



**CAMBIAR
INTERNATIONAL EQUITY
FUND COMMENTARY
1Q 2025**

MARKET REVIEW

In a quarter where positive equity returns in the U.S. were hard to come by, international equities were a notable bright spot for the period (perhaps diversification is not a dirty word after all!). The MSCI EAFE Index gained 6.9% for the quarter, handily outpacing the -4.3% return for the S&P 500. On a style basis, value outperformed growth, while emerging market stocks also managed a positive return (the MSCI Emerging Markets Index gained 2.9%).

The 1Q outperformance for international stocks likely comes as a surprise for many investors, given the incessant focus on tariffs and related trade policy. Yet one positive for non-U.S. markets during the quarter is their modest exposure to the technology/AI trade, which stumbled over concerns of possible overinvestment and the launch of a lower cost AI model (DeepSeek). The EAFE Index is more heavily comprised of traditional value industries – pharmaceuticals, banks, and industrials. This mix of lower-growth businesses did not keep pace during the AI-fueled rally in recent years, but has helped provide a margin of safety in the recent tech/growth drawdown.

The 1100+ basis point spread between international and U.S. stocks was the largest quarterly differential (favoring international) since 2002. An obvious question now is whether investors with low/zero exposure have missed the move? While reticent to make predictions on future returns, we believe non-U.S. equities continue to offer an attractive risk/reward for investors with a multi-year timeframe.

INTERNATIONAL TAILWINDS BUILDING – FOLLOW THE FISCAL?

Led by Europe, international stocks are off to a strong start to 2025. Yet even after taking into account their recent outperformance, non-U.S. stocks trail their home country peers by a wide margin over the past decade. On a valuation basis, international developed markets continue to trade at a deep discount to the S&P 500:

EAFE FORWARD PRICE/EARNING DISCOUNT vs S&P 500 (LAST 20 YEARS)



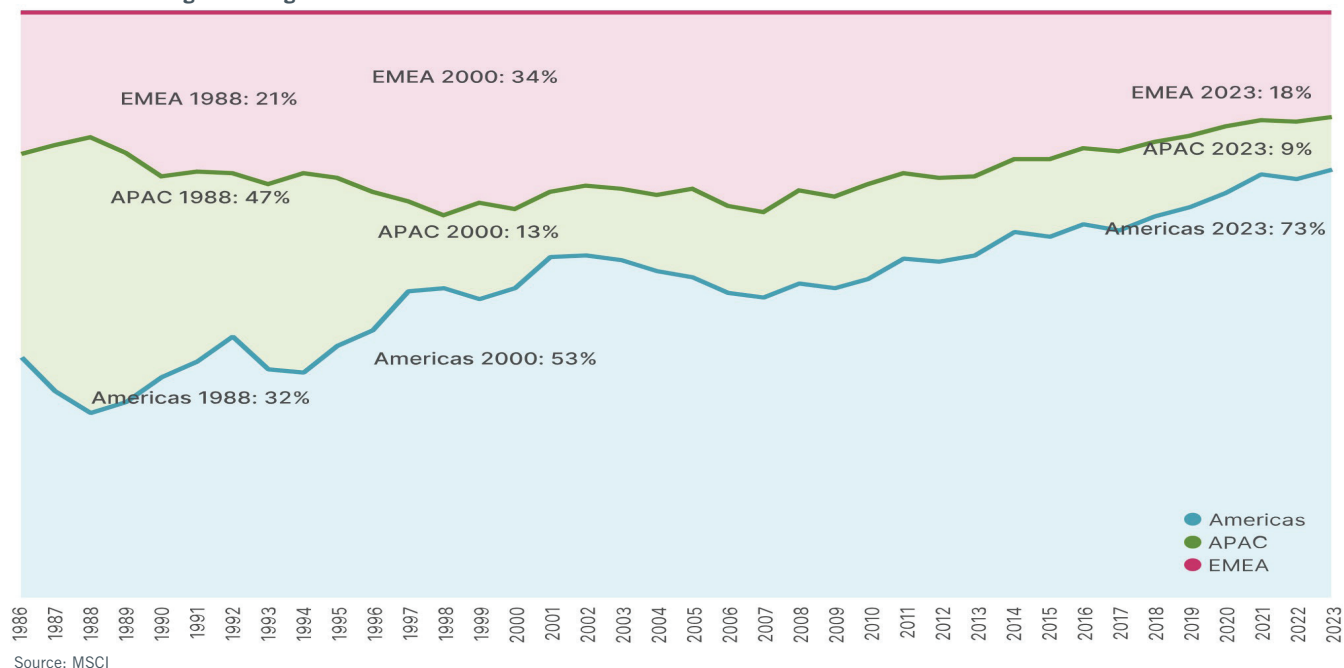
Are conditions in place to continue the recent strength in European stocks? It is Cambiar's view that there are a number of potential catalysts that could improve sentiment and create a more durable return opportunity for international equities.

BACKGROUND

At present, U.S. assets comprise ~73% of global savings, compared to ~45% in 2010. It has been a rewarding trade to be over-indexed to U.S. assets, given a number of supportive factors: the high returns generated from a strong dollar, elevated exposure to leading edge technology businesses, and the overall higher growth rates that have existed in the U.S. economy relative to other developed markets. The U.S. consumer has also been an attractive end market for non-U.S. economies due to its growth profile and attractive pricing. This dynamic has created a trade deficit for the U.S. and a surplus elsewhere, a portion of which is then re-invested back into U.S. assets and supports the dollar.

Diversification does not ensure a profit or guarantee against a loss.

Evolution of Regional Weights within MSCI World



THE OPPORTUNITY FOR EUROPE

Europe has been characterized by fiscal prudence and subsequently made fewer investments in secular growth areas such as technology relative to the U.S. (and China). Should pro-growth initiatives accelerate in Europe (while at the same time fiscal cuts are taking place in the U.S.), a case can be made for increased capital flows into the region.

Pro-growth policies in the form of scaled back capital requirements and lower energy costs (as an energy importer, Europe has some of the highest prices in the world) would be welcomed developments for the continent – potentially boosting loan growth/investments as well as reducing the high input costs that have hindered Europe’s competitive position in manufacturing vs. China. Additionally, any relaxation of punitive climate policies (or holding importers to the same environmental standards) would further benefit operators in the region.

GERMANY’S SPUTNIK MOMENT?

We acknowledge the market’s enthusiasm around the recently announced fiscal package put forth by Germany as a potent inflection point for Europe. The under levered and largest Eurozone nation announced a €500 billion infrastructure fund to invest in transportation, energy grids and housing, while putting forth a similarly-sized boost in defense spending, which would fall outside the country’s fiscal spend limits.

The investments in defense are largely in response to the announced rollback of U.S. military support and associated security guarantees for the region.

FOLLOW THE FISCAL

Eurozone manufacturing PMIs have stagnated in contractionary territory since Russia invaded Ukraine, while combined goods and services in the U.S. have been in expansionary territory as growth and jobs were supported by robust government spending. These relationships look poised to reverse, as identified fiscal cuts alone pose a mid single-digit percent threat to U.S. GDP, and we suspect air pockets in regulatory and tariff certainty will create hesitancy in private investments over the short term. Meanwhile, fiscal initiatives in Europe offer a GDP boost to Western Europe’s similar-sized economy (at least in the near term). Europe now appears to be a rare safety play in the business cycle.

In the long term, some strategists have called the announcements by Germany a ‘paradigm shift’, given the country’s historically conservative fiscal stance. This sea change in government priorities may lead to upgrades in GDP growth expectations and create a domino effect via similar changes in spending priorities across Europe.

This is not to suggest that there won’t be bumps in the road, as earnings derived from the U.S. vs. a more restrictive marketplace would be offsetting factors. As such, the looming tariff policies bear close watching. That said, a commitment to higher spending should lead to a more robust economic outlook and

improved investor sentiment for Europe and companies in the region. Time will tell, but we believe these developments could awaken animal spirits and be an important step forward for the European equity markets.

In summary, international equities in general – and more specifically, Europe at the outset – look more attractive than they have in some time. While

acknowledging the higher composition of fast-growing tech businesses in the U.S. (and thus a higher market multiple), we believe some valuation convergence between U.S. and international markets is plausible. We also think there is rationale for believing that incremental capital flows will support equities and bonds in Europe to a larger extent.

INTERNATIONAL EQUITY FUND

	1Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception - Inv	Since Inception - Inst
CAMIX	7.81%	7.81%	10.35%	4.96%	9.26%	2.99%	6.34%	-
CAMYX	7.89%	7.89%	10.51%	5.08%	9.38%	3.11%	-	4.65%
MSCI EAFE	6.86%	6.86%	4.88%	6.05%	11.77%	5.40%	4.99%	6.35%

Inception Date: CAMIX (8.31.1997) | CAMYX (11.30.2012). All returns greater than one year are annualized. The performance quoted represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost, and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month-end, please call 1-866-777-8227.

As of 3/31/25, expense ratios are CAMIX: 1.23% (gross); 1.00% (net) | CAMYX 1.14% (gross); 0.90% (net). Fee waivers are contractual and are in effect until March 1, 2026. Absent these waivers, total return would be reduced. The Fund imposes a redemption fee of 2.00% on shares held less than 90 days. Your return will be lower if a redemption fee is applied to your account.

The Cambiar International Equity Fund posted a solid gain for the first quarter – on both an absolute basis and relative to the EAFE Index. The excess return for the period was primarily driven by favorable stock selection – with Cambiar's holdings in the Industrial sector a notable bright spot. As opposed to allowing prevailing macro cross currents to overly cloud decision-making, our team remains focused on identifying resilient businesses that can navigate the current environment via a combination of market leadership/moat, pricing power, and acyclical demand patterns.

With sentiment shifting from upside participation to downside protection, Cambiar's portfolio construction efforts continue to prioritize a prudent balance of varying exposures/return drivers at both a sector and country/regional level. We believe our focus on building a diverse portfolio of quality businesses that are trading at reasonable valuations should be able to perform double duty for our clients, i.e., participate in up markets, as well as provide a margin of safety during market declines.

Buy/sell activity in the quarter consisted of four new purchases and six sales, as our team used the elevated stock-level price volatility to make adjustments to portfolio positioning. Within the Utilities sector, RWE was sold in favor of E.ON; we view E.ON as having a more straightforward path to re-rating based on Germany's recently announced fiscal plans. Additional actions included a reduced allocation to Energy with the sales of Equinor and Santos, as both companies' high exposure to the global gas market may be an earnings headwind if low-cost gas from Russia is allowed back onto the market as part of the conflict resolution in Ukraine. A portion of the sales proceeds were used to increase our position in Schlumberger, which we view to be more insulated from macro-driven commodity price fluctuations.

On the buy side, the team initiated a new position in Ryanair, which has a dominant market share in the European intra-regional travel market. As the most profitable airline in the developed world, Ryanair benefits from a structurally advantaged cost base that enables the company to be aggressive with pricing while maintaining industry-leading margins. Despite

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uncertainties such as travel cyclicalities and market share saturation, we believe Ryanair's moat, skilled management team, and record of disciplined execution should provide long-term value creation.

As discussed, the portfolio's industrial positions provided outsized contribution to return in the quarter. Thales SA was the most notable standout name in the quarter, as the defense contractor is viewed to be a key beneficiary of the significant increase in European defense spending. We anticipate that Thales' defense portfolio should see a strong uptick in orders over the coming years as the Eurozone addresses its defense priorities.

Additional contributors in the quarter included Air Liquide (Materials) and Nintendo (Communication Services). Nintendo is poised to launch an updated gaming console (Switch 2); the stock has historically performed well in new console launch cycles, and additional upside may come from Nintendo's ongoing efforts to adapt the company's video game franchises into movies (e.g., the 2023 Super Mario Bros. movie).

Detractors in the quarter included below-benchmark performance in the Healthcare sector and continued weakness in spirits producer Diageo (Consumer Staples). Within Healthcare, specialty pharma holding UCB incurred a modest pullback; as there was no material change in fundamentals, we viewed the decline to be more of a shorter-term consolidation after a very strong performance in 2024. Regarding Diageo, beer/spirits companies remain out of favor as investors look for clarity on consumption patterns in a GLP-1 world and more recent consternation about the impact of tariffs. The underlying fundamentals at Diageo are actually stable/improving across most of their markets – thus the disconnect. While acknowledging the value trap potential, we believe current uncertainties are more reflected in current valuations, and that Diageo can/should act better once there is greater visibility on trade policy.

European banks rallied in the quarter as a steepening yield curve provided investors with increased visibility on the potential for more sustainable net interest income to go along with continued capital returns (in the form of dividends and share buybacks). An additional catalyst for banks may be a more attractive loan growth environment should Europe's pro-growth fiscal agenda spread to the broader EU economy. Despite registering strong returns from our bank holdings, the portfolio's lower allocation to the sector and quality bias (lower quality banks led to the upside) were modest performance headwinds in

the quarter. While we are of the view that EU banks offer an attractive risk/reward, we want to balance our exposure with select non-bank holdings (i.e., offense and defense). So while the portfolio's insurance and exchange positions trailed the banks in the quarter, we view these non-credit financials to provide complementary exposures over time.

LOOKING AHEAD

Coming into 2025, international stocks have trailed the U.S. markets (as measured by the S&P 500) for eight out of the past 10 calendar years – to characterize this period as a drought for non-U.S. stocks would be an understatement. Led by mega-cap technology businesses, ~73% of global capitalization is represented by U.S. companies – an all-time high. Is a reversal now underway, or is the 1Q outperformance for international stocks just a blip? Time will tell, but with recent developments such as the announced stimulus by Germany, we believe that underlying market conditions may begin to be tilted in favor of non-U.S. companies. The “better valuations offshore” drum has been beaten for some time – but an increased focus on pro-growth policies should translate into higher GDP growth, thus creating a positive ripple effect within non-U.S. economies.

The Cambiar International Equity portfolio is off to a good start in 2025, and our team continues to focus on the consistent implementation of Cambiar's Quality | Price | Discipline approach via a prioritization of wide-moat businesses that reside at the desired intersection of strong balance sheets, durable pricing power and reasonable valuations.

Thank you for your continued confidence in Cambiar Investors

IMPORTANT INFORMATION

To determine if a Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Fund's summary or full prospectus, which may be obtained by calling 1-866-777-7227 or by visiting our website at www.cambiar.com. Please read the prospectus carefully before investing.

Risk Disclosures

Mutual fund investing involves risk, including the possible loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility. The funds may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. A company may reduce or eliminate its dividend, causing losses to the fund. Diversification may not protect against market risk.

The MSCI EAFE® Index (net) (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. & Canada. The MSCI World Index USD (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI indices are compiled by Morgan Stanley Capital International. Nikkei Index is a price-weighted index consisting of 225 stocks in the Prime market of the Tokyo Stock Exchange. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value weighted index, with each stock's weight in the Index proportionate to its market value. Index returns do not reflect any management fees, transaction costs or expenses. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

As of 3.31.25, the Cambiar International Equity Fund had 1.3% weighting in Air Liquide, 1.9% in Diageo, 2.5% in E.ON, 2.9% in Nintendo, 1.9% in Ryanair, 2.0% in Schlumberger, 3.0% in Thales, and 1.4% in UCB. The Fund has a 0.0% weighting within Equinor, RWE, and Santos. Current and future holdings subject to risk.

For characteristics and risk definitions, please visit www.cambiar.com/definitions.

This material represents the Fund manager's opinion and is an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice or a specific recommendation of securities.

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