CAMBIAR INVESTORS

CAMBIAR OPPORTUNITY FUND COMMENTARY 3Q 2024

MARKET REVIEW

U.S. equities closed the third quarter at record highs, with the S&P 500 Index posting a 5.9% return. The market shrugged off what has historically been a more challenging period for equities, as investors bid up stocks in response to the Federal Reserve's move to lower rates in the September meeting. It was also encouraging to see the other 493 stocks in the S&P start to pull their weight, as the 9.6% return for the S&P 500 Equal Weighted Index bested the cap-weighted benchmark by a wide margin for the quarter. Small cap stocks also rebounded after a challenging 2Q, with the Russell 2000 Index posting a 9.3% return for the quarter. On a style basis, value stocks outpaced their growth counterparts for the period, but still have some ground to make up – as growth stocks continue to hold the upper hand for the year as well as over much of the past decade.

As expected, the Federal Reserve lowered rates at their September meeting. The only debate was one of magnitude, i.e., 25 or 50 bps. Was the decision to cut by 50 bps a veiled acknowledgment that they stayed too tight for too long? Looking ahead, the Fed stated that employment and inflation data will determine the pace and magnitude of future monetary policy normalization efforts while signaling for additional easing in their final two meetings of 2024 and continuing into 2025. An orderly path to lower rates seems appropriate, as inflation is nearing the 2% target and employment remains low in absolute terms.

BETTER TO TRAVEL THAN ARRIVE

While market participants are understandably upbeat by the prospects of a lower cost of capital, some caution about the forward path of equity returns may be warranted. To the extent that an inverted yield curve is closely linked with recessions, equity returns during the inversion period are typically positive. It is the un-inversion of the yield curve that brings with it the accompanying recession and increased market turbulence for equity investors. Granted, no two cycles are identical, and the current cycle has been even more unique with the inclusion of a global pandemic. The S&P 500 has an annualized return of 16% for the past five years, which includes the -18% drawdown in 2022. Any market pullbacks have been an opportunity to buy, as these dips have recovered to new highs. While above-trend equity gains may continue, one should guard against excessive complacency and continue to rebalance across asset classes as needed. Selectivity should also take on increased importance and a value orientation may provide an additional tailwind to investors – given the outperformance of growth stocks in recent years. With no shortage of inputs to consider, Cambiar remains focused on constructing diversified portfolios that can perform double duty for our clients – i.e., participate in up markets, while also providing a margin of safety in market drawdowns.

OPPORTUNITY FUND

	3Q 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception – Inv	Since Inception – Inst
CAMOX	7.57%	14.83%	25.91%	9.25%	13.76%	10.45%	9.27%	-
CAMWX	7.65%	15.03%	26.19%	9.46%	13.98%	10.67%	-	8.43%
R1000V	9.43%	16.68%	27.76%	9.03%	10.69%	9.23%	7.48%	8.23%

Inception Dates: CAMOX (6.30.1998) | CAMWX (11.3.2005). 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 CAMOX: 1.00% (gross); 0.86% (net) | CAMWX: 0.79% (gross); 0.65% (net). Fee waivers are contractual and in effect until March 1, 2025. Absent these waivers, total return would be reduced.

Value stocks rallied in the third quarter as the Fed's shift to more accommodative monetary policy provided a tailwind to rate-sensitive sectors such as Real Estate, Utilities, and Financials. The Cambiar Opportunity Fund

Diversification does not protect against market loss.

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participated in the rally, though not to the same extent as the benchmark.

The recent rotation into value stocks is a welcomed development after an extended period of outperformance for growth stocks. Should the recent broadening of market participation continue, we believe the strategy is well-positioned to participate in such an environment. There were no material changes to sector positioning in the quarter, as Financials, Healthcare, and Industrials comprise the three largest sector allocations in the portfolio. Defensive stocks have historically outperformed in easing cycles, as they are less impacted by an economic contraction. However, the Fed's move to lower rates thus far seems more a response to overly tight monetary conditions in light of lower inflation vs. heightened uncertainty about the economy or jobs market. As opposed to letting the macro drive positioning, Cambiar's portfolio construction efforts continue to strike a balance between conviction and prudent balance/varying return drivers.

Trade activity was light in the quarter, consisting of one new purchase, two liquidations, and incremental adds/trims to existing positions. The team took advantage of the heightened market turmoil in early August to establish a new position in U.S. Bancorp (USB). Based in Minneapolis, USB is a regional bank with a predominant Midwest footprint. The company's revenue base is broadly diversified across traditional banking operations, fee-based wealth/investment management, and payment solutions. We believe USB is poised to benefit from positive operating leverage, as revenue accelerates across its various lines of business while expense growth slows. Given that the yield curve has been inverted since July 2022 (the longest inversion on record), a normalizing rate environment should be an additional tailwind for USB via increasing net interest income. With the company trading at a P/E of ~10.5x at purchase and a dividend yield of 4.4%, we believe USB offers the potential for meaningful upside on a forward 1-2 year timeframe.

On the sale side, Cambiar parted ways with Colgate-Palmolive and ConocoPhillips. Colgate-Palmolive had been a strong performer for the portfolio, yet at 28x P/E, the stock was trading at the upper end of its historical range for this consumer goods franchise. For ConocoPhillips, the decision to sell was more about reducing exposure to the Energy sector vs. a company-specific change in fundamentals. Given the potential for moderating energy prices in light of a more balanced global supply/demand picture, we moved to reduce our allocation to the sector.

Cambiar's Healthcare holdings comprised the top contribution to portfolio performance in the quarter – a positive sign for this beaten-down sector. We have discussed the unloved nature of healthcare stocks in past commentaries despite the solid earnings and low multiples within the sector. Individual outperformers in the quarter included Waters Corporation and Bristol-Myers Squibb, as both companies moved higher in response to strong earnings reports. While encouraged by the recent catch-up in prices over the past few months, we believe the portfolio's healthcare positions continue to represent a strong value proposition within the portfolio. Although the sector's acyclical/defensive attributes have been largely disregarded in the risk-on rally that has paced stocks in recent years, investor sentiment towards healthcare stocks may turn more positive as we get later in the economic cycle.

Positive stock selection in Financials and Industrials were additional value-adds in the quarter. Within Financials, Cambiar's bank, insurance, and credit card holdings have continued to perform well – underlying pricing/credit fundamentals remain strong, and valuations continue to offer good upside as the yield curve begins to un-invert. Industrial stocks have been one of the top-performing areas of the market over the past year, as growth opportunities in reshoring of U.S. manufacturing, efficiency upgrades, and data center buildouts have boosted valuations in the sector. RTX Corporation (formerly Raytheon Technologies) was a notable outperformer for the portfolio in 3Q, as the company is benefitting from strong execution across its commercial aerospace and defense business segments. The position was reduced in light of the stock's gain this year, but ongoing tailwinds in the form of high backlogs and associated free cashflow growth still warrant exposure to RTX.

Detractors in the quarter included the Fund's limited Mag 7 exposure (Amazon and Alphabet), as well as a higher allocation to Energy – which was the only sector that did not post a positive return in 3Q. 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. Pipeline operator Williams Companies was a bright spot in the Energy stack, as the company's volume-based business model provides a degree of insulation from commodity price volatility. In contrast, shares of integrated Cenovus Energy lagged in the quarter. Despite the shorter-term

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weakness in Cenovus, we remain constructive on the outlook for this position. The company recently reached its internal debt target, allowing Cenovus to use 100% of its free cashflow for share buybacks and increased dividend payouts – resulting in an attractive total return opportunity for shareholders.

After outpacing the market in the first two quarters of the year, the recent setback in Alphabet is more a case of the stock taking a breather after a strong run vs. a change in fundamentals. Alphabet continues to deliver strong revenue growth in search and the company's cloud business, while forward-looking investments in AI and data center infrastructure have been prudently offset with cost controls elsewhere in the company (protecting margins). On the topic of AI, it is Alphabet's view that the risk of under-investing far outweighs the risk of over-investing, and the company's generative AI solutions are already accretive to the overall business. Alphabet is the longest-tenured position in the Opportunity Fund, with Cambiar's initial attachment in 2012. The company has been a tremendous compounder for the portfolio over time, and this high-quality, wide moat business remains a core holding.

LOOKING AHEAD

U.S. equities continue their year-long advance, bolstered by easing monetary policy and increased confidence in a soft landing for the economy. Thus far, the soft landing scenario is playing out – inflation has continued to trend downwards, with unemployment remaining low on a historical basis. Market breadth has also begun to strengthen, which could fuel additional gains.

While not at euphoric levels, investors' optimism towards corporate earnings is reflected via elevated market multiples, with the current one-year forward P/E for the S&P at 21.5x. Do valuations reflect economic reality, or are expectations overly bullish? Time will tell. It is worth noting that more reasonably-priced investment opportunities exist below the surface – this is where the Cambiar team is focusing our research efforts.

We acknowledge the supportive backdrop for the equity markets; that said, we are equally focused on potential risks at the company level and uncertainties such as the upcoming Presidential election, increased global geopolitical tensions, and an unsustainably high U.S. debt-to-GDP ratio. Broad portfolio diversification, attentiveness to valuation, and the consistent implementation of Cambiar's Quality | Price | Discipline approach remain valuable risk mitigation tools.

We appreciate your continued confidence in Cambiar Investors.

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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 loss of principal. The Fund pursues a "value style" of investing. If the Adviser's assessment of market conditions, or a company's value or prospects for meeting or exceeding earnings expectations is inaccurate, the Fund could suffer losses or produce poor performance relative to other funds or market benchmarks. In addition, "value stocks" can continue to be undervalued by the market for long periods of time, and may never achieve the Adviser's expected valuation." A company may reduce or eliminate its dividend, causing loses to the fund. There is no guarantee the fund will achieve its stated objective. Diversification does not protect against market loss.

The Russell 1000 Index is an index of approximately 1,000 of the largest companies in the U.S. equity market. The Russell 1000 is a subset of the Russell 3000 Index. It represents the top companies by market capitalization. The Russell 1000® Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Growth® Index measures the performance of the Russell 1000's growth segment which is defined to include companies whose share prices have higher price to book ratios and higher expected earnings growth rates. The Russell 2000® Index is a float-adjusted, market capitalization weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which consists of 3,000 of the largest U.S. equities. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. 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. The S&P 500 Equal-Weight Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a an equal-weighted index, with each stock's weight in the Index proportionate to one another. Indexes are unmanaged and one cannot invest directly in an index.

As of 9.30.24, the Cambiar Opportunity Fund had a 2.9% weighting in Alphabet, 2.8% in Amazon, 2.6% in Bristol-Myers Squibb, 2.6% in Cenovus, 1.5% in RTX Corporation, 2.5% in US Bancorp, 2.4% in Waters Corporation, and 2.1% in Williams Companies. The Opportunity Fund had a 0.0% weighting in Colgate-Palmolive and ConocoPhilips. Current and future holdings subject to risk.

This material represents the portfolio 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. There is no guarantee that any forecasts made will come to pass.

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