CAMBIAR INVESTORS

CAMBIAR OPPORTUNITY 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%.

The 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. The risk on bias is further evident when evaluating 2Q returns on a size/style basis:

Category	Returns
Russell 1000 Value	3.8%
Russell 2000 Value	4.9%
S&P 500	10.9%
Nasdaq	18.0%
Bitcoin	30.1%

With price action driven more by momentum and headlines than by company-specific attributes, it should not be 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 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.

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OPPORTUNITY FUND

	2Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception – Inv	Since Inception – Inst
CAMOX	3.78%	4.19%	11.85%	13.81%	14.11%	10.16%	9.16%	-
CAMWX	3.83%	4.29%	12.10%	14.02%	14.33%	10.37%	-	8.32%
R1000V	3.79%	6.00%	13.70%	12.76%	13.93%	9.19%	7.43%	8.13%

Inception Dates: CAMOX (6.30.1998) | CAMWX (11.3.2005). 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 CAMOX: 0.98% (gross); 0.86% (net) | CAMWX: 0.77% (gross); 0.65% (net). Fee waivers are contractual and in effect until March 1, 2026. Absent these waivers, total return would be reduced.

In what was an absolute rollercoaster of a quarter for the U.S. equity markets, the Cambiar Opportunity Fund finished ahead of the Russell 1000 Value Index by a narrow margin for the period. 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).

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 on the Opportunity Fund. 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 and ConocoPhillips, as well as Corteva (seeds and crop protection) in the Materials sector.

On the buy side, the Cambiar team deployed capital into a number of quality businesses where we identified a combination of strong market position, defensible margin profiles via scale and network effects, and attractive valuations. New purchases in the quarter included Weyerhaeuser, Target and Flutter Entertainment. There is no common theme across any of these companies; i.e., each possesses unique attributes that should be additive to aggregate portfolio exposures. Target is an example of an exercise in patience – as we have been watching this name for the past year. The company has proven pricing power and sourcing agility, which should enable Target to take market share in the event of tariff-related competitor struggles within the discretionary space. At our attachment price in the $95 range (~11x P/E, 4.5% yield), we believe Target offers an attractive upside case should management address the inventory and operational shortcomings that have hampered earnings in recent years.

The risk on tone in the markets was evident in reviewing performance drivers at a sector level – Technology, Industrials, and Financials led to the upside, while more defensive sectors such as Healthcare, Energy and Utilities trailed. (Healthcare and Energy actually closed the quarter with losses.)

For the Opportunity Fund, stock selection in Consumer Discretionary was a key value add for the period, with Amazon and newer holding Flutter Entertainment both posting strong returns. Amazon continues to execute at a high level across its various lines of business, with the impact of tariffs likely to be manageable. Flutter is a global leader in online sports betting (OSB), anchored by FanDuel in the U.S. With a domestic market share of ~40-45% and expansion across 39 states, Flutter is capitalizing on a powerful network-driven growth cycle in a projected $200 billion global market. A key consideration in investing in digital businesses is the company's market penetration and moat. Once these leaders become entrenched and customer acquisition costs can be spread across a larger base, the resulting increase in margins and free cashflow should provide a tailwind to the stock price. We believe Flutter has reached this point, with margins moving into positive territory and several large states (CA, FL, TX) still awaiting legalization.

Diversification does not protect against market loss.

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In a continuation of the first quarter, Cambiar's industrial positions again contributed to performance, with Uber and Airbus both registering 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.

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 activity in the Energy sector 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 for Cenovus and Conoco – although it is worth noting that areas where our team subsequently deployed the proceeds, in some cases, have recovered to a greater extent than if we had maintained our energy positions. In other words, bad sells in energy for better buys in other sectors.

We added some capital back to energy late in the quarter with a new investment in Schlumberger (SLB). SLB is a leading oil services provider; the company has a global footprint, strong balance sheet (<1x net debt/EBITDA), and a growing order book in areas such as subsea drilling/development. While much of the oil production in the U.S. has been comprised of shorter cycle shale projects, we may be seeing signs of 'shale stress' via a combination of maturing basins and reduced efficiency gains. Such an environment would likely result in longer cycle projects of greater complexity and capex – a tailwind for Schlumberger. With a valuation of ~10x P/E at attachment, we view the risk/reward to be compelling for this market leader.

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 that a more balanced approach is appropriate, given lingering uncertainties regarding trade policy, heightened geopolitical tensions, and softening labor and 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 one to two rate cuts in the second 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. The S&P 500 is now trading at a forward P/E of 22x – valuation leaves little room for error. 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." A company may reduce or eliminate its dividend, causing loses to the fund. There is no guarantee the fund will achieve its stated objective. Diversification does not protect against market loss.

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. The Russell 1000 Growth® Index measures the performance of the Russell 1000's growth segment which is defined to include companies whose share prices have higher price to book ratios and higher expected earnings growth rates. 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. Index returns do not reflect any management fees, transaction costs or expenses. 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 Opportunity Fund had a 3.7% in Airbus, 3.5% in Amazon, 2.5% in Bristol-Myer Squibb, 2.9% in Flutter Entertainment, 1.8% in Schlumberger, 2.5% in Target, 4.0% in Uber, and 1.9% n Weyerhaeuser. The Fund had a 0.0% weighting Cenovus, ConocoPhilips, Corteva, and UnitedHealthcare. For characteristics and risk definitions, please visit www.cambiar.com/definitions.

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