CAMBIAR OPPORTUNITY FUND COMMENTARY 4Q 2022

MARKET REVIEW

U.S. equities reversed their downward trajectory and turned in a solid gain for the fourth quarter. The S&P 500 Index posted a 4Q return of 7.6%, while the small cap proxy Russell 2000 Index gained 6.2%. The move higher was largely a front-end loaded event, with stocks reacting positively to declining inflation data in October and November before pulling back in December as the Federal Reserve remained steadfast in their more restrictive stance on monetary policy. On a style basis, value again outperformed growth in the quarter – a trend that was in place for much of the year. Aggressive monetary policy in 2022 resulted in a challenging year for all risk assets, but it was a particularly painful period for growth stocks.

From a starting point of 0% to a year-end range of 4.25-4.50%, rate hikes over the course of 2022 effectively repriced the entire spectrum of financial assets. While there is no way to sugarcoat the -18.1% decline in the S&P 500 Index for 2022, it is worth noting that the S&P 500 had a 5-year cumulative return of 91.2% and was trading at an all-time high entering the year. Given the extended valuations assigned to many stocks, some giveback was largely a matter of time. As we progressed through the year, investor obsession on the potential for a Fed pivot only added to the volatility.

Inflation (and therefore monetary policy) was the dominant driver of returns in 2022. On this note, a quote from Milton Friedman rings true:

> ***"Inflation is always and everywhere a monetary phenomenon, in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output."***

Given the sharp deceleration in money supply (M2) during the second half of 2022, there should be a coincident decline in inflation over the course of 2023. While efforts to rein in demand via higher rates is starting to be seen in areas such as the housing market and used car prices, the Fed's reaction function has shifted from inflation to the labor market – which remains tight. Having been slow to act in responding to rising inflation, fears are now growing that the Fed may be compounding matters by overstaying its welcome on the back end, particularly given signs of disinflationary forces beginning to take hold.

The path forward for equities will continue to be influenced by Fed policy, although we anticipate that corporate earnings will be a more relevant consideration in 2023. This latter driver is where the Cambiar team is spending its time. We continue to focus on self-funding businesses with reasonable valuations, strong balance sheets, and through-the-cycle free cashflow. We believe these attributes will continue to be a winning combination – regardless of the macro backdrop.

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OPPORTUNITY FUND

	4Q22	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception – Inv	Since Inception – Inst
CAMOX	10.74%	-7.98%	-7.98%	9.04%	8.36%	10.93%	8.66%	-
CAMWX	10.76%	-7.85%	-7.85%	9.26%	8.55%	11.16%	-	7.44%
R1000V	12.42%	-7.54%	-7.54%	5.96%	6.67%	10.29%	6.89%	7.46%

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 12/31/22, expense ratios are CAMOX: 0.94% (gross); 0.85% (net) | CAMWX: 0.74% (gross); 0.65% (net). Fee waivers are contractual and in effect until March 1, 2023. Absent these waivers, total return would be reduced.

The Cambiar Opportunity Fund posted a strong absolute return for the fourth quarter, while falling short of the Russell 1000 Value Index. The relative underperformance for the quarter was primarily a function of an elevated cash position and below-benchmark returns sustained in the Consumer Discretionary and Staples sectors. Extending the time horizon, the Fund was able to perform well relative to the index over a variety of trailing-year performance periods.

Given the downward pressure in the market during 2022, the recipe for outperformance was (1) a bias towards defense (i.e., Healthcare, Consumer Staples, Utilities) and (2) one's allocation to the Energy sector, which returned a torrid 66% for the year (after gaining 56% in 2021). Although the Opportunity Fund had exposure to all of these sectors, underweight allocations in Energy and Healthcare (and an overweight to the lagging Technology sector) were performance headwinds for the year. Cambiar was able to offset the weakness in sector positioning via stock selection, as the portfolio outgained the index in 7 of 11 sectors during the year. And despite representing a drag on performance in 4Q, Cambiar's cash position proved to be an additive downside buffer over the course of 2022.

In aggregate, large cap companies are generally better equipped (vs. small caps) to manage through the higher cost of capital environment now in place. Yet given a backdrop of elevated rates and slowing economic growth, stock selection remains paramount to success. Given the number of stocks that have incurred steep drawdowns, there are no shortage of investment candidates to consider. We remain focused on quality, while resisting the allure of 'fallen angels' whose business models are not suited for the current environment. Lastly, the Cambiar team continues to operate with a heightened level of conservatism as it relates to attachment points and related risk/reward, in light of the potential for downward earnings revisions.

Portfolio construction continues to emphasize balance and diversification. Buy/sell activity in the quarter was comprised of one new purchase and three sales. The team also used the elevated price volatility to add/trim around some of our core positions – Applied Materials and Goldman Sachs were two such examples in the quarter. In aggregate, the net selling resulted in a quarter-end cash position in the 10% range. We anticipate there will be opportunities to deploy capital as we go through what will likely to be a noisy earnings season. Industrials and Financials remain the largest sector allocations, comprising 20% and 18%, respectively.

As it relates to fourth quarter return drivers, the advance was led by economically-sensitive sectors such as Materials and Industrials. In a continuing trend, Energy was again a notable outperformer, despite oil and natural gas prices sliding in the quarter. After trailing the broader market during the 2018-20 period, energy stocks have significantly outperformed over the past two years. Looking ahead, commodities have tended to underperform in non-inflationary global recessions, given high price elasticity to small changes in supply/demand. Is this time different owing to inflation and geopolitical dynamics? For now, we are choosing to

Diversification does not protect against market loss.

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have only modest exposure to energy stocks, with a bias towards pipeline/infrastructure companies such as Oneok and Williams Companies that are less dependent on commodity prices vs. the more volatile exploration/production operators.

Stock performance within Financials was a bright spot for the portfolio – in both the 4th quarter as well as on a full-year basis. Cambiar's intentional diversification enabled the portfolio to successfully navigate a challenging year for the sector – as weakness in J.P. Morgan and KKR was offset by strength in insurance and financial services operators such as Chubb and Charles Schwab. Banks remain underrepresented in the Opportunity Fund, largely a function of peaking net interest margins (deposit costs are rising faster) and the likelihood for lower loan growth as the economy slows. While the market remains wary of rising credit losses in the event of a recession (2008 remains the benchmark for many investors), we believe the banks are in a much stronger position vs. the last down cycle. That said, catalysts for upside gains remain limited at this juncture.

Some comments on Amazon, which did not participate in the 4Q rally and endured a difficult 2022 due to a 1-2 punch of higher expenses and slowing growth. The increase in costs was primarily a result of the post-COVID expansion of fulfillment and distribution capacity. Amazon completed this build-out just in time for a slowdown in their e-commerce business. Adding to the pressure on the stock was decelerating growth in Amazon's cloud computing (AWS) business. Lastly, foreign exchange headwinds also contributed to the company's disappointing profit margins. While acknowledging the painful drawdown in the stock, we believe the combination of strong fundamentals and reasonable valuation results in an attractive risk/reward for Amazon – now is not the time to part ways with this position. Amazon management has signaled action on cost containment initiatives, which along with a reduction in inflationary pressures should provide an uplift to margins. The AWS Division remains the crown jewel of the business; any slowdown here should be viewed as temporary, given that overall penetration remains low (<20%). Lastly as it relates to valuation, Amazon now trades near an all-time low EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation, and amortization) multiple, and on this metric is significantly cheaper than traditional peers such as Wal-Mart and Costco.

LOOKING AHEAD

As we enter the fourth quarter, market conditions in 2022 have been unprecedented on many levels, and not in a good way. After years of champagne-popping returns for risk assets, investors are now experiencing the hangover. Supposed 'risk-free' assets such as Treasuries have added to the pain, as sharp rate hikes by the Fed have wreaked havoc in the fixed income markets.

While uncomfortable in the moment, an alternative positive view is worth considering. Valuations at the individual stock level are more reasonable than they have been for some time, resulting in an attractive risk/reward profile for investors with a multi-year time horizon. And if inflation has peaked, the market should begin to anticipate that interest rates should also be peaking. Lastly, after years of ultra-low yields, the 'income' has finally returned to fixed income.

At Cambiar, we will stop well short in describing our investing mindset as excited, as there is no shortage of macro and company-specific inputs to consider in deploying capital in the current environment. That said, this is the type of market where security selection and thoughtful, active management can add value – particularly for a price-sensitive, quality-first investment discipline. We remain steadfast in our pursuit of identifying such characteristics on behalf of our clients.

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® com panies 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 U.S. Aggregate Bond Index is s a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. 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 indices are compiled by Morgan Stanley Capital International. 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 12.31.22, the Cambiar Opportunity Fund had a 2.5% weighting in Amazon, 1.8% in Applied Materials, 2.1% in Charles Schwab, 3.3% in Chubb, 2.8% in Goldman Sachs, 2.9% in J.P. Morgan, and 0.0% in KKR, Costco, and Wal-Mart. Holdings subject to change. Current and future holdings subject to risk.

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

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