CAMBIAR INTERNATIONAL EQUITY COMMENTARY 4Q 2023

50 YEARS ANNIVERSARY 1973 2023

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MARKET REVIEW

International equities rallied in the fourth quarter, buoyed by hopes that a continued decline in inflation data would lead to easing activities (i.e., interest rate cuts) by global central banks. The MSCI EAFE Index registered gains of 10.4% for the quarter vs. a return of 11.7% for the S&P 500 Index and 7.9% for the MSCI Emerging Markets Index. In a reversal from 2022, international equity returns benefited from an additional tailwind in the form of a weaker dollar, which further boosted returns for the quarter as well as on a full-year basis.

There is a popular saying that markets climb a wall of worry, and this was certainly the case for the global equity markets in 2023. Stocks demonstrated impressive resilience in the face of multiple military conflicts around the world, elevated borrowing costs, and contracting economic growth in a key end market (China). Cambiar's view for a somewhat rotational market characterized by multiple compression due to a higher cost of capital generally held correct, with valuations in both the EAFE Index and equal-weighted S&P 500 Index remaining at relatively compressed levels until the commencement of the November rally through year-end.

The Federal Reserve all but confirmed that the next move in rates would almost certainly be lower; however, policymakers in Europe currently remain committed to holding rates at current levels (for now). Here in the U.S., the Fed is in position to lower rates from restrictive territory to a more neutral level that can perform double duty in the economy; i.e., high enough to dissuade speculative behavior and excess risk-taking, while not so high so as to cause financial instability. Whether central banks can successfully nail the soft landing remains to be seen.

Although we remain aware of current macro dynamics, the Cambiar team is hesitant to anchor to a specific macro view(s) – there is simply not a lot of value that we can add on this front. Our research efforts remain centered on companies that offer attractive valuations and fundamentals, with a particular focus on businesses that possess pricing power due to their own unique products/services.

INTERNATIONAL EQUITY

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
Nintendo	2.17	0.55
Capgemini	2.66	0.51
Chugai Pharmaceutical	2.45	0.50
Terumo Corp	2.15	0.50
RWE	2.16	0.49

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Merck	1.54	-0.08
Suncor Energy	2.46	-0.16
Puma	2.09	-0.23
Nidec	2.00	-0.35
Bayer	1.32	-0.50

The Top 5/Bottom 5 chart provided is based on a representative account managed in the strategy. The contribution to return is based on net returns and considers factors including the individual security's total return and the average weight of the holding during the quarter. See Disclosure – Top 5/Bottom 5 Chart for more information.

	4Q 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Int'l (gross)	8.7%	15.5%	15.5%	0.5%	4.5%	2.3%	7.6%
Int'l (net)	8.5%	14.4%	14.4%	-0.4%	3.5%	1.4%	6.3%
MSCI EAFE	10.4%	18.2%	18.2%	4.0%	8.2%	4.3%	5.0%

International Equity Composite Inception Date: 10.31.1997 / See Disclosure –Performance

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The Cambiar International Equity strategy posted a strong 4Q return on an absolute basis, while trailing the MSCI EAFE Index for the period. Similar to conditions in the U.S., policymakers in Europe/UK have raised interest rates over the past 18 months to fight rising price levels. With inflation metrics now beginning to fall across the Eurozone, international equities rose on the prospects for rate cuts in 2024.

In reviewing full-year performance, Cambiar held a number of positions that bested the 18% return for the EAFE Index – in some cases by a wide margin. The portfolio's Technology holdings were a particular bright spot, led by Tokyo Electron and SAP. Other notable outperformers for the year included Air Liquide (Materials), Chugai Pharmaceuticals (Healthcare), Sony Group (Consumer), and London Stock Exchange (Financials). There were also some positions that did not perform as expected - examples on this front include Entain (Consumer), Bayer (Healthcare), Diageo (Staples), Merck KGaA (Healthcare), and AIA Group (Financials).

While disappointed that the portfolio was unable to outperform the index in 2023, we are constructive on the positioning moves made throughout the year and the resulting return outlook for the strategy. Aggregate portfolio profitability metrics are at their highest levels over the past five years, while valuation remains attractive – evidenced by a one-year forward P/E multiple of 13.0x (compared to ~19x for the S&P 500 Index). Given the low valuation/low expectation profile assigned to many of our companies, we believe the International portfolio is poised to outperform should the underlying investment cases unfold as expected.

There were no material year-over-year changes at a sector level, as Financials, Healthcare, and Industrials continue to comprise the three largest allocations as of year-end. At a country/region level, the portfolio built a higher weighting in Japanese equities over the course of 2023. As of year-end, Japanese stocks comprised ~21% of the portfolio vs. 8% at the start of the year. There is nothing thematic about this move; rather, the team's more optimistic view towards Japan is a by-product of our bottom-up research efforts.

Returning to 4Q return drivers, the quarter was a rising tide lifting all boats, with all sectors posting positive returns. The risk-on bias in the market was evident on a sector basis – as Technology, Materials, and Industrials paced the advance, while defensive sectors such as Healthcare and Consumer Staples were relative underperformers. The higher risk appetite in the market is confirmed when reviewing index performance on a factor basis, as beta was the top-performing factor in the quarter by a wide margin.

Buy/sell activity in the quarter consisted of four new initiations and three liquidations. One of the purchases was UK-based Haleon, which is a consumer healthcare company that was recently spun off from GSK (the former GlaxoSmithKline). Haleon offers a combination of defense and offense to the portfolio, given the company's leading brands (e.g., Advil, Sensodyne, Centrum, Polident) and an expanding addressable market. Valuation at purchase was also attractive, as Haleon was trading at a discounted P/E multiple vs. peers.

On the sale side, Cambiar parted ways with Bayer after a somewhat challenging holding period. The investment case for Bayer included a number of potential inflection points that we believed would unlock value in the company: a new CEO who would provide a new vision/focus for Bayer, progress in the company's pharma pipeline, and settlement of the long-running glyphosate litigation. Unfortunately, the company was unable to make sufficient progress on some of these fronts, leading to the decision to move on in favor of more attractive pipeline opportunities.

While comprising smaller allocations in the portfolio, Cambiar's holdings in the Utilities and Communication Services sectors were notable value-adds in the quarter. Individual highlights included RWE and Nintendo. RWE moved higher in response to a strong earnings release. The company continues to make progress on its transition from coal and nuclear to renewable energy sources that includes onshore/offshore wind and solar. Wind projects within the industry have been hampered by cost overruns, yet RWE has done a good job keeping returns above their cost of capital. Newer holding Nintendo (3Q purchase) is off to a good start, as the stock moved higher in response to the company's plans to further monetize their intellectual property after the successful release of Super Mario Bros. The next console release (expected in 2024) should drive additional revenue growth for the company, given Nintendo's sticky customer base.

Cambiar's holdings in Energy were a performance headwind in the quarter, as an increase in global supplies weighed on oil prices. Although influenced by shorter-term fluctuations in energy prices, holdings such as Suncor and Equinor have breakeven levels that are considerably lower than current oil prices (e.g., Equinor adds new capacity under $25/barrel). We remain more

focused on ensuring that the longer-term investment case remains intact – i.e., our companies are generating steady free cashflow that can be used for shareholder remuneration and share buybacks (which then leads to per share production growth and an eventual higher yield).

Stock selection in Financials and Industrials were additional drags on performance – in both the quarter as well as on a full-year basis. Banks comprised the top-performing segment in Financials in 2023, although there was a wide divergence in performance at an individual security level. ING was a bright spot for the portfolio, yet was overshadowed by relatively weaker returns in KBC Group and Barclays. Asia-based insurer AIA Group has also hampered results in the year, as the company has incurred a slowdown in new business trends. While disappointed with the slide in AIA's stock price, we believe the core earnings drivers (rising incomes, low penetration levels, limited social welfare coverage) remain in place for the company.

The Industrials sector is extremely diverse by sub-industry and client segment, resulting in a unique opportunity set for the portfolio that includes aerospace/defense, rails, freight/logistics, and quality assurance testing services. The trailing relative performance in the quarter was primarily due to a pullback in Nidec Corp, which provides precision motors and related components to a wide range of end markets. Nidec incurred a valuation reset in the quarter after a disappointing earnings release. The earnings miss stemmed from weakness in the company's auto division, which represents ~25% of firm revenues. While disappointed by this setback, we believe investors are overlooking Nidec's strong market position and pricing power across their various business units. Had we not already owned the name, we would certainly be giving Nidec a hard look at current levels. The company will likely remain in the penalty box until they show signs of stabilizing the auto segment, but we believe patience is the proper course of action at this time..

LOOKING AHEAD

International equities closed out the year on a high note, with stocks rallying in response to continued progress on the inflation front and associated prospects for a decline in interest rates. Despite their solid gains in 2023, non-U.S. equities remain attractively valued – relative to U.S. markets as well as on a historical peak-to-trough basis.

Softening inflation data now provides the necessary breathing room for central banks to begin lowering interest rates. A reduced cost of capital should be a tailwind for global equities in the aggregate, yet could create a catch-up opportunity for the international equity markets that have trailed U.S. stocks for much of the past ten years.

Cambiar remains humble about our ability to make accurate macro forecasts; we instead channel our efforts on identifying competitively advantaged businesses that meet our Quality | Price | Discipline philosophy. Not unlike 2023, we anticipate a wide range of outcomes for equities in the coming year. The backdrop should provide sufficient opportunity for active managers to add value via a combination of thoughtful stock-picking and abstention/selective avoidance. Cambiar remains vigilant in evaluating fundamentals vs. valuation at a company level, while portfolio construction efforts attempt to strike a consistent balance between conviction and prudent diversification.

We wish you a happy and healthy 2024 and appreciate your continued confidence in Cambiar Investors.

DISCLOSURE

Cambiar Investors, LLC (Cambiar) is an independent registered investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training. Cambiar claims compliance with the Global Investment Performance Standards (GIPS®).

Cambiar's International Equity Composite includes discretionary, taxable and tax-exempt portfolios. The records of the portfolios in the composite are maintained on Cambiar's systems. Portfolios in the composite invest predominantly in equity securities traded on foreign exchanges. Cambiar's International Equity Composite primarily invests in stocks with a market capitalization range greater than $5 billion. The typical number of securities in the International Equity portfolio is 40-50 holdings. 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 $1,000,000.

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 International Equity Composite. Cambiar clients and mutual fund investors 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 presented in U.S. dollars.

Performance results for the International Equity Composite are evaluated against the MSCI EAFE Index. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted, market capitalization weighted index that is designed to measure developed market equity performance, excluding the U.S. & Canada. The index assumes no management, custody, transaction or other expenses. The MSCI EAFE 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 MSCI EAFE Index include the reinvestment of all income. Benchmark returns are net of withholding taxes. Prior to July 2019, Cambiar typically followed each custodian's treatment of tax withholding and therefore dividends may have been presented as gross or net of dividend tax withholding depending on the custodian's treatment. As of July 2019, Cambiar typically records dividends net of withholding taxes although it may depend on various factors such as the issue country and custodian's treatment. Withholding taxes may vary according to the investor's domicile, and other reasons.

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: For the quarter, the total portfolio return for the representative account was 8.75% (gross) and 8.54% (net). The net performance is calculated assuming the highest applicable fee rate currently being offered to prospective clients for the strategy. 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.

The net contribution for individual holdings is calculated by determining each security's contribution to return as a percentage of the account's gross performance, then multiplying that percentage by the account's net performance. Fees and expenses are not charged to individual investments, and net performance of individual holdings are provided for illustrative purposes and to meet regulatory requirements. Different calculation methodologies can result in materially different net returns for individual holdings. Please refer to the net performance of the representative account, 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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