



**CAMBIAR
INTERNATIONAL EQUITY
FUND COMMENTARY
1Q 2026**

MARKET REVIEW

International equities posted a modest decline in the first quarter of 2026, as heightened volatility stemming from the conflict in the Mideast weighed on global risk assets. The MSCI EAFE Index registered a 1Q return of -1.2%, while the Emerging Markets Index was basically flat for the period (-0.2%). In a continuation of the trend from 2025, non-U.S. equities again fared better than U.S. markets, as the S&P 500 Index posted a 1Q return of -4.3%. The drawdown in domestic stocks can be attributed to higher exposure to technology and AI-related companies, which lagged in the quarter.

OUT WITH THE OLD, IN WITH THE...OLDER?

There was a notable divergence in style-based returns during 1Q, as growth stocks struggled while value stocks provided a level of downside protection. At a sector level, cyclicals such as Energy, Industrials, and Materials were beneficiaries of the rotation, to the detriment of Technology and Consumer Discretionary. A continuation of these sector performance trends should also benefit international equity markets, given their greater skew toward cyclicals (and Healthcare) than U.S. markets.

Another underpinning for the shift in capital from asset-light businesses to old-school physical economy stocks was in response to the threat of AI disruption fears. Never short on catchy abbreviations, Wall Street's newest term that is gaining traction is HALO – high asset, low obsolescence companies.

It is one thing to use agentic AI to write code, handle call center service functions, or optimize digital workflows. Yet AI cannot be a substitute for exploration & production companies in the oil patch, replace a national rail/freight transportation network, or serve as an alternative to corrugated containers produced by Smurfit Westrock. These 'hard assets' also have more defensive terminal values vs. many software businesses whose future prospects are being called into question due to AI. Cambiar's research process has always considered a company's moat durability – this focus on pricing power, scarcity value, and market leadership is taking on increased relevance in light of the rapid advancements being made in AI.

A quick comment on private credit (Cambiar has no exposure to this asset class) – the combination of abundant liquidity and a willingness to take on

risks that others (i.e., banks) likely passed on has contributed to the explosive growth in private lending that is now showing signs of struggle via defaults and loan markdowns. Perhaps the bigger impact is that credit availability may be shrinking, with tighter financial conditions constraining business investment and hiring for companies that depend on this channel for access to capital. The move higher in yields (resulting from the spike in oil prices and related inflationary effects) may further pressure economic growth expectations.

Throughout this more volatile period, the Cambiar team has sought to remain level-headed in managing our portfolios – buy/sell activity remains a function of company-specific fundamentals, price, and resulting risk/reward opportunity. We believe our focus on quality companies that possess strong balance sheets and a track record of earnings/profits should be in favor vs. more speculative stocks that have limited prospects for profits and cash flow. With little in the way of valuation support, these latter businesses are now incurring material drawdowns as investor preference has shifted towards more tangible cash-generating areas of the market.

INTERNATIONAL EQUITY FUND

	1Q 2026	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception - Inv	Since Inception - Inst
CAMIX	-3.43%	-3.43%	13.03%	11.62%	4.28%	4.49%	6.57%	-
CAMYX	-3.43%	-3.43%	13.12%	11.72%	4.38%	4.60%	-	5.26%
MSCI EAFE	-1.24%	-1.24%	21.27%	13.62%	7.91%	8.38%	5.52%	7.40%

Inception Date: CAMIX (8.31.1997) | CAMYX (11.30.2012). 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 3/31/26, expense ratios are CAMIX: 1.30% (gross); 1.02% (net) | CAMYX 1.14% (gross); 0.90% (net). Fee waivers are contractual and are in effect until March 1, 2027. 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.

The Cambiar International Equity Fund trailed the EAFE Index for the quarter, as more challenged stock performance in Industrials and Healthcare overshadowed positive stock selection in Utilities, Technology, and Financials. Although disappointed by the overall result for the quarter, we were encouraged by the Fund's ability to provide solid downside protection (vs. the index) during the March sell-off.

A dominant investment theme during the quarter was AI penetration and disruption fears – i.e., to what extent the rapid advances in AI tools could displace current business models. Given that the bulk of a company's valuation is based on terminal value, existential concerns resulted in material valuation compression. The software industry was ground zero for investor pessimism, but fears extended to a broad swath of businesses. While difficult to quantify the risk of AI disruption, the market was clearly in 'sell first, ask questions later' mode. The irony is that markets struggle to accurately predict earnings beyond 12-18 months, and yet investors are making some fairly draconian viability predictions. We would agree that AI uncertainty may warrant a reduction in valuation – but in some cases, the decline has been overly punitive.

A number of Cambiar holdings were impacted by the AI-induced selling pressure, including enterprise software leader SAP, Publicis (advertising), and human resources technology company Recruit Holdings (parent of Indeed.com). How to proceed? The key decision variable in our analysis was gauging to what extent these companies possess proprietary/

market leadership attributes that could withstand (or be enhanced by) AI overlays, vs. a material risk of substitution or outright displacement. Valuation, switching costs, and stress-testing a variety of assumptions were additional considerations. We subsequently decided to sell Recruit and maintain positions in Publicis and SAP. Assuming ad-sponsored tiers of non-linear programming will continue to be used to fund content, Publicis' dataset should be extremely valuable. As for SAP, it is challenging to envision a scenario where AI implementation in business processes delivers organizational value without an ERP backbone. The recent drawdown in the stock price results in a 7% free cashflow yield and 16x P/E (one year forward) for what we view to be a high-quality business.

History shows that equity markets have rebounded after geopolitical shocks; as such, we sought to take advantage where there were meaningful divergences of current valuation vs. our estimate of normalized earnings power. Airbus is one example of investor overreaction in the quarter. The company did miss production expectations due to supplier engine/component delays; however, the bulk of the 1Q decline was off in sympathy with airlines – whose earnings are more clearly impacted by higher jet fuel prices. The investment thesis for Airbus is very much intact – the company has a 10-year backlog of commercial plane orders and is a straightforward delivery execution story. We added to our position in the quarter.

At a sector level, Energy and Utilities both registered strong returns in the quarter. Cambiar benefited from

a modest overweight allocation (vs. the index) as well as solid stock performance. While hesitant to add to energy stocks in light of the potential for oil prices to pull back as tensions in the Middle East de-escalate, we increased our allocation to Utilities with the purchase of Energias de Portugal (EDP). EDP is an integrated utility with exposure to power trends in the Iberian Peninsula, the U.S., and Brazil. Tailwinds include cost-advantaged power assets and exposure to high secular growth opportunities such as datacenters.

Stock selection in Healthcare has been a value-add to performance over the past three years...perhaps some degree of mean reversion was inevitable, as returns lagged in the quarter. Individual underperformers were ICON and Coloplast, the latter being a relatively newer holding (purchased in 4Q25). Coloplast sells a variety of healthcare products that include urology, wound treatment and voice/respiratory care. The drawdown in the stock was in response to weaker than anticipated sales growth. One of the company's key products (Kerecis - wound care) issued a soft sales forecast due to pricing caps in certain channels. At the time of purchase, we viewed Coloplast to offer an attractive risk/reward as we await an inflection in margins/earnings. That said, we also anticipated that fundamentals may not have fully troughed, which seems to be the case. With a new CEO on board, we are open to giving the thesis more time to materialize, but are closely monitoring progress.

Cambiar's holdings in Industrials comprised an additional performance headwind in the period. Industrial stocks comprise ~20% of the Fund, and are thus an important driver to overall returns. Individual laggards include the previously mentioned Airbus and Recruit Holdings; in addition, Ryanair and Monotaro also weighed on performance. While higher jet fuel prices will impact Ryanair's profitability, pricing actions can be taken as an offset. Monotaro is a Japan-based business-to-business company that sells a variety of industrial/construction/repair supplies (a U.S. proxy would be W.W. Grainger). The stock has underperformed in recent quarters due to concerns around top line growth trends, as well as higher yields in Japan – which leads to a higher cost of capital. Even after incorporating these two factors into our models, we believe Monotaro represents an attractive return opportunity, as the company continues to take share in what is a fairly fragmented industry in Japan.

LOOKING AHEAD

After a multi-year period of double-digit gains, U.S. equities entered 2026 trading at elevated valuations, leaving little margin for error. The conflict in the Middle East has now injected a high degree of uncertainty into intermediate-term economic growth projections and company-specific earnings. The prospect of AI disruption is an additional unknown, although these concerns are likely to affect a smaller subset of companies.

With the MSCI EAFE Index trading at ~14x P/E (one-year forward), valuations within international equities continue to trade at a deep discount to U.S. stocks. And while valuation in itself is not a sufficient catalyst to drive outperformance, low multiples can provide a meaningful accelerant should investor sentiment towards non-U.S. stocks begin to improve.

Another key driver for international stocks is currency. Despite the U.S. dollar strengthening more recently as a safe haven asset during the Iran conflict, the potential for easing by the Fed and a weaker dollar would be an additional positive for international equity returns.

Over the past several years, markets have been heavily influenced by a relatively narrow set of narratives and leadership groups. Such an environment can create the illusion that diversification is unnecessary. This stance has begun to shift, as allocations to areas such as international and value have helped to offset weakness in growth stocks. In more uncertain periods, such as the current environment, diversification is less about maximizing returns and more about ensuring durability.

With investor priorities shifting from upside participation to a margin of safety mindset, the Cambiar team remains focused on the consistent implementation of our Quality | Price | Discipline framework. We continue to prioritize companies that possess pricing power, capital discipline, and balance sheet quality. Valuation remains paramount in the final buy/sell decision, as paying too much for even exceptional businesses can lead to disappointing outcomes if expectations moderate or the underlying economics of those businesses begin to shift. Lastly, portfolio construction continues to emphasize broad ownership across a diverse mix of businesses – across sectors and geographies.

Thank you for your 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 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. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility. The funds may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. A company may reduce or eliminate its dividend, causing losses to the fund. Diversification may not protect against market risk.

The MSCI EAFE® Index (net) (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. & Canada. The MSCI World Index USD (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI indices are compiled by Morgan Stanley Capital International. Nikkei Index is a price-weighted index consisting of 225 stocks in the Prime market of the Tokyo Stock Exchange. 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. Index returns do not reflect any management fees, transaction costs or expenses. 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 3.31.26, the Cambiar International Equity Fund had a 1.9% weighting in Airbus, 2.0% in Coloplast, 2.2% in Energies de Portugal, 1.0% in ICON, 1.8% in Montoro, 1.8% in Publicis, 0.0% in Recruit Holdings, 2.3% in Ryanair, 1.3% in SAP, 2.3% in Smurfit Westrock, and 0.0% in WW Grainger. Current and future holdings subject to risk.

For characteristics and risk definitions, please visit www.cambiar.com/definitions.

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