



CAMBIAR INTERNATIONAL EQUITY COMMENTARY 1Q 2026

MARKET REVIEW

International equities posted a modest decline in the first quarter of 2026, as heightened volatility stemming from the conflict in the Mideast weighed on global risk assets. The MSCI EAFE Index registered a 1Q return of -1.2%, while the Emerging Markets Index was basically flat for the period (-0.2%). In a continuation of the trend from 2025, non-U.S. equities again fared better than U.S. markets, as the S&P 500 Index posted a 1Q return of -4.3%. The drawdown in domestic stocks can be attributed to higher exposure to technology and AI-related companies, which lagged in the quarter.

OUT WITH THE OLD, IN WITH THE...OLDER?

There was a notable divergence in style-based returns during 1Q, as growth stocks struggled while value stocks provided a level of downside protection. At a sector level, cyclicals such as Energy, Industrials, and Materials were beneficiaries of the rotation, to the detriment of Technology and Consumer Discretionary. A continuation of these sector performance trends should also benefit international equity markets, given their greater skew toward cyclicals (and Healthcare) than U.S. markets.

Another underpinning for the shift in capital from asset-light businesses to old-school physical economy stocks was in response to the threat of AI disruption fears. Never short on catchy abbreviations, Wall Street's newest term that is gaining traction is HALO – high asset, low obsolescence companies.

It is one thing to use agentic AI to write code, handle call center service functions, or optimize digital workflows. Yet AI cannot be a substitute for exploration & production companies in the oil patch, replace a national rail/freight transportation network, or serve as an alternative to corrugated containers produced by Smurfit Westrock. These 'hard assets' also have more defensive terminal values vs. many software businesses whose future prospects are being called into question due to AI. Cambiar's research process has always considered a company's moat durability – this focus on pricing power, scarcity value, and market leadership is taking on increased relevance in light of the rapid advancements being made in AI.

A quick comment on private credit (Cambiar has no exposure to this asset class) – the combination of abundant liquidity and a willingness to take on risks that others (i.e., banks) likely passed on has contributed

to the explosive growth in private lending that is now showing signs of struggle via defaults and loan markdowns. Perhaps the bigger impact is that credit availability may be shrinking, with tighter financial conditions constraining business investment and hiring for companies that depend on this channel for access to capital. The move higher in yields (resulting from the spike in oil prices and related inflationary effects) may further pressure economic growth expectations.

Throughout this more volatile period, the Cambiar team has sought to remain level-headed in managing our portfolios – buy/sell activity remains a function of company-specific fundamentals, price, and resulting risk/reward opportunity. We believe our focus on quality companies that possess strong balance sheets and a track record of earnings/profits should be in favor vs. more speculative stocks that have limited prospects for profits and cash flow. With little in the way of valuation support, these latter businesses are now incurring material drawdowns as investor preference has shifted towards more tangible cash-generating areas of the market.

INTERNATIONAL EQUITY

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
Ashtead Group	1.53	0.82
Galp Energia	2.23	0.68
SLB Limited	2.18	0.62
ASML Holding	3.06	0.51
Tokio Marine	2.07	0.48

DETRACTORS

Bottom Five	Avg. Weights	Contribution
SAP	1.53	-0.53
Ryanair Holdings	2.50	-0.53
Grab Holdings	2.36	-0.70
MonotaRO	2.03	-0.76
Sunbelt Rentals	0.83	-2.01

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.

	1Q 2026	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Int'l (gross)	-4.5%	-4.5%	13.4%	12.8%	5.4%	5.6%	8.1%
Int'l (net)	-4.7%	-4.7%	12.4%	11.7%	4.4%	4.7%	6.8%
MSCI EAFE	-1.2%	-1.2%	21.3%	13.6%	7.9%	8.4%	5.7%

International Equity Composite Inception Date: 10.31.1997 / See Disclosure –Performance

The Cambiar International Equity strategy trailed the EAFE Index for the quarter, as more challenged stock performance in Industrials and Healthcare overshadowed positive stock selection in Utilities, Technology, and Financials. Although disappointed by the overall result for the quarter, we were encouraged by the portfolio's ability to provide solid downside protection (vs. the index) during the March sell-off.

A dominant investment theme during the quarter was AI penetration and disruption fears – i.e., to what extent the rapid advances in AI tools could displace current business models. Given that the bulk of a company's valuation is based on terminal value, existential concerns resulted in material valuation compression. The software industry was ground zero for investor pessimism, but fears extended to a broad swath of businesses. While difficult to quantify the risk of AI disruption, the market was clearly in 'sell first, ask questions later' mode. The irony is that markets struggle to accurately predict earnings beyond 12-18 months, and yet investors are making some fairly draconian viability predictions. We would agree that AI uncertainty may warrant a reduction in valuation – but in some cases, the decline has been overly punitive.

A number of Cambiar holdings were impacted by the AI-induced selling pressure, including enterprise

software leader SAP, Publicis (advertising), and human resources technology company Recruit Holdings (parent of Indeed.com). How to proceed? The key decision variable in our analysis was gauging to what extent these companies possess proprietary/market leadership attributes that could withstand (or be enhanced by) AI overlays, vs. a material risk of substitution or outright displacement. Valuation, switching costs, and stress-testing a variety of assumptions were additional considerations. We subsequently decided to sell Recruit and maintain positions in Publicis and SAP. Assuming ad-sponsored tiers of non-linear programming will continue to be used to fund content, Publicis' dataset should be extremely valuable. As for SAP, it is challenging to envision a scenario where AI implementation in business processes delivers organizational value without an ERP backbone. The recent drawdown in the stock price results in a 7% free cashflow yield and 16x P/E (one year forward) for what we view to be a high-quality business.

History shows that equity markets have rebounded after geopolitical shocks; as such, we sought to take advantage where there were meaningful divergences of current valuation vs. our estimate of normalized earnings power. Airbus is one example of investor overreaction in the quarter. The company did miss production expectations due to supplier engine/

component delays; however, the bulk of the 1Q decline was off in sympathy with airlines – whose earnings are more clearly impacted by higher jet fuel prices. The investment thesis for Airbus is very much intact – the company has a 10-year backlog of commercial plane orders and is a straightforward delivery execution story. We added to our position in the quarter.

At a sector level, Energy and Utilities both registered strong returns in the quarter. Cambiar benefited from a modest overweight allocation (vs. the index) as well as solid stock performance. While hesitant to add to energy stocks in light of the potential for oil prices to pull back as tensions in the Middle East de-escalate, we increased our allocation to Utilities with the purchase of Energias de Portugal (EDP). EDP is an integrated utility with exposure to power trends in the Iberian Peninsula, the U.S., and Brazil. Tailwinds include cost-advantaged power assets and exposure to high secular growth opportunities such as datacenters.

Stock selection in Healthcare has been a value-add to performance over the past three years...perhaps some degree of mean reversion was inevitable, as returns lagged in the quarter. Individual underperformers were ICON and Coloplast, the latter being a relatively newer holding (purchased in 4Q25). Coloplast sells a variety of healthcare products that include urology, wound treatment and voice/respiratory care. The drawdown in the stock was in response to weaker than anticipated sales growth. One of the company's key products (Kerecis - wound care) issued a soft sales forecast due to pricing caps in certain channels. At the time of purchase, we viewed Coloplast to offer an attractive risk/reward as we await an inflection in margins/earnings. That said, we also anticipated that fundamentals may not have fully troughed, which seems to be the case. With a new CEO on board, we are open to giving the thesis more time to materialize, but are closely monitoring progress.

Cambiar's holdings in Industrials comprised an additional performance headwind in the period. Industrial stocks comprise ~20% of the portfolio, and are thus an important driver to overall returns. Individual laggards include the previously mentioned Airbus and Recruit Holdings; in addition, Ryanair and Monotaro also weighed on performance. While higher jet fuel prices will impact Ryanair's profitability, pricing actions can be taken as an offset. Monotaro is a Japan-based business-to-business company that sells a variety of industrial/construction/repair supplies (a U.S. proxy would be W.W. Grainger). The stock has underperformed in recent quarters due to concerns

around top line growth trends, as well as higher yields in Japan – which leads to a higher cost of capital. Even after incorporating these two factors into our models, we believe Monotaro represents an attractive return opportunity, as the company continues to take share in what is a fairly fragmented industry in Japan.

LOOKING AHEAD

After a multi-year period of double-digit gains, U.S. equities entered 2026 trading at elevated valuations, leaving little margin for error. The conflict in the Middle East has now injected a high degree of uncertainty into intermediate-term economic growth projections and company-specific earnings. The prospect of AI disruption is an additional unknown, although these concerns are likely to affect a smaller subset of companies.

With the MSCI EAFE Index trading at ~14x P/E (one-year forward), valuations within international equities continue to trade at a deep discount to U.S. stocks. And while valuation in itself is not a sufficient catalyst to drive outperformance, low multiples can provide a meaningful accelerant should investor sentiment towards non-U.S. stocks begin to improve.

Another key driver for international stocks is currency. Despite the U.S. dollar strengthening more recently as a safe haven asset during the Iran conflict, the potential for easing by the Fed and a weaker dollar would be an additional positive for international equity returns.

Over the past several years, markets have been heavily influenced by a relatively narrow set of narratives and leadership groups. Such an environment can create the illusion that diversification is unnecessary. This stance has begun to shift, as allocations to areas such as international and value have helped to offset weakness in growth stocks. In more uncertain periods, such as the current environment, diversification is less about maximizing returns and more about ensuring durability.

With investor priorities shifting from upside participation to a margin of safety mindset, the Cambiar team remains focused on the consistent implementation of our Quality | Price | Discipline framework. We continue to prioritize companies that possess pricing power, capital discipline, and balance sheet quality. Valuation remains paramount in the final buy/sell decision, as paying too much for even exceptional businesses can lead to disappointing outcomes if expectations moderate or the underlying economics

of those businesses begin to shift. Lastly, portfolio construction continues to emphasize broad ownership across a diverse mix of businesses – across sectors and geographies.

Thank you for your 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 Composite includes discretionary, taxable and tax-exempt portfolios. The records of the portfolios in the composite are maintained on Cambiar's systems. Portfolios in the composite invest predominantly in equity securities traded on foreign exchanges. Cambiar's International Equity Composite primarily invests in stocks with a market capitalization range greater than \$5 billion. The typical number of securities in the International Equity 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 \$1,000,000.

Returns are presented gross (g) and net (n) of management fees. Gross and net returns have been reduced by transaction costs. Net returns are also reduced by 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 International Equity Composite. Cambiar clients and mutual fund investors 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 presented in U.S. dollars.

Performance results for the International Equity 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.

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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