



CAMBIAR AGGRESSIVE VALUE ETF 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.

Outside the U.S., international equities posted a second consecutive quarter of double-digit returns, with the MSCI EAFE Index posting a 2Q gain of 11.8%. The year-to-date return for the EAFE Index stands at 19.5% – the strongest six-month start to a year since 1993. Given the lower allocation to technology and AI stocks that paced the 2Q advance, the excess return for EAFE versus the S&P 500 is all the more impressive. Emerging markets have also performed well, with the MSCI Emerging Markets Index posting 2Q and year-to-date gains of 12.0% and 15.3%, respectively.

Can the strong performance in non-U.S. stocks continue? Given the massive outperformance of U.S.

stocks vs. international equities over the past 15 years, the latter still has a lot of ground to make up:



Source: Factset. Indexes are unmanaged and do not include the effect of fees. One cannot invest directly in an index. Past performance does not guarantee future results.

On a valuation basis, the international equity(developed) asset class continues to trade at a deep discount to the S&P 500 Index (22x P/E for S&P vs. 14.6x for the EAFE Index). For context, U.S. stocks have historically been awarded higher valuations due to their stronger growth rates; that said, the current premium assigned to domestic equities remains elevated compared to historic peak and trough levels.

Although more difficult to time/quantify, additional catalysts for international equities include:

- Capital flows – U.S. markets have benefited from foreign investment. Could the combination of unpredictable monetary/trade policy in the U.S. and renewed fiscal impulses in Europe prompt a shift in capital flow out of the U.S.?
- Asset allocation – With U.S. investors likely to have underweight allocations to international equities, even a slight shift in asset allocation could be a meaningful tailwind for the asset class.
- Possible ceasefire/truce to the Ukraine/Russia conflict – The ongoing conflict that started in February 2022 has taken a significant toll on the region, on both a humanitarian and economic front. A peaceful resolution would be a welcome event.

Diversification does not protect against market loss.

- Skepticism – Despite strong YTD returns, international stocks remain largely off the radar for investors.

With price action driven more by momentum and headlines than by company-specific attributes, it should not be surprising that Cambiar's Quality | Price | 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 investors return to valuing stocks based on a 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.

CAMBIAR AGGRESSIVE VALUE

The Cambiar Aggressive Value ETF registered a solid gain in the second quarter – on an absolute basis as well as relative to the Russell 1000 Value Index. After declining sharply in response to President Trump's initial 'reciprocal' tariff agenda, stocks rebounded as the likelihood of a more moderate trade policy took shape (although it is still yet to be finalized).

Excess return for the quarter was largely driven by positive stock selection, with notable contributions from industrials, communication services, and the consumer discretionary sectors. An overweight to the lagging healthcare and energy sectors hampered additional upside potential for the period.

Buy/sell activity was more active in the quarter, as our team worked through the day-to-day (often contradictory) news flow and potential impacts. The Aggressive Value ETF had four new purchases and five sales during the quarter. The bulk of our sales were in commodities, as we viewed areas such as Energy to be particularly more vulnerable to an economic slowdown. Sales included Cenovus, NOV, and Eni, as well as Corteva (seeds and crop protection) in the Materials sector.

In a continuation of the first quarter, Cambiar's industrial positions were again a bright spot for the portfolio, with Uber and Airbus both posting outsized gains in 2Q. In addition to their traditional rideshare model, Uber is showing success in the autonomous vehicle space, highlighted by their partnership with Waymo. We project

Uber to generate ~\$9B in free cashflow in 2025, which can be used for stock buybacks and further fortifying their net cash balance sheet. Given the stock's strong YTD return, we trimmed the position during the quarter – yet Uber remains a high conviction holding.

Nintendo (Comm Services) rallied sharply in anticipation of the company's Switch 2 gaming console. Sales for the console launched in 2Q, with demand outstripping supply thus far. Given lower gross margins in hardware, the key earnings drivers for Nintendo will be the software and gaming side, which includes enhanced multiplayer and social capabilities that are subscription-based - thus providing an additional source of high-margin revenue. We trimmed the position in light of the outsized YTD return, but continue to maintain a position.

After showing signs of turning a corner in 1Q, healthcare stocks rolled over again in the second quarter, trailing the broader markets by a wide margin. Despite market participation beginning to broaden beyond the mega-cap tech space, investor sentiment towards healthcare remains in the doldrums. The sector has not done itself any favors, with heavyweight names such as UnitedHealthcare (not a Cambiar holding) pulling earning guidance and adding to the overhang. Cambiar's healthcare positions held up better than the benchmark, but our higher allocation to this lagging sector detracted from 2Q performance. Bristol-Myers Squibb (BMY) was a downside exception, as generally positive earnings results were overshadowed by the potential for lower prescription prices and tariff headwinds (the company has offshore manufacturing facilities in Ireland and Singapore). While we acknowledge the short/intermediate term uncertainty, BMY's drug portfolio targets a number of critical end markets – and thus a more inelastic demand profile. With a 5% dividend yield and a deeply discounted valuation vs. peers, we view the current negativity towards BMY to be overly punitive and continue to maintain a position in the company.

Cambiar's allocation to energy stocks comprised the largest drag on return for the quarter. After trading in the \$70 range for the first three months of the year, oil prices sank to the upper \$50s in response to the initial tariff rollout before recovering to the low \$60s by quarter-end. Given the anticipated contraction in economic growth that would likely result from a global tariff backdrop, we felt it was prudent to reduce the Fund's exposure to commodities. The April sale prices unfortunately locked in lower returns, although it is worth noting that in some cases the areas where our

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team subsequently deployed the proceeds recovered to a greater extent than had we maintained our energy positions. In other words, bad sells in energy for better buys in other sectors.

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 market correction in September 2023, the recovery time for markets is speeding up to a span of 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 that a more balanced approach is appropriate, given lingering uncertainties with regards to trade policy, heightened geopolitical tensions, and softening labor/economic data. The full effects of tariffs have yet to make their way into the U.S. economy; on this front, the upcoming earnings season will be an interesting tell on how companies are dealing 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 1-2 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 lot 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

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team has been opportunistic in areas outside of the AI/tech craze. We remain focused on generating strong through-the-cycle returns via constructing a diversified portfolio of high-quality businesses that are trading at reasonable valuations.

Thank you for your continued confidence in Cambiar Investors.

PERFORMANCE (as of 6.30.2025)

	2Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
CAMX - NAV	4.95%	7.74%	12.12%	15.77%	14.77%	5.98%	7.82%
CAMX - Market Price	5.05%	7.92%	12.30%	15.81%	14.79%	5.99%	7.82%
R1000V	3.79%	6.00%	13.70%	12.76%	13.93%	9.19%	7.46%

Inception Dates: CAMX (2.13.2023). All returns greater than one year are annualized. Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than the original cost. Extraordinary performance is attributable in part due to unusually favorable market conditions and may not be repeated or consistently achieved in the future. The Fund's most recent month-end performance can be found in the fund material section. As of 3/31/25, expense ratio for CAMX: 0.59%.

Effective as of the close of business on February 10, 2023, in a tax-free reorganization, the Fund acquired the assets and liabilities, and assumed the performance, financial, and other historical information of the Cambiar Aggressive Value Fund ("predecessor fund"), an open-end mutual fund which was inceptioned on August 31, 2007. The Fund has an identical investment objective and similar investment policies, guidelines, restrictions, and investment risks as the predecessor fund. The NAV returns for relevant periods include returns for Investor Class shares of the predecessor fund prior to the Fund's commencement of operations. Performance for the Fund's shares has not been adjusted to reflect the lower annual expenses than those of the predecessor fund. The market price returns showing prior to February 13, 2023, reflects the predecessor mutual funds' NAV. The NAV of the predecessor mutual fund was the investor class and is used as proxy for the market price returns. Please refer to the current prospectus for further information."

Returns for less than one year are not annualized. Net asset value ("NAV") returns are based on the dollar value of a single share of the ETF, calculated using the value of the underlying assets of the ETF minus its liabilities, divided by the number of shares outstanding. The NAV is typically calculated at 4:00 pm Eastern time on each business day the New York Stock Exchange is open for trading. Market returns are based on the trade price at which shares are bought and sold on the NYSE Arca, Inc. using the last share trade or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share. Market performance does not represent the returns you would receive if you traded shares at other times. Total Return reflects the reinvestment of distributions on ex-date for NAV returns and payment date for Market Price returns. The market price of the ETF's shares may differ significantly from their NAV during periods of market volatility

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

Investing involves risk, including the possible loss of principal. In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging Markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. With short sales, you risk paying more for a security than you received from its sale. Short sales losses are potentially unlimited and the expenses involved with the shorting strategy may negatively impact the performance of the Fund. The Cambiar Aggressive Value ETF is a non-diversified fund. The Fund pursues a "value style" of investing. Value investing focuses on companies whose stock appears undervalued in light of factors such as the company's earnings, book value, revenues or cash flow. 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. The Fund may trade securities actively, which could increase its transaction costs (thereby lowering its performance) and could increase the amount of taxes you owe by generating short-term gains, which may be taxed at a higher rate. There is no guarantee that the Fund will meet its stated objectives.

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® companies with lower price-to-book ratios and lower forecasted growth values. 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 Aggressive Value ETF had a 4.8% weighting in Airbus, 3.4% in Bristol Myer-Squibb, 4.0% in Nintendo, and 4.6% in Uber. The ETF had a 0.0% allocation to Cenovus, Corteva, Eni, NOV, and UnitedHealthcare. Current and future holdings subject to risk.

This material represents the portfolio manager's opinion and is an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice or a specific recommendation of securities. There is no guarantee that any forecasts made will come to pass.

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