CAMBIAR INTERNATIONAL EQUITY FUND COMMENTARY 3Q 2024

CAMBIAR INVESTORS

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 International Equity Fund may benefit on an indirect basis via our ownership of various consumer and insurance companies that sell into China.

INTERNATIONAL EQUITY FUND

	3Q 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception - Inv	Since Inception - Inst
CAMIX	9.53%	16.93%	26.60%	2.57%	4.17%	3.35%	6.47%	-
CAMYX	9.56%	17.00%	26.70%	2.67%	4.28%	3.46%	-	4.86%
MSCI EAFE	7.26%	12.99%	24.77%	5.48%	8.20%	5.71%	5.15%	6.79%

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 9/30/24, expense ratios are CAMIX: 1.25% (gross); 0.99% (net) | CAMYX 1.16% (gross); 0.90% (net). Fee waivers are contractual and are in effect until March 1, 2025. 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 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.

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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 Fund 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 Fund'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 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 Fund'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, we believe 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 l Price l Discipline approach remain valuable risk mitigation tools.

We appreciate your continued confidence in Cambiar Investors.

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

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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 loses 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 9.30.24 the Cambiar International Equity Fund had 1.8% weighting in Agnico Eagle Mines, 1.8% in AIA Group, 1.9% in Chugai Pharmaceutical, 0.0% in DHL Group, 2.0% in Kerry Group, 2.0% in RWE, and 2.2% in UCB. Current and future holdings subject to risk. For characteristics and risk definitions, please visit www.cambiar.com/definitions.

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