CAMBIAR SMID VALUE COMMENTARY 1Q 2026

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 necessary hydrocarbons provided by HF Sinclair, replace key assets such as Saia's logistics networks, or provide teeth-straightening technology (e.g., Align Technology). 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.

SMID VALUE

	1Q 2026	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
SMID Value (gross)	2.5%	2.5%	4.7%	4.0%	3.4%	10.1%	11.8%
SMID Value (net)	2.3%	2.3%	4.0%	3.3%	2.7%	9.4%	11.1%
Russell 2500 Value	4.8%	4.8%	25.4%	14.5%	7.6%	9.9%	10.6%

SMID Value Composite Inception Date: 7.31.2010 / See Disclosure – Performance

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
Tower Semiconductor	2.67	1.32
CF Industries	2.03	1.13
Littelfuse	3.07	0.90
HF Sinclair	2.41	0.77
BorgWarner	2.19	0.71

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Amdocs	1.31	-0.36
Solventum Corp	2.45	-0.43
Sportradar Group	2.28	-0.69
ACV Auctions	1.37	-0.78
Phreesia	2.00	-1.28

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.

In a quarter where gains were hard to come by, smaller cap value stocks were a notable exception – as the Russell 2500 Value Index posted a 1Q return of 4.8%. The Cambiar SMID Value portfolio closed higher for the quarter, although unable to keep pace with the index. The relative performance shortfall was primarily due to company-specific drawdowns in select healthcare and industrial positions, as well as a lower allocation 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.

We tried to use the outsized moves in stock prices to our advantage, as names in our research library reached actionable attachment points. Buy/sell activity in the quarter consisted of seven new purchases and six liquidations. Recent additions covered a wide range of industries, from Clorox to Southwest Airlines. We also made a swap within the Tech sector, selling IT services provider Amdocs in favor of ON Semiconductor. Amdocs has historically been more of a 'defensive' tech holding – falling behind in more frothy environments, such as 2025, but holding up well in the 2022 drawdowns. With the recent announcement of a CEO transition and fairly muted upside at current valuations, we sold Amdocs in favor of ON, which we view to offer a more attractive return profile.

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 is guided by what we view to be a best-in-class management team. The company is trading at trough margins due to an extended COVID-driven inventory cycle. Successful ownership in semis 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, earnings power for ON is set to move materially higher in the coming years.

For U.S. citizens, the most evident cause and effect impact of the Middle East conflict was at the gas

CAMBIAR INVESTORS

pump, as oil prices rose from the mid-$60s to over $100. While higher energy prices are a headwind for consumption trends, it was a strong tailwind for operators in the Energy sector. Cambiar's sole position in the sector performed well in the period, but was overshadowed by a lower overall weighting vs. the index (~2.5% vs. 5.4%) – limiting additional upside potential. The recent price strength notwithstanding, energy companies are largely price-takers vs. price-setters. With oil prices likely to drop at any sign of de-escalation, we are not going to engage in a chasing exercise at this point.

Additional commodities impacted by the Strait of Hormuz closure are nitrogen fertilizers, as approximately 60% of global demand is sourced from the region. Cambiar holding CF Industries is a US-based producer of various ammonia and nitrogen fertilizers; the company benefits from lower feedstock inputs (e.g., natural gas) and higher global average selling prices, resulting in elevated profits/cashflow. Similar to oil prices, we anticipate that fertilizer prices will come down once the Strait reopens; with the stock up over 58% in the quarter, we closed out our position.

At a sector level, Financials comprised the weakest-performing group in the index, as headwinds in the form of higher interest rates, economic growth concerns, and exposure to the challenged private markets space negatively impacted banks, asset managers, and related financial services companies. 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; individual outperformers included regional banks Webster Financial and BOK Financial.

Security selection within Healthcare comprised the largest drag on performance in the quarter, as Solventum and Phreesia each incurred sizable drawdowns. Solventum was spun off from 3M in 2024 and has three business segments: surgical equipment, dental solutions, and health IT systems. As a stand-alone company, Solventum is doing all the right things - positive organic growth across all units, deleveraging the balance sheet, and generating positive free cashflow. The recent price weakness is due to AI-related fears pressuring the company's HCIT unit, which accounts for ~16% of sales. We remain constructive on the company and continue to maintain a position.

AI disruption fears also contributed to the drawdown in Phreesia, which is a software provider with a key niche in the healthcare space. The company's in-patient registration/check-in services and digital engagement platform are well-entrenched in hospital networks and specialty practices. Some of the pain in the stock was in response to a guide-down in advertising revenue, as customers such as vaccine providers and GLP-1 companies have scaled back their spending. With that said, Phreesia maintained their full-year EBITDA guidance, pointing to continued client growth and stronger pricing. With a strong balance sheet and customer base of over 5K providers/100K physicians, we believe that Phreesia offers strong upside potential from current levels.

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 (and small caps) 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 I Price I 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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Cambiar's SMID Value Composite includes discretionary, taxable and tax-exempt portfolios, including portfolios that are part of broker-affiliated or broker-sponsored programs, including wrap programs, that waive commission costs or bundle fees including commission costs. The records of the portfolios in the composite are maintained on Cambiar's systems. Portfolios in the composite invest in equity securities of small- to mid-sized companies. Cambiar's SMID Value Composite primarily invests in stocks with a market capitalization between $2 and $12 billion. The typical number of securities in the SMID Value portfolio is 35-45 holdings. The SMID Value Composite contains proprietary assets. As of April 2020, there is no minimum asset level for the composite. Prior to April 2020, the minimum asset level for the composite was $100,000.

For the periods of 2013 and forward, the composite's gross returns include accounts with gross and "pure" gross performance and are presented as supplemental information. From 2010 to 2012, the composite only contained accounts whose gross performance is reduced by transaction costs. "Pure" gross returns do not reflect the deduction of any expenses, including transaction costs. "Pure" gross returns are applicable to separately managed accounts that are part of broker-affiliated or broker-sponsored programs, including wrap programs, which waive commission costs or bundle fees including commissions (SMAs). Net returns are reduced by transaction costs and actual investment advisory fees and other expenses that may be incurred in the management of the account. SMAs often incur bundled fees, charged by the wrap sponsor or affiliated broker, that may include transaction costs, investment management, portfolio monitoring, consulting services, and custody fees. Net returns for SMAs are calculated by deducting the investment advisory fees from the client's account as reported by the wrap sponsor or affiliated broker, or as received by Cambiar. 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 SMID Value Composite are evaluated against the Russell 2500™ Value Index. The Russell 2500 Value Index is a float-adjusted, market capitalization weighted index comprised of firms in the Russell 2500™ Index that experience lower price-to-book ratios and lower forecasted growth values. The Russell 2500 Index is a float-adjusted, market capitalization weighted index that measures the performance of the 2,500 smallest 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 2500 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 2500 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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