CAMBIAR INVESTORS

CAMBIAR SMALL CAP 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 largely a function of negotiating leverage, with the final outcome more likely a flat rate in the 10% range (perhaps higher for 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 in the quarter propelled by momentum and headlines vs. company-specific attributes, it should not be all that surprising that Cambiar's Quality | Price | Discipline approach did not keep pace with the broader market returns. 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.

SMALL CAP FUND

	2Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception - Inv	Since Inception - Inst
CAMSX	7.10%	1.23%	9.64%	7.99%	10.47%	5.24%	8.35%	-
CAMZX	7.09%	1.29%	9.87%	8.21%	10.67%	5.43%	-	10.19%
R2000V	4.97%	-3.16%	5.54%	7.45%	12.47%	6.72%	7.39%	9.07%

Inception Date: CAMSX (8.31.2004) | CAMZX (10.31.2008). 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 CAMSX: 1.36% (gross); 1.15% (net) | CAMZX 1.11% (gross); 0.90% (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.*

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The Cambiar Small Cap Fund posted a solid margin of excess return in the second quarter, benefiting from a combination of positive stock selection and favorable sector allocations. The Small Cap Fund has now outpaced the index for three consecutive quarters and is ahead of the benchmark on both a trailing 1- and 3-year basis.

The quarter saw a decisive swing in sentiment, as investors moved from a risk-off posture in the initial days following the tariff rollout to a clear risk-on bias. The shift from bearish to bullish was largely in anticipation of less detrimental trade policy, while the growing chorus for interest rate cuts added to the Pollyannaish underpinning in the equity markets. Visibility on both of these events unfolding as expected are far from assured – yet positive momentum continued to power stocks higher.

Buy/sell activity in the Fund was more active in the quarter, as the team attempted to take advantage of the elevated price volatility to adjust aggregate positioning. Much of the trade activity was concentrated in the Healthcare sector; HealthEquity and Exelixis approached our fair value targets and were sold, while new positions were established in Phreesia and Align Technology. Align meets many of our desired investment attributes – the company possesses wide brand awareness with their Invisalign product, a favorable margin profile, and track record of investment/innovation. After registering strong growth in the post-COVID/work from home timeframe, Align has more recently incurred a deceleration in revenue, resulting in a compression in valuations to ten-year lows. We believe the company is taking the right steps to grow the business, with an outsized focus on growing market share in the teens segment (which is ~70% of the orthodontic market). Success on this front would likely drive an upward valuation re-rating for Align.

In reviewing sector performance within the small cap value index, Technology was the top performer by a wide margin – a reversal from the first quarter. Pro-cyclical sectors such as Consumer Discretionary, Industrials, and Communication Services also led to the upside, while safe haven sectors such as Healthcare, Utilities, and Consumer Staples all lagged for the quarter.

Within the Cambiar Small Cap Fund, stock selection in Consumer Discretionary was a notable value add for the quarter, as Frontdoor and Sportradar generated returns of 53% and 32%, respectively. Frontdoor sells home warranties through various brands (e.g., American Home Shield). The stock rebounded in 2Q after a positive earnings report and raised full-year guidance. While a sharp decline in the residential real estate market is a risk to their business (and an area we are monitoring), Frontdoor's growing customer base provides good revenue visibility, and the company is expanding into adjacent markets (e.g., HVAC services).

Sportradar has been a strong performer since our initial attachment in 4Q 2024. The company has carved out a dominant niche as the leading data collector for various sports leagues; this data is then sold to media companies and sports betting operators. Sportradar has been successful in building a wide moat that has contributed to strong margins and growing free cashflow. We have trimmed our exposure in light of the YTD price gain, but continue to maintain a position in Sportradar.

Additional positive contributors in the quarter included positive stock performance in Healthcare, as well as active underweight positions in the lagging Consumer Staples and Real Estate sectors. Healthcare stocks remain out of favor with investors, with the sector posting negative returns on both a trailing 1-year and 3-year basis. We have been able to sidestep this weakness by focusing on unique franchises that offer essential drugs/services to a stable/growing client base. Exelixis is a good example, as the company was able to grow earnings via sales of its key cancer drug (Cabozantinib – Cabo). While Cabo has additional revenue opportunities from newer approvals in areas such as renal care carcinoma and advanced neuroendocrine tumors, the risk/reward had become less attractive, prompting our exit from the position.

Detractors in the quarter included below-benchmark performance in the Materials and Industrials sectors; laggards included Cabot Corp., Insperity, and Hub Group. While most price action in small caps is generally more idiosyncratic to the specific company/business, the uncertainty regarding tariffs has been a common headwind for some of the portfolio's underperformers. Cabot (specialty chemicals) and Hub Group (transport, logistics/trucking) both highlighted tariffs as a contributing factor for weaker demand environments. Cabot and Hub Group have responded by increasing efficiencies/cost savings to help offset lower volumes, yet forward profits (and valuation) are positively correlated to volumes. It is worth noting that both companies have strong balance sheets and are generating free cashflow, which should enable them to navigate the current slowdown. With valuations at

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the lower end of their respective peak/trough levels, we anticipate a recovery in share prices as trade fears recede.

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.

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. High short-term performance of the fund is unusual and investors should not expect such performance to be repeated.

The Russell 2000® Value Index measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. 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. 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 Nasdaq 100 is a stock market index made up of 101 equity securities issued by 100 of the largest non-financial companies listed on the Nasdaq stock exchange. 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 6.30.25, the Cambiar Small Cap Fund had a 2.0% weighting in Align Technology, 1.8% in Cabot Corp, 0.0% in Exelis, 3.9% in Frontdoor, 0.0% in HealthEquity, 1.9% in Hub Group, 1.4% in Insperity, 2.5% in Phreesia, and 2.6% in Sportradar. Current and future holdings subject to risk.

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