trade, given the higher allocation to non-tech sectors.

The Cambiar team continues to focus our research efforts on quality companies that possess durable competitive advantages, persistent return profiles, and conservative balance sheets. Valuation also remains a critical input to our underwriting process, with an objective to buy these great businesses at a price level that embeds the desired combination of downside protection and compelling upside.

Thank you for your confidence in Cambiar Investors.

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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: The quarterly contributors and detractors are based on the gross performance of a representative account in the strategy composite. 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. Please refer to the net performance of the composite 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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