50 YEARS ANNIVERSARY 1973 2023

CAMBIAR INVESTORS

CAMBIAR AGGRESSIVE VALUE ETF COMMENTARY 4Q 2023

MARKET REVIEW

U.S. equity markets staged an impressive rally in the fourth quarter, as October concerns about the massive budget deficit and 8% mortgage rates gave way to a continued decline in inflation data and corresponding signal from the Federal Reserve for interest rate cuts in 2024.

In contrast to the narrow market leadership that had been in place for much of 2023, the upsurge in stocks (and all risk assets) was broad-based in nature. The S&P 500 Index gained 11.7% in the quarter, ending the year on a 9-week winning streak and closing the year just shy of a new all-time high. The price action in stocks was particularly explosive in small caps, with the Russell 2000 Index posting a 4Q return of 14.0%. Small cap stocks were largely shunned for much of 2023 due to recession fears and tighter credit conditions; as these headwinds may be poised to abate, we believe the outlook for the asset class should remain favorable.

After hampering stock valuations during the September/October timeframe, bond yields retreated in conjunction with the expectation for rate cuts – weakening the 'higher for longer' narrative that permeated the markets for much of the year. Upon briefly reaching the 5% level, the 10-year Treasury yield ended 2023 at 3.87% - almost exactly where it started the year (but still well above the July 2020 low of 0.55%). With inflation levels drawing closer to their 2% target, the Fed is in position to lower rates from current restrictive levels to a more neutral range 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 they can successfully nail the soft landing remains to be seen.

The end of the calendar year brings with it some reflection. There is a popular saying that markets climb a wall of worry, and this was certainly the case for U.S. equities in 2023. Entering the year, Cambiar anticipated that stocks would likely struggle to find direction, given uncertainties in corporate earnings, a high discount rate and the path of monetary policy. Our view for a somewhat rotational market characterized by multiple compression due to an elevated cost of capital generally held correct, with the P/E multiple of the equal-weighted S&P 500 compressing to 15x earnings at the end of October. We could not have anticipated the rapid failures of several major regional U.S. banks, nor the relatively smooth absorption by the financial system of their demises. Nor did we anticipate the significant multiple expansion of a narrow group of mega-cap tech stocks amidst this backdrop. We did anticipate that the mixed return outlook across sectors would be favorable for active management, which was largely the case.

While increased breadth to end the year is a positive development for the market, there is still more work to be done on this front. The top 10 stocks in the S&P 500 Index contributed 86% of the total return in 2023. The combined weight of just Apple and Microsoft (13.9%) is greater than the collective weight of four sectors (Energy, Basic Materials, Real Estate and Utilities). Proponents of greater stock market breadth may recall a quote of Roman poet Horace:

"Many shall be restored that now are fallen and many shall fall that now are in honor."

Looking ahead, it would be unusual for the narrow market breadth that reined in 2023 to continue for a second full year. As investors become more sanguine about the economic outlook, we would expect value to outperform growth and market breadth should continue to expand. Similarly, it would be unusual for industries that uniquely benefited from the extremely long period of ultra-low interest rates to reassert market leadership. Improved stock market breadth and less restrictive monetary policy likely coincide. We see a path toward such an environment in 2024.

PORTFOLIO REVIEW

	4Q 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
CAMX - NAV	8.08%	20.33%	20.33%	8.15%	12.17%	5.34%	7.29%
CAMX - Market Price	8.00%	20.24%	20.24%	8.12%	12.16%	5.34%	7.29%
R1000V	9.50%	11.46%	11.46%	8.86%	10.91%	8.40%	6.91%

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.***

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.

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 incepted 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.

The Cambiar Aggressive Value ETF (CAMX) ended 2023 on a high note, as investors bid up equities on growing confidence of a soft landing for the U.S. economy. The Cambiar portfolio participated in the market upswing during the quarter, while falling short of the index for the period. CAMX was able to outpace the index by a considerable margin on a full-year basis.

The strategy's excess return for the year was a function of positive stock performance – with Cambiar registering above-benchmark returns in 7 out of 8 sectors in which the portfolio was invested. As opposed to being swayed by varying macro narratives, our team focused their efforts on identifying durable businesses that can perform well regardless of the prevailing market backdrop. And despite the strategy's more focused number of holdings (26 positions at year-end), an emphasis on diversification and varying return drivers was an additional value-add during the year.

Returning to 4Q return drivers, the expectation for multiple interest rate cuts in 2024 sparked an across-the-board rally in stocks, with Energy representing the sole sector that did not register a positive return. The prospect of more accommodative monetary policy was particularly welcomed by rate-sensitive sectors such as Real Estate, Utilities, and Financials, which were all in the red for the year entering the quarter. Cyclically-geared sectors such as Industrials and Technology also performed well, while the more defensive Healthcare and Consumer Staple sectors were relative laggards in the quarter.

Cambiar's holdings in the Industrials sector comprised the largest positive contribution to performance in the quarter. Ride-share operator Uber was a notable outperformer in 2023. The company has built tremendous scale and a very strong market position in recent years that is now being reflected via strong free cashflow. The position was trimmed multiple times in the year in response to the strong move in the stock price; that said, Uber remains a high conviction holding in the portfolio.

Diversification does not protect against market loss.

Game console maker Nintendo (Communication Services) was another notable highlight in the quarter, 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.

Given the regional bank failures in March and associated stress on banks' balance sheets due to an inverted yield curve, it is somewhat unexpected that the Financials sector would go on to outperform the broader value index in 2023. The sector was a notable standout in the fourth quarter, as investors saw the prospect of lower rates to be an outsized benefit for banks via lower deposit costs and higher margins. Cambiar registered positive stock selection in Financials – in both the quarter as well as on a full-year basis. American Express was a standout performer in the quarter for CAMX. The company reported strong earnings results, ahead of market consensus. American Express continues to trade at a reasonable valuation relative to forward earnings, offering what we believe to be good medium to long-term upside from current levels. While profitability for AMEX remains positively correlated to economic growth, the company's premium customer base and low lending exposure as a % of the total business should provide a degree of ballast vs. industry peers.

Performance detractors in the quarter included non-participation in the top-performing Real Estate sector, and the portfolio's overweight allocation to the lagging Energy sector.

Regarding Energy, Cambiar's holdings in the sector were a performance headwind as an increase in global supplies weighed on oil prices. Although influenced by shorter-term fluctuations in energy prices, holdings such as Suncor and Cenovus have breakeven levels that are considerably lower than current oil prices. The underlying investment cases are based on longer-term dynamics – i.e., 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).

LOOKING AHEAD

U.S. equities closed out the year on a high note, with stocks rallying in response to continued progress on the inflation front and ongoing resilience in the economy and labor market. While the market may have been reasonably priced in October, the 4Q surge results in valuations that are now closer to historical fair/ full multiples at an index level. As investors showed a clear preference for risk-taking and chasing upside participation in the quarter, some consolidation would not be unexpected as we head into the New Year.

The strength that the U.S. economy exhibited in the face of higher rates was certainly a surprise in 2023. Outside of a handful of regional banks, fears that Fed actions would 'break something' has yet to materialize. Softening inflation data now provides the necessary breathing room for the Federal Reserve to begin lowering interest rates. A reduced cost of capital should be a tailwind for stocks in the aggregate, but could create a catch up opportunity for smaller companies that were most negatively impacted by elevated refinancing rates and recession fears. On a style basis, growth stocks outpaced value by a wide margin in 2023, with the gap most pronounced in the large cap asset class. Yet lower bond yields and normalizing inflation pressures should be positive for multiple expansion within traditional value sectors in 2024.

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 I Price I Discipline philosophy. We anticipate a wide range of outcomes for equities in 2024, with market volatility likely to be amplified by the upcoming Presidential election. The resulting 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.

Diversification does not protect against market loss.

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 12.31.23, the Cambiar Aggressive Value ETF had a 4.6% weighting in American Express, 4.7% in Cenovus, 4.5% in Nintendo, 3.9% in Suncor, and 3.5% in Uber. Current and future holdings subject to risk.

Alpha – A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. A positive Alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative Alpha indicates the portfolio has underperformed, given the expectations established by beta.

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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