



**CAMBIAR
INTERNATIONAL
EQUITY ADR
COMMENTARY
4Q 2025**

MARKET REVIEW

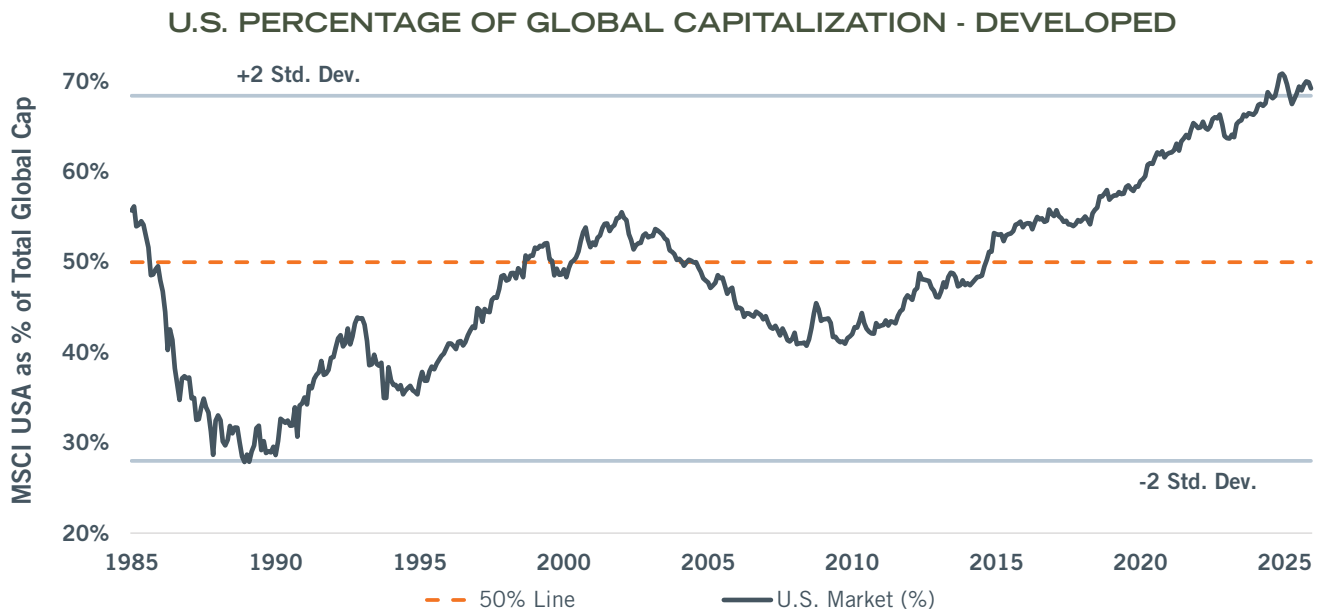
International equities completed the clean sweep for 2025, as the MSCI EAFE Index posted four consecutive quarters of positive returns (including a gain of 4.8% in the fourth quarter). On a calendar year basis, the 30.5% return for the EAFE in 2025 is the highest since 2009, handily outpacing the 17.9% return for the S&P 500 Index. While growth stocks held the upper hand vs. value within U.S. equity benchmarks, the opposite was true for international – as value outperformed growth by a wide margin for the year

A key question for investors – especially those who have a modest (or zero) allocation to international equities – is whether 2025 was a one-off in the U.S. exceptionalism trade, or the beginning of a more durable period of outperformance for non-U.S. stocks?

In our view, this does not have to be an either/or decision – exposure to international should be complementary to one's U.S. equity allocation. That said, we continue to believe that foreign equities continue to offer a strong value proposition – on a stand-alone basis as well as relative to domestic stocks. On valuation, U.S. markets are richly priced (in the aggregate), leaving little room for multiple expansion. In contrast, many international companies trade at relatively attractive valuations, which should allow for continued re-rating.

An additional catalyst for ongoing international outperformance may also be a function of good old-fashioned mean reversion. U.S. GDP currently represents ~26% of global GDP; is it then intellectually consistent for U.S. stocks to comprise ~70% of the developed world global equity composite?

As the above chart shows, the high representation of U.S. stocks is a two standard deviation event. Even a modest downshift to more normal levels would benefit international equities.



INTERNATIONAL EQUITY ADR

	4Q 2025	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
ADR _(gross)	3.4%	27.1%	27.1%	17.2%	7.0%	5.7%	6.2%
ADR _(net)	3.2%	26.0%	26.0%	16.3%	6.3%	5.0%	5.3%
MSCI EAFE	4.9%	31.2%	31.2%	17.2%	8.9%	8.2%	5.3%

International Equity ADR Composite Inception Date: 2.28.2006 / See Disclosure –Performance

CONTRIBUTORS

Top Five	Avg. Weights	Contribution
Barclays	2.92	0.64
SSE	2.52	0.56
AstraZeneca	3.04	0.53
Roche	2.23	0.52
Ryanair Holdings	2.38	0.46

DETRACTORS

Bottom Five	Avg. Weights	Contribution
Sony Group	2.39	-0.27
Thales	1.89	-0.30
Grab Holdings	2.60	-0.50
Ajinomoto	1.42	-0.51
Nintendo	2.45	-0.56

The Top 5/Bottom 5 chart provided is based on a representative account managed in the strategy and is derived from the account's gross performance which does not reflect the deduction of all fees and expenses that a client or investor would have paid. Please refer to the composite gross and net performance to understand the overall effect of fees. See Disclosure – Top 5/Bottom 5 Chart for more information.

The Cambiar International Equity ADR strategy posted a positive return for the fourth quarter, while falling short of the MSCI EAFE Index. It was a similar situation on a full-year basis, as the portfolio registered a strong absolute return, although unable to keep pace with the benchmark.

International equities staged a potent rally in 2025. The strength of the asset class was all the more impressive given intra-year uncertainties in the form of tariffs and ongoing geopolitical tensions. Positive catalysts were both company-specific (i.e., low valuations in tandem with strong earnings) as well as macro tailwinds.

After years of underinvestment in critical areas such as defense spending and infrastructure, the announced stimulus in Europe is poised to create a positive ripple effect on job growth and financing, which should then feed into economic expansion. The lack of fiscal stimulus in Europe (vs. the U.S.) has contributed to sizable growth differentials between the two continents over the past decade. If Europe now begins to do more on this front, it should provide a meaningful earnings boost for operators in the region. To be clear, Cambiar does not start with a top-down view and then populate the portfolio based on this outlook – our focus is on identifying high-quality businesses that possess internal

levers to drive earnings and cash flow. A supportive macro backdrop can be an additional positive.

Another component of international investing is the associated exposure to underlying currencies where these companies are domiciled. Both factors (individual stock returns and currency moves) provided tailwinds in 2025. For example, the EAFE registered an 'unhedged' return of 31.2% in 2025, vs. a return of 20.6% on a hedged basis. Given a negative double-digit move in the USD versus several international currencies, the impact may be less pronounced in 2026. (To clarify, Cambiar does not offer a 'hedged' portfolio option – we view currency exposure to be a natural diversification tool in the portfolio).

The last year provided a number of highlights for the portfolio, including positive stock selection across a host of sectors, including Real Estate, Communication Services, Utilities, and Technology. There were also areas where we could have demonstrated better execution. On this front, Cambiar's relative performance shortfall for the year can be largely attributed to (1) holding an elevated cash position, and (2) challenged stock selection in Consumer Staples and Energy. Cash levels were in the 5-6% range during the year (vs. a fully invested index). Regardless of the amount, any dry

powder in a 30+% up market will create a performance headwind. Our valuation sensitivity in waiting for investment candidates to come down to target price levels subsequently worked against us during the year. While still hesitant to chase, we anticipate cash coming down to a more normal 2-3% level in the coming months.

With investors increasingly biased toward higher upside opportunities in areas such as semiconductors, AI data center beneficiaries, and high-beta cyclicals, the traditionally more defensive Consumer Staples sector (as well as Healthcare) lagged the broader market advance in 2025. The Cambiar portfolio was hampered by both an overweight allocation to Staples as well as what we owned in the sector. Diageo and Kerry Group both posted disappointing returns during the year, a combination of mixed sales trends and earnings shortfalls. These high-quality businesses are now trading at low valuations on low expectations – a potentially attractive setup. While sensitive to value trap risk, we believe both companies are taking appropriate steps to manage their respective businesses, which should lead to improved volumes/margins. At a higher level, any wobble in the current growth narrative could prompt investors to shift from momentum names to more durable businesses – a potentially additional catalyst for the broader staples sector.

Portfolio construction remains an exercise in selectivity, balance, and varying return drivers. Trade activity was higher in the fourth quarter, with six new purchases and seven liquidations. As always, the buy/sell decision is evaluated on a case-by-case basis using our Quality | Price | Discipline framework. Given the outsized moves in stock prices and the associated changes in risk/reward, we took gains in situations where forward return expectations were more limited (i.e., good sales). One such example was the decision to part ways with Taiwan Semiconductor (TSMC). Taiwan Semi checks all of our quality boxes: dominant market share, strong balance sheet/free cash flow, and persistently high margins that are protected by pricing power. A key beneficiary of the artificial intelligence buildout and the related surge in demand for advanced semiconductors, TSMC has delivered a cumulative return of over 400% since our initial purchase in 2020. With valuations now at the upper end of the range and embedding high expectations, the path to further multiple expansion, we believe, will be more difficult – thus the decision to sell.

On the buy side, 4Q purchase activity spanned various sectors/geographies – including a Swiss healthcare provider, a Japanese industrial, and

an Ireland-based packaging distributor...Smurfit Westrock. The investment case for Smurfit Westrock is largely a self-help story, following the merger of the two companies (Smurfi Kappa and Westrock). We believe the best practices in place at Smurfit can be successfully deployed within Westrock, providing an uplift to aggregate margins and profits. We also anticipate a healthier demand environment for the corrugated markets in which the company operates. The combination of improving industry dynamics, high asset quality, and strong internal performance culture results in what we view to be an attractive return opportunity for Smurfit Westrock.

Comprising ~20% of total portfolio capital, the Financials sector illustrates the ‘risk on’ bias that drove returns in 2025. European banks were the standout performers in the sector, with many banks more than doubling in value in the year. In contrast, more ‘defensive’ financials, such as exchanges and insurance companies, provided less upside; the London Stock Exchange (held by Cambiar) posted a slight loss in 2025 due to AI disruption fears (we disagree). In aggregate, Cambiar's Financial holdings positively contributed to performance for the year (including 4Q).

LOOKING AHEAD

2025 was an ‘everything rally’, as most risk assets (global equities, fixed income, commodities) all registered impressive returns. Given behavioral biases that lead to extrapolation of current trends (rather than mean-reversion thinking), the path of least resistance remains to the upside. That said, we anticipate the gains to be more selective in nature for 2026. The outlook at Cambiar can best be described as cautiously optimistic – risk/reward within our businesses remains attractive, yet we are always stress-testing our assumptions to guard against thesis drift.

As we enter 2026, there is no shortage of big-picture questions to ponder: Can massive AI capex translate into the expected productivity gains? How will a new Fed Chair impact the term structure for bond yields? What is the outlook for global inflation trends? Will increasing Japanese yields unwind the yen carry trade? With so many cross-currents to consider, a quote from broadcast journalist Edward Murrow comes to mind: “Anyone who isn’t confused really doesn’t understand the situation”.

The above questions make for thought-provoking conversations, but are not overly top-of-mind considerations for the Cambiar team. In large part, we believe that stock prices follow earnings; as such, our efforts are more focused on getting the earnings right for our companies.

We maintain a constructive outlook for international equities, largely due to valuation asymmetry between non-U.S. stocks and domestic markets. With many U.S. equities trading at elevated valuations, any slip in the supportive narratives (e.g. AI capex boom) could result in a sizable drawdown. While international equities would not be immune to such a scenario, the lower valuations (and less exposure to tech) could provide a downside buffer.

Our internal research efforts remain focused on identifying well-managed companies that possess strong balance sheets, steady margin/return profiles, and durable competitive advantages. We then want to buy these great businesses at a great price; i.e., valuation remains a paramount input to the buy decision. We remain guarded against blindly buying into popular market narratives as well as paying up for cheerful consensus.

On behalf of everyone at Cambiar Investors, we want to wish you a Happy New Year! May 2026 be filled with health and prosperity.

DISCLOSURE

Cambiar Investors, LLC (Cambiar) is an independent registered investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training. Cambiar claims compliance with the Global Investment Performance Standards (GIPS®).

Cambiar's International Equity ADR Composite includes discretionary, taxable and tax-exempt portfolios, including portfolios that are part of broker-affiliated or broker-sponsored programs, including wrap programs, that waive commission costs or bundle fees including commission costs. The records of the portfolios in the composite are maintained on Cambiar's systems. Portfolios in the composite invest predominantly in foreign securities through American Depositary Receipts ("ADRs") and other securities which are traded on U.S. exchanges. Cambiar's International Equity ADR Composite primarily invests in stocks with a market capitalization greater than \$5 billion. The typical number of securities in the International Equity ADR portfolio is 40-50 holdings. As of April 2020, there is no minimum asset level for the composite. Prior to April 2020, the minimum asset level for the composite was \$100,000.

Prior to 2009 and for the periods of 2011 and forward, the composite's gross returns include accounts with gross and "pure" gross performance and are presented as supplemental information. From 2009 to 2010, the composite only contained accounts whose gross performance is reduced by transaction costs. "Pure" gross returns do not reflect the deduction of any expenses, including transaction costs. "Pure" gross returns are applicable to separately managed accounts that are part of broker-affiliated or broker-sponsored programs, including wrap programs, which waive commission costs or bundle fees including commissions (SMAs). Net returns are reduced by transaction costs and actual investment advisory fees and other expenses that may be incurred in the management of the account. SMAs often incur bundled fees, charged by the wrap sponsor or affiliated broker, that may include transaction costs, investment management, portfolio monitoring, consulting services, and custody fees. Net returns for SMAs are calculated by deducting the investment advisory fees from the client's account as reported by the wrap sponsor or affiliated broker, or as received by Cambiar. Cambiar clients may incur actual fee rates that are greater or less than the rate reflected in this performance summary. Fees will vary based on the assets in the accounts. Returns are reported in U.S. dollars.

Performance results for the International Equity ADR Composite are evaluated against the MSCI EAFE Index. The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted, market capitalization weighted index that is designed to measure developed market equity performance, excluding the U.S. & Canada. The index assumes no management, custody, transaction or other expenses. The MSCI EAFE Index is a broadly based index that reflects the overall market performance and Cambiar's returns may not be correlated to the index. The index is unmanaged and one cannot invest directly in an index. Cambiar's performance and the performance of the MSCI EAFE Index include the reinvestment of all income. Benchmark returns are net of withholding taxes. Prior to July 2019, Cambiar typically followed each custodian's treatment of tax withholding and therefore dividends may have been presented as gross or net of dividend tax withholding depending on the custodian's treatment. As of July 2019, Cambiar typically records dividends net of withholding taxes although it may depend on various factors such as the issue country and custodian's treatment. Withholding taxes may vary according to the investor's domicile, and other reasons.

For additional information, including a GIPS Composite Report for the strategy presented herein and/or a list of composite descriptions, please contact: Cambiar Investors LLC, 200 Columbine Street, Suite 800, Denver, CO 80206, 1.888.673.9950, info@cambiar.com. **Past performance is no indication of future results and, as is the case with all investment advisors who concentrate on equity investments, Cambiar's future performance may result in a loss.** All information is provided for informational purposes only and should not be construed as an offer to buy or as a solicitation to buy or sell. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. **This communication is intended for non-wrap use only.**

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Top 5/Bottom 5 Chart: The quarterly contributors and detractors are based on the gross performance of a representative account in the strategy composite. As compared to the representative account, the composite performance shown is the asset-weighted performance of related accounts which may include accounts of varying types including pooled vehicles/mutual funds, separate accounts, and retail/wrap (directed) accounts. Cash flows, holdings and other activities may vary across accounts in the composite which can result in materially different performance between the composite (or other accounts in the composite) and the representative account. Please refer to the net performance of the composite which best represents the net performance an investor would have received if they had invested in the strategy for the period shown.

A complete list of each security that contributed to the performance of the Cambiar portfolio mentioned above is available upon request. Please contact Cambiar at 1.888.673.9950 for additional information.

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