

CAMBIAR SMID FUND COMMENTARY 1Q 2026



MARKET REVIEW

Returns within the U.S. equity market were mixed for the first quarter. A slump in the popular Mag 7 technology cohort (Lag 7?) weighed on the S&P 500 Index, with the large cap proxy posting a 1Q return of -4.3%. Small caps managed to eke out a small gain, with the Russell 2000 Index registering a 0.9% return. While large cap stocks continue to outpace small caps over a longer arc, small caps have been catching up as of late and are now outperforming on a trailing one-year basis (25.7% return for the Ru2000, vs. 17.8% for the S&P 500).

Given an annualized 23% return for the S&P over the past three years, equities were due for a pullback as we entered 2026; all that was needed was a catalyst. Enter heightened geopolitical risk in the quarter, with the conflict in Iran triggering a broad-based drawdown in global stock prices. It is worth highlighting the increased fragility in asset markets before the escalation in the Middle East. There were already a number of worries brewing under the surface – elevated capex budgets in Mag 7 stocks, AI disruption fears in software, and redemption gates in private credit. Iran (and the ensuing rip in commodity prices) was the spark for a risk-off trade. An announced path towards a possible resolution triggered a quarter-end rally from oversold levels; that said, the aforementioned headwinds continue to linger and could keep a lid on aggregate equity valuations.

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 welcomed margin of downside protection. At the sector level, cyclicals such as Energy, Industrials, and Materials benefited from the rotation, to the detriment of Technology and Consumer Discretionary.

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 necessary hydrocarbons provided by HF Sinclair, replace key

assets such as Saia's logistics networks, or provide teeth-straightening technology (e.g., Align Technology). 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.

SMID FUND

	1Q 2026	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception - Inv	Since Inception - Inst
CAMMX	2.21%	2.21%	4.20%	3.31%	2.62%	9.16%	8.48%	-
CAMUX	2.27%	2.27%	4.35%	3.42%	2.72%	9.24%	-	7.58%
R2500V	4.77%	4.77%	25.43%	14.46%	7.64%	9.87%	9.38%	8.53%

*Inception Date: CAMMX (5.31.2011) | CAMUX (11.3.2014). 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 CAMMX: 1.19% (gross); 0.95% (net) | CAMUX 1.08% (gross); 0.85% (net). Fee waivers are contractual and 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.

In a quarter where gains were hard to come by, smaller cap value stocks were a notable exception – as the Russell 2500 Value Index posted a 1Q return of 4.8%. The Cambiar SMID Fund closed higher for the quarter, although unable to keep pace with the index. The relative performance shortfall was primarily due to company-specific drawdowns in select healthcare and industrial positions, as well as a lower allocation to the top-performing Energy sector.

The primary objective in constructing a diversified portfolio is to assist in dampening volatility and hopefully provide a smoother return stream on a through-the-cycle basis. While the Cambiar team considers a range of scenarios as part of this process, we did not anticipate multiple geopolitical events taking place in the quarter. Although markets quickly moved past the U.S.-led government change in Venezuela, the military conflict in Iran triggered a spike in volatility levels not seen since the tariff chaos last April.

We tried to use the outsized moves in stock prices to our advantage, as names in our research library reached actionable attachment points. Buy/sell activity in the quarter consisted of seven new purchases and six liquidations. Recent additions covered a wide range of industries, from Clorox to Southwest Airlines. We also made a swap within the Tech sector, selling IT services provider Amdocs in favor of ON Semiconductor. Amdocs has historically been more of a 'defensive' tech holding – falling behind in more frothy environments, such as 2025, but holding up well in the 2022 drawdowns.

With the recent announcement of a CEO transition and fairly muted upside at current valuations, we sold Amdocs in favor of ON, which we view to offer a more attractive return profile.

ON Semi is a company we are very familiar with – having a successful ownership experience in the late 2018-mid 2022 timeframe. ON produces power semiconductors and is guided by what we view to be a best-in-class management team. The company is trading at trough margins due to an extended COVID-driven inventory cycle. Successful ownership in semis is all about timing the cycle, and we believe demand trends are poised to inflect higher from current levels. ON also has an additional catalyst via an upcoming datacenter architectural shift that will represent a material increase in power semi content. If we are correct in our assessment, earnings power for ON is set to move materially higher in the coming years.

For U.S. citizens, the most evident cause and effect impact of the Middle East conflict was at the gas pump, as oil prices rose from the mid-\$60s to over \$100. While higher energy prices are a headwind for consumption trends, it was a strong tailwind for operators in the Energy sector. Cambiar's sole position in the sector performed well in the period, but was overshadowed by a lower overall weighting vs. the index (~2.5% vs. 5.4%) – limiting additional upside potential. The recent price strength notwithstanding, energy companies are largely price-takers vs. price-setters. With oil prices likely to drop at any sign of

Diversification does not protect against market loss.

de-escalation, we are not going to engage in a chasing exercise at this point.

Additional commodities impacted by the Strait of Hormuz closure are nitrogen fertilizers, as approximately 60% of global demand is sourced from the region. Cambiar holding CF Industries is a US-based producer of various ammonia and nitrogen fertilizers; the company benefits from lower feedstock inputs (e.g., natural gas) and higher global average selling prices, resulting in elevated profits/cashflow. Similar to oil prices, we anticipate that fertilizer prices will come down once the Strait reopens; with the stock up over 58% in the quarter, we closed out our position.

At a sector level, Financials comprised the weakest-performing group in the index, as headwinds in the form of higher interest rates, economic growth concerns, and exposure to the challenged private markets space negatively impacted banks, asset managers, and related financial services companies. Cambiar's Financial holdings were able to sidestep much of the selling pressure and represented a key positive contributor to relative performance in the quarter. Our focus on diversification served the Fund well; individual outperformers included regional banks Webster Financial and BOK Financial.

Security selection within Healthcare comprised the largest drag on performance in the quarter, as Solventum and Phreesia each incurred sizable drawdowns. Solventum was spun off from 3M in 2024 and has three business segments: surgical equipment, dental solutions, and health IT systems. As a stand-alone company, Solventum is doing all the right things - positive organic growth across all units, deleveraging the balance sheet, and generating positive free cashflow. The recent price weakness is due to AI-related fears pressuring the company's HCIT unit, which accounts for ~16% of sales. We remain constructive on the company and continue to maintain a position.

AI disruption fears also contributed to the drawdown in Phreesia, which is a software provider with a key niche in the healthcare space. The company's in-patient registration/check-in services and digital engagement platform are well-entrenched in hospital networks and specialty practices. Some of the pain in the stock was in response to a guide-down in advertising revenue, as customers such as vaccine providers and GLP-1 companies have scaled back their spending. With that said, Phreesia maintained their full-year EBITDA guidance, pointing to continued client growth and

stronger pricing. With a strong balance sheet and customer base of over 5K providers/100K physicians, we believe that Phreesia offers strong upside potential from current levels.

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 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.

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 in more recent months, as allocations to value stocks (and small caps) have helped to offset weakness in growth companies that paced the market advance. 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 consistently implementing 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 - both across and within sectors.

Thank you for your 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

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." In addition to the normal risks associated with investing, investments in small companies typically exhibit higher volatility. A company may reduce or eliminate its dividend, causing losses to the fund. There is no guarantee the fund will achieve its stated objective. Diversification does not protect against market loss.

The Russell 2500™ Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500™ Index companies with lower price-to-book ratios and lower forecasted growth values. Index returns do not reflect any management fees, transaction costs or expenses. 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. 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 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 3.31.26, the Cambiar SMID Fund had 2.6% weighting in Align Technology, 0.0% in Amdocs, 2.5% in BOK Financial, 0.0% in CF Industries, 2.5% in Clorox, 2.6% in ON Semiconductor, 1.5% in Phreesia, 2.3% in Solventum, 2.5% in Southwest Airlines, and 2.7% in Webster Financial. 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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