CAMBIAR SMID FUND COMMENTARY 2Q 2025

MARKET REVIEW

U.S. equities rebounded sharply in the second quarter, with the S&P 500 Index posting a gain of 10.9% for the period. Small cap stocks also finished higher for the quarter, although not to the same extent, as the Russell 2000 Index notched a 2Q return of 8.5%. On a style basis (regardless of market cap), growth outperformed value by a wide margin – a complete reversal from the first quarter.

Price action in the second quarter was truly a tale of two markets – stocks incurred a sharp April drawdown in response to the initial Liberation Day tariff agenda, only to close at all-time highs as the Trump administration softened many of the more restrictive measures and trade tensions with China de-escalated. The reversal from a bearish posture in early April to new record highs at quarter-end was a stunning turnaround. According to Strategas, the 55 trading days from the April 8th low to the new market high on June 27th marked the fastest roundtrip following a 15% correction in history. Given this euphoric recovery – in tandem with outsized gains in recent years – the obvious question is whether investors are becoming too complacent/optimistic in their return expectations for equity markets.

It has been Cambiar's view that the extreme tariff rates initially put forth were more a function of negotiating leverage, with the final outcome more likely a flat rate in the 10% range (perhaps higher for more mercantilist countries such as China). While ongoing trade decrees remain very much in flux, we believe this general view will likely prevail.

Although the rally in equities was broad-based in nature, more speculative pockets of the market led the way; examples include AI stocks, meme stocks, crypto, and quantum computing companies. A stronger IPO market provided additional fuel for the markets.

With stock prices more driven by momentum and headlines vs. company-specific attributes, it should not be all that surprising that Cambiar's Quality I Price I Discipline approach did not keep pace with the broader market returns for the quarter. While market averages may continue to push higher from here, rallies of this nature are susceptible to a reversal as market momentum subsides and/or investors return to valuing stocks on some combination of revenues and earnings. Our team was opportunistic during the quarter; however, we resisted the urge to chase performance in the more speculative pockets that do not meet our quality and valuation criteria.

SMID FUND

	2Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception - Inv	Since Inception - Inst
CAMMX	0.14%	-1.74%	-0.56%	5.60%	10.77%	7.58%	8.64%	-
CAMUX	0.18%	-1.69%	-0.45%	5.71%	10.87%	7.65%	-	7.72%
R2500V	7.29%	1.03%	10.47%	10.69%	13.96%	7.73%	8.69%	7.57%

Inception Date: CAMMX (5.31.2011) | CAMUX (11.3.2014). 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 6/30/25, expense ratios are CAMMX: 1.12% (gross); 0.96% (net) | CAMUX 1.02% (gross); 0.85% (net). Fee waivers are contractual and in effect until March 1, 2026. Absent these waivers, total return would be reduced. *The Fund imposes a redemption fee of 2.00% on shares held less than 90 days. Your return will be lower if a redemption fee is applied to your account.*

CAMBIAR INVESTORS

After providing strong downside protection in the first quarter, the Cambiar SMID Fund did not keep pace in the second quarter's beta-fueled rebound in equities. Stocks were generally oversold in the initial days following the tariff rollout, only to recover and surge higher to end the quarter.

On a factor basis, the SMID Fund was out of lockstep (by design) with the key upside drivers to return in the quarter. For example, Cambiar's higher exposure to factors such as profitability and earnings quality hampered results, as did the portfolio's underweight exposure to top-performing factors including beta and momentum. Given this more euphoric backdrop vs. our lower beta approach, it should not be unexpected that the portfolio did not keep pace in the quarter. With that said, we would acknowledge that the magnitude of the underperformance is at the lower end of expectations – a point of frustration that we share with our clients.

The SMID Fund now trails the index by ~270 bps on a YTD basis – a deficit that is certainly within our capabilities to recoup in the back half of the year. Buy/sell activity was more active in the quarter, as the team attempted to take advantage of the elevated price volatility to adjust aggregate portfolio positioning. Purchases included Lazard (asset management/ investment banking) and Prosperity Bancshares (Houston-based regional bank) in Finanicals, as well as Align Technologies (Healthcare). On the sale side, we trimmed the portfolio's Energy allocation with the sale of Magnolia Oil & Gas and moved on from Innovative Industrial Properties in the REIT space. While we remain committed to maintaining a high-quality portfolio, we believe these changes may enable the strategy to generate a more balanced return stream.

The risk-on tone in the markets was evident in reviewing performance drivers at a sector level. Technology was the clear outperformer by a wide margin in 2Q, with Industrials, Consumer Discretionary, and Financials also doing well. Defensive sectors, such as Healthcare, Consumer Staples, and Real Estate, all lagged during the period. The sharp quarter-over-quarter reversal in sector leadership is a clear example of how chasing shorter-term performance can lead to whipsawed returns.

Stock selection in Financials was the largest detractor from performance in the quarter, as Cambiar's non-bank holdings, such as Fidelity National Financial (title insurance) and Euronet Worldwide (payments/ transaction processing platform), both lost ground. The portfolio's non-ownership of index highfliers (e.g. Robinhood and SoFi Technologies) also contributed to the relative underperformance. It is worth noting that our diverse mix of financial businesses has served the portfolio well over the trailing 3-year and 5-year periods, despite the near-term lag. As discussed, we increased our allocation to the sector in the quarter, with the expectation that Lazard and Prosperity can provide some additional offense within our financial stack. Despite the shorter-term price weakness, Fidelity National remains a high-conviction holding. The company is the market leader in the title insurance space and has a track record of persistent profitability. A move lower in mortgage rates would likely be a boost to home sales transactions and associated title activity.

The Technology sector represented another drag on relative performance in the quarter. The portfolio benefited from maintaining an overweight allocation to the sector, but this value add was offset by weaker performance – individual laggards included Dolby Laboratories and Amdocs. The portfolio's limited exposure to AI-related companies (a few of which are in the index) also limited upside participation. Our bias towards tech companies that possess a clear path towards sustainable profitability and reasonable valuations has thus far resulted in a relatively small strike zone for stocks in the AI space.

Bright spots in the quarter included positive stock selection in Energy and Consumer Discretionary, as well as lower exposure to the underperforming Real Estate sector. Individual outperformers included HF Sinclair (refiner/lubricant producer), Sportradar (sports content provider), and footwear/apparel company Skechers. Although merger and acquisition activity has been more muted thus far in 2025 as companies await clarity on trade policy, Skechers moved higher on a $63/ share takeout offer from 3G Capital. While the offer price is a solid premium relative to the April lows, it is below where Skechers was trading at the beginning of the year (so perhaps more of a take-under scenario). Skechers operates as a mid-range provider and has been successful in capturing market share from larger competitors, such as Nike. We initiated a position in early February and lowered our cost basis by adding to the position during the tariff-related decline in April. While the potential for a higher offer cannot be ruled out, we anticipate this deal will close in the coming months.

Although we are disappointed that the SMID Fund did not exhibit a greater degree of upside in the quarter,

Diversification does not protect against market loss.

we also recognize that the key drivers of return for the period fell well outside of our Quality | Price | Discipline parameters. While uncomfortable in the moment, we recognize that our investment style will at times be out of favor versus prevailing market conditions – which was clearly the case during the FOMO melt-up that occurred during the quarter. As the market returns to valuing companies based on fundamentals, we anticipate that the SMID Fund should recover accordingly.

LOOKING AHEAD

Stocks wrapped up the first half of 2025 at new all-time highs, a stark reversal from the risk-off environment that was in place during the first quarter. Similar to the COVID crash in 2020 and the market correction in September 2023, the recovery time for markets is speeding up, now spanning weeks versus what used to take months. The 'buy the dip' playbook continues to pay dividends.

Despite the bullish sentiment in the market, we believe a more balanced approach is appropriate, given lingering uncertainties regarding trade policy, heightened geopolitical tensions, and softening labor/economic data. The full effects of tariffs have yet to be fully felt in the U.S. economy; on this front, the upcoming earnings season will be an interesting indicator of how companies are coping with the shifting sands of trade policy. Large cap companies may be able to offset cost increases in other segments of their business, but will small and mid-sized firms have adequate financial depth to absorb potential price increases from tariffs?

The fiscal backdrop remains generally supportive for equities, as policy priorities have shifted away from DOGE and spending cuts to now prioritizing growth as the path to addressing the deficit. On the monetary front, the Fed has thus far resisted pressure from the White House to lower rates – choosing instead to maintain a wait and see position. We anticipate that Fed Chair Powell will attempt to reset the Fed's monetary policy framework at the Jackson Hole Economic Policy Symposium in late August, with the likelihood of one to two rate cuts in the back half of the year.

In considering how the second half of 2025 will unfold, a 'Curb Your Enthusiasm' approach may be one's best course of action. Given the euphoric run in equities to close out the quarter, we would not be surprised if there were a consolidation period. A significant amount of good news is currently priced into the market, which could leave stocks vulnerable should elevated expectations not materialize as expected.

This is not to say that attractive investment opportunities do not exist below the surface, and the Cambiar team has been opportunistic in areas outside of the AI/tech craze. We remain focused on generating strong through-the-cycle returns via constructing diversified portfolios of high-quality businesses that are trading at reasonable valuations.

Thank you for 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." In addition to the normal risks associated with investing, investments in small companies typically exhibit higher volatility. A company may reduce or eliminate its dividend, causing losses to the fund. There is no guarantee the fund will achieve its stated objective. Diversification does not protect against market loss.

The Russell 2500™ Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500™ Index companies with lower price-to-book ratios and lower forecasted growth values. Index returns do not reflect any management fees, transaction costs or expenses. 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. 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 6.30.25, the Cambiar SMID Fund had a 2.9% weighting in Align Technologies, 2.5% in Amdoc, 2.6% in Dolby Laboratories, 2.6% in Euronet Worldwide, 2.5% in Fidelity National Financial, 2.6% in HF Sinclair, 2.2% in Lazard, 2.6% in Prosperity Bancshares, 2.6% in Skecher, and 2.7% in Sportradar. The Cambiar SMID Fund had a 0.0% in weighting in Innovative Industrial Properties, Magnolia Oil & Gas, Nike, Robinhood, and SoFI Technologies. Current and future holdings subject to risk.

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