

CAMBIAR LARGE CAP VALUE COMMENTARY 1Q 2026



The Manager of the Decade rating was announced on February 19, 2026, and is based on the gross returns of the Large Cap Value composite for the ten-year period ending on December 31, 2025. The 4Q25 5 Star rating was announced on February 19, 2026, and is based on gross returns of the Large Cap Value (retail) composite for the five-year period ending on December 31, 2025. Cambiar did not compensate Zephyr in order to achieve its rankings but did pay Zephyr a licensing fee to use its logo on Cambiar's website. Only firms that submitted PSN investment manager questionnaires were eligible for the award.

MARKET REVIEW

Returns within the U.S. equity market were mixed for the first quarter. A slump in the popular Mag 7 technology cohort (Lag 7?) weighed on the S&P 500 Index, with the large cap proxy posting a 1Q return of -4.3%. Small caps managed to eke out a small gain, with the Russell 2000 Index registering a 0.9% return. While large cap stocks continue to outpace small caps over a longer arc, small caps have been catching up as of late and are now outperforming on a trailing one-year basis (25.7% return for the Ru2000, vs. 17.8% for the S&P 500).

Given an annualized 23% return for the S&P over the past three years, equities were due for a pullback as we entered 2026; all that was needed was a catalyst. Enter heightened geopolitical risk in the quarter, with the conflict in Iran triggering a broad-based drawdown in global stock prices. It is worth highlighting the increased fragility in asset markets before the escalation in the Middle East. There were already a number of worries brewing under the surface – elevated capex budgets in Mag 7 stocks, AI disruption fears in software, and redemption gates in private credit. Iran (and the ensuing rip in commodity prices) was the spark for a risk-off trade. An announced path towards a possible resolution triggered a quarter-end rally from oversold levels; that said, the aforementioned headwinds continue to linger and could keep a lid on aggregate equity valuations.

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 welcomed margin of downside protection. At the sector level, cyclicals such as Energy, Industrials, and Materials benefited from the rotation, to the detriment of Technology and Consumer Discretionary.

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 Chevron in oil production, replace Union Pacific's national rail/freight transportation network, or replicate the essential

building materials that Amrize produces. 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.

LARGE CAP VALUE

	1Q 2026	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Large Cap Value <small>(gross)</small>	0.8%	0.8%	14.7%	15.4%	9.9%	12.7%	9.2%
Large Cap Value <small>(net)</small>	0.7%	0.7%	14.0%	14.7%	9.2%	12.0%	8.7%
Russell 1000 Value	2.1%	2.1%	15.9%	14.3%	9.4%	10.6%	7.7%

Large Cap Value Composite (Institutional) Inception Date: 12.31.1998. See Disclosure – Performance

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
Applied Materials	3.63	0.92
Chevron	2.66	0.83
SLB	2.00	0.60
Texas Instruments	2.93	0.55
FedEx	2.59	0.53

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Uber Technologies	3.02	-0.36
Elevance Health	3.01	-0.41
Centene	2.24	-0.47
Airbus	2.20	-0.50
Estee Lauder	2.43	-0.76

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 Large Cap Value (LCV) portfolio posted a small gain for the first quarter, while falling short of the Russell 1000 Value Index. The portfolio's relative performance shortfall is largely attributable to a combination of idiosyncratic company events (discussed below) and lower exposure to the top-performing Energy sector.

The primary objective in constructing a diversified portfolio is to assist in dampening volatility and hopefully provide a smoother return stream on a through-the-cycle basis. While the Cambiar team considers a range of scenarios as part of this process, we did not anticipate multiple geopolitical events taking place in the quarter. Although markets quickly moved past the U.S.-led government change in Venezuela, the military conflict in Iran triggered a spike in volatility levels not seen since the tariff chaos last April. History shows that equity markets have rebounded after geopolitical shocks; as such, we sought to take advantage where there were meaningful divergences between current valuation and 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 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, Financials comprised the weakest-performing group for the quarter, as economic growth concerns and exposure to the challenged private credit space led to broad-based weakness. The sector was also hit by AI-related displacement fears, with wealth managers declining (AI can run your investment account for you), as well as credit card companies such as American Express declining on fears that an AI-fueled spike in white-collar unemployment would negatively affect business travel and related transaction volumes.

Cambiar's Financial holdings were able to sidestep much of the selling pressure and represented a key positive contributor to relative performance in the quarter. Our focus on diversification served the portfolio well, as holdings such as CME Group (Chicago Mercantile), Chubb, and PNC Financial all posted gains for the period – offsetting weakness in American Express and Mastercard. While not dismissing potential AI disruption, we believe the underlying fundamentals

remain sound and have not made any notable changes to our financial positions.

While the higher profile Mag 7 names were weak in the quarter, aggregate Technology returns within the index (i.e., 'value' tech) were positive in 1Q. Cambiar's tech names also performed well, highlighted by strong gains in Applied Materials and Texas Instruments. After lagging peers in 2025, Texas Instruments appears to be turning the corner – as forward guidance is poised to show an increase in orders, margins, and free cashflow. TI's analog chips have strong footholds in industrial and auto, but are also seeing growth in areas such as datacenters, drones, and robotics. For Applied Materials, this semicap equipment maker resides at the intersection of a key bottleneck area for AI – memory. AMAT raised forward guidance in their most recent earnings report, and the company continues to execute at a high level. We trimmed our position during the quarter, but AMAT remains a high-conviction holding.

Consumer Discretionary stocks were weak in the quarter, as expectations for positive spend patterns from higher tax refunds gave way to higher energy prices. Within the LCV portfolio, discount retailer TJX (parent company of TJ Maxx and Homegoods) performed well, while Amazon lost ground. Amazon posted solid 4Q earnings, but investors were put off by the company's capex ramp – from \$130 bil in 2025 to \$200 bil in 2026. It should be noted that Amazon continues to fund its capex from operating cashflow; i.e., the balance sheet remains extremely strong. And while capex is elevated, we believe that Amazon has the demand visibility to warrant such an increase. The company continues to maintain a massive installed base across retail and cloud verticals, with the potential for additional margin expansion via new use cases such as Health AI and the use of robotics across its logistics network. While the past is by no means prologue, Amazon's current setup resembles the price action we saw last year in Alphabet: languishing performance in the first half of 2025, followed by a strong rebound in the second half of the year.

Consumer Staples is viewed to be a classic defensive sector, given more modest valuations and relatively acyclical demand patterns. While Cambiar's overweight allocation was a positive in the quarter, this higher weighting was overshadowed by more challenged returns for Estee Lauder and Sysco, as both companies incurred sizable pullbacks in response to separate merger announcements. In the case of Estee, the possible merger with Spain-based beauty company Puig Brands is still in the exploratory stage, but the

market's skepticism on such a combination was telling. The combined company would have massive scale in verticals such as perfumes, makeup, and related beauty products; however, such a deal would also introduce additional execution risk for a management team that is still in a bit of a 'show me' situation with investors after uneven (but improving) performance in recent years. We are maintaining our position, but closely monitoring the situation.

In our view, the -15% price decline in Sysco as a result of its announced acquisition of food distributor Restaurant Depot (RD) was overly punitive for a deal that will be immediately accretive and relatively recession-proof in nature. RD operates a cash-and-carry food distribution model for the restaurant industry (similar to the off the shelf membership model used by Costco). We view the acquisition to be complementary to Sysco's established broadline distribution approach. Sysco's leverage will move higher as a result of the purchase (warranting a reduction in multiples), but it remains at manageable levels. The risk-off market backdrop coincidental with the announcement certainly contributed to the stock reaction, yet we believe investors are underestimating the forward earnings power and continue to hold a position in Sysco.

Buy/sell activity consisted of two purchases and three liquidations, along with incremental adds/trims to existing positions. We made a swap within the Tech sector, selling electronic components maker TE Connectivity in favor of ON Semiconductor. TE had been a good performer over our holding period, but was trading near peak margins and had more limited upside. ON Semi is a company we are very familiar with – having a successful ownership experience in the late 2018-mid 2022 timeframe. ON produces power semiconductors and has similar end-market exposure to TE (auto and industrials), yet is trading at trough margins due to an extended COVID-driven inventory cycle. Within semis, it is all about timing the cycle, and we believe demand trends are poised to inflect higher from current levels. ON also has an additional catalyst via an upcoming datacenter architectural shift that will represent a material increase in power semi content. If we are correct in our assessment, ON's earnings power is set to move materially higher in the coming years.

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 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.

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 in more recent months, as allocations to value stocks have helped to offset weakness in growth companies that paced the market advance. 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 consistently implementing 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 – both across and within sectors.

Thank you for your confidence in Cambiar Investors.

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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 Large Cap Value Composite (Institutional). 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 Large Cap Value Composite (Institutional) are evaluated against the Russell 1000® Value Index. The Russell 1000 Value Index is a float-adjusted, market capitalization weighted index of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index, which consists of 3,000 of the largest U.S. equities. The index assumes no management, custody, transaction or other expenses. The Russell 1000 Value 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 Russell 1000 Value Index include the reinvestment of all income.

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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