ValueInvestor INSIGHT
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The Leading Authority on Value Investing

Before the Dawn

Cambiar Investors' Brian Barish and Rich Carney describe why investing based on mean reversion is getting harder, how "noise" in areas like healthcare and consumer products is creating opportunity, the lessons they learned from the Internet bubble, and why they believe Medtronic, Elevance Health, Constellation Brands and Expand Energy are mispriced.

INVESTOR INSIGHT



Brian Barish
Cambiar Investors

Investment Focus: Targeting "good companies at good prices" when positive developments in their businesses don't appear to be well reflected in their share prices.

One of the many changes in markets Brian Barish has had to navigate since taking the reins in 1999 of Cambiar Investors – cambiar means "to change" in Spanish – is what he considers the ongoing thinning out of fundamental investors from equity markets. "That has made markets less efficient," he says. "There are opportunities to make money when your marginal buyer and seller are not thinking about owning the business long-term."

Cambiar now manages $3 billion in assets and its flagship Opportunity Fund since 1998 has earned a net annualized 9.4%, vs. 8.1% for the Russell 1000 Value Index. In the current market he likens to a "wild theme park ride," he's finding long-term opportunity in such areas as medical devices, health insurance, beer and natural gas.

As for many value investors, there's a heavy mean-reversion aspect to your strategy. Has relying on mean reversion in the world we live in gotten more difficult?

Brian Barish: In identifying potential investment targets we do rely on where their stocks are valued today relative to historic and/or peer-group ranges and then project what those valuation ranges can be in the future. The basic discipline is to buy in the lower quartile of the valuation range and sell towards the upper end of the long-term range. In doing that we hold a lot of variables constant and believe that both the business performance and the valuation are likely to mean revert.

But the world does change. Technology changes. The way that we interact with each other changes. Styles change. Applying a relative-value, mean-reversion lens only works with businesses where there might be some cyclicality, but you can be reasonably confident that the industry conditions in the future will turn out to be fairly similar to the past. Assessing that has always been difficult, but I think it's fair to say that today confidence in stability is more difficult to assess in a lot of industries.

Contrary to popular belief, however, markets are still not always efficient. People chase after whatever's hot, growing the fastest, or has the sexiest story in the near term. Public markets in the U.S. have become really thinned out in terms of fundamental active investors. It's hard for me to believe that decisively over 50% of stocks are held by indexes, which by definition do not engage in price discovery. Where there is price discovery, it's increasingly from quantitative strategies and multi-strat hedge funds that trade based on short-term estimate revisions. You can see it clearly in consumer names when there's weekly scanner or credit-card data released and almost immediately prices move dramatically to reflect potential or actual estimate revisions.

There just aren't a lot of fundamental investors getting in the way of these more statistically driven flows. We believe that creates more opportunity for long-term investors, but the ups and downs are a bit like a wild theme park ride.

You've written about ongoing changes in the world of consumer-products companies. Describe what you're seeing there and how that's impacting how you invest in their stocks.

BB: There's been significant change in the market for consumer products. Twenty years ago a successful consumer company could commandeer a lot of shelf space, advertise and promote its products using a handful of television channels and publications, and that was pretty much the business model. Big, established players had significant competitive advantages in doing that.

Now if I want to start a brand of athletic apparel, or a line of health food, or a new skincare company, it's not as hard to do. You can promote your brand on social media and reach potential customers using influencers and very targeted digital advertising. The barriers to entry are just much lower than they used to be and I

think that's been a big driver of the valuation compression in the consumer space. The growth algorithm for consumer-product companies has been disrupted and the stability and predictability is not in many cases what it was.

There are other things impacting consumer companies today. One is the so-called K-shaped economy, where the top 20% of consumers appear to be doing pretty well but the bottom 80% aren't as their purchasing power has not kept up with inflation. Consumer tastes also evolve and it can be a challenge to parse the secular versus cyclical changes. All of this has made consumer stocks a tough neighborhood.

From our firm's founding our core discipline has been around finding situations where positive developments are not well reflected in share prices. So it's not surprising that that discipline is pointing us to consumer-related names where we don't believe it's a foregone conclusion that a historic market leader is going to underperform indefinitely. It hasn't proven out yet, but a representative example would be PepsiCo [PEP]. When we started buying the shares in the fourth quarter of last year the stock was trading at a meaningful discount to its historical valuation – around a 16x forward P/E, relative to the more typical level in the low-20s – despite strong brands, a number of interesting growth initiatives and what we thought were multiple catalysts to restore margins and earnings momentum.

We know the narrative here isn't great. Consumers are pushing back on price increases. GLP-1s are changing consumption habits. Who wants to own a consumer stock when tech and AI names are so much more exciting? This isn't true in every case, but with Pepsi we think that narrative is well known and priced into the stock to an extent that doesn't contemplate how the company can and will respond in pricing, product innovation and pursuing still-intact growth opportunities. If we're right, the fundamentals should ultimately help change the narrative and the valuation won't stay where it is forever. [*Note*: At just over $137, PEP shares currently still trade at 16x consensus forward earnings estimates.]

Talk about another recent addition to the portfolio, Intercontinental Exchange [ICE], and what's going on with it that attracted your attention.

BB: The company operates equity, futures and fixed-income exchanges around the world and it's a business we've owned before and know well. What attracted our attention was that exchange-operator stocks have been weak this year due to a combination of AI disruption fears and the potential for lower future trading volumes due to the recent approval for perpetual futures to trade in prediction markets like Kalshi and Polymarket.

ON HEALTHCARE:

We see things as more "normal" heading into 2027 and don't always see that reflected in current share prices.

This is a good example of trafficking in ideas where there is vague negativity. With respect to AI, that negativity reflects concern about the market-data and mortgage-technology parts of the business, which generate high margins and have provided diversifying sources of growth. Here we believe the fear significantly exceeds the reality, primarily because of the proprietary nature of the data assets these businesses are built upon. This is high-value data that can't be scraped off the public Internet and, if anything, we'd expect ICE to enhance its product offerings with AI-driven features that allow faster retrieval and analysis of the data to make real-time decisions.

On the threat of new prediction-market competition, if you understand the structure, regulation and dynamics of exchanges – where liquidity matters and established rules of engagement are long in place – you have to be pretty far out on the futurist curve to believe capital in volume will just pick up and move to prediction markets with unclear regulation and no operating history.

Using our relative-valuation process, when the company's shares got down to a sub-15x P/E on next year's estimated earnings – easily at 10-year lows against the long-term average of around 22x – we thought that offered a highly attractive risk/reward. [*Note*: Now trading at just under $169, ICE shares have increased nearly 40% from their June lows and are now trading at 19.7x consensus forward estimates.]

On the subject of vague negativity, I would also mention the card-payment networks Mastercard [MA] and American Express [AXP]. Their shares have come back nicely, but at the height of the AI-disruption fear they traded down out of concern, as far as I can tell, that artificial intelligence is going to create alternative payment rails that will circumvent credit and debit cards and that AI agents handling all kinds of tasks for us will increasingly seek out these alternative payment methods. Here I found myself asking, what are you talking about? I'm self-aware enough to recognize I could ultimately be wrong, but I honestly don't understand how any of this disrupts the current system in a meaningful way. When the shares sold off, we used it as an opportunity to add to our existing positions in both Mastercard and Amex.

Amazon.com [AMZN] is a top-10 holding in your large-cap fund. Are you making some sort of AI bet with it?

BB: My original interest in Amazon as a value investor came about accidentally, when I was at a conference in Las Vegas in late 2019 at the same time as the annual Amazon Web Services' developers conference. Just being in town I was overwhelmed by the crowd there for AWS, which I read afterwards was something like 120,000 people. Sparked by that, we ended up buying the stock because of the length and size of the runway we saw for AWS providing cloud services to enterpris-

es that will use it as their primary compute backbone – the processing power, virtual servers, storage and networking that modern web applications and digital services run on.

We believed the demand for AWS services was unstoppable at the time and nothing in the interim has changed that view. If anything, the buildout of agentic AI has probably lengthened the sustainable runway. We don't believe those positive future developments are well reflected in the stock. The shares [at today's $240 price] trade at about 9x EV/EBITDA, which is near the bottom of the historical range. You can argue whether it ever gets back to the peak level of around 18x given that the company is so much bigger and there's some uncertainty around the ultimate level of AI-driven demand, but the overall business is still capable of growing earnings at a double-digit annual rate and we think the likelihood of a further re-rating of the valuation down from here is quite low. This is still a high-conviction holding for us.

You've said "noise" in the healthcare sector has made it relatively fertile ground for bargain hunting. Explain what you mean by that.

Rich Carney: Covid threw a number of wrenches into the system that have taken quite a while to work themselves out. During the pandemic healthcare utilization declined as patients were hesitant to visit healthcare facilities and then there was a subsequent catch-up in procedures as people started going out again. Spending in life sciences went through the roof and then contracted. Biotech companies raised record amounts of capital and spent it on drug development and then the capital stopped flowing and spending on R&D normalized. That's made for more volatility over the past two to three years in several sectors that usually are less volatile, including managed care, medical devices and life sciences. We see things as more "normal" heading into 2027 in certain areas of healthcare and don't always see that reflected in share prices.

Describe why you think that's the case today for device-maker Medtronic [MDT].

RC: The medical-technology sector has had a rough year for the most part. Insurers are pushing high deductibles, premium increases in the commercial business have been up fairly strongly, and with regulatory changes there's been some losses in coverage, particularly in the individual market. All that has resulted in a deceleration in procedure volumes for more elective procedures that has impacted med tech.

But generally speaking this is a great business. Doctors are often trained on leading products and are slow to switch. Hospitals develop strong relationships with large suppliers that allow the companies to be on top of what their customers want and need, which helps drive innovation. Devices are largely for non-elective procedures, in increasing demand as the population ages. When there are temporary issues in the industry like we've had this year, we often see that as an opportunity to invest.

Medtronic is one of the world's largest medical-device companies, with revenues split evenly between the U.S. and international markets. It offers a wide range

INVESTMENT SNAPSHOT

Medtronic
(NYSE: MDT)

Business: Develops, manufactures and sells device-based medical therapies and systems across cardiovascular, neuroscience, medical-surgical and diabetes business units.

Share Information (@10/30/26):

Price	**96.54**
52-Week Range	73.31 – 106.33
Dividend Yield	3.0%
Market Cap	$118.18 billion

Financials (TTM):

Revenue	$37.54 billion
Operating Profit Margin	20.1%
Net Profit Margin	13.9%

Valuation Metrics
(@10/30/26):

	MDT	S&P 500
P/E (TTM)	23.8	23.5
Forward P/E (Est.)	16.1	19.2

Largest Institutional Owners
(@6/30/26 or latest filing):

Company	% Owned
Vanguard Group	10.2%
BlackRock	9.3%
State Street	5.2%
Geode Capital	2.5%
Capital Research & Mgmt	1.8%

Short Interest (as of 10/30/26):

Shares Short/Shares Out.	11.4%

MDT PRICE HISTORY



THE BOTTOM LINE
A revitalization of its product portfolio has shifted the company's annual organic growth potential from 3-4% to 6-8%, says Rich Carney. With operating-margin improvement as well he believes earnings per share can grow at close to 15% annually over the medium term, which he doesn't think is well reflected in a stock trading today at a 16x forward P/E.

Sources: S&P Capital IQ, company reports, other publicly available information

of products across cardiovascular, neuroscience, medical-surgical and diabetes business segments, including pacemakers, implantable defibrillators, spinal implants, respiratory ventilation systems and glucose monitoring sensors.

Starting in 2020 the vitality of the company's overall product portfolio started to lag and earnings growth stagnated as it lost market share to competitors like Boston Scientific and Abbott in certain key categories. New CEO Geoff Martha came in with a mandate to upgrade the product portfolio and reenergize organic growth. We think the company has done a good job in this regard and we're starting to see that show up in the financials. At a time when growth at most peers is slow, organic revenues in Medtronic's latest quarter were up over 7%. New products they've been rolling out have gotten excellent adoption and we believe the momentum is still in the early stages.

Success here isn't reliant on one big blockbuster, but rather from a number of products for what I would call minimally invasive procedures that are strong alternatives to existing drug therapies. I'll mention three. The PulseSelect ablation system uses high-energy electrical bursts to interrupt erratic electrical pathways in the body that cause atrial fibrillation. The Symplicity Spyral system treats high blood pressure by targeting overactive nerves leading to the kidneys with radio waves. Altaviva is a small implant in the ankle that sends out electrical pulses to the tibial nerve that aid in the treatment of urinary incontinence.

We believe products like these have shifted the company's dynamic from a 3-4% baseline annual organic grower to one that for some time could grow in the 6-8% range. We also believe operating margins have significant upside as more systems are in the market generating recurring revenue and high spending currently on selling, general and administrative expenses normalizes.

How are you seeing all that translate into upside for the stock, which closed recently at $96.50?

RC: With increased organic revenue growth and margin recovery we estimate over the medium term that Medtronic's earnings per share can grow close to 15% annually. At today's share price the stock trades at 16x consensus forward earnings and at around 14x on 2028 estimates. If the organic growth comes in as we expect, in addition to benefiting from the EPS growth we could also imagine a re-rating of the shares to trade at more of a high-teens multiple. The market seems to be treating all med-tech stocks the same today and we believe Medtronic deserves better than that.

Staying in the broader healthcare space, describe your investment case today for insurer Elevance Health [ELV].

RC: Heath insurers had a tough year in 2025 as increased medical utilization costs and margin pressures in Medicaid and Medicare Advantage policies drove medical-loss ratios to multiyear highs. While that wasn't pleasant and the companies can rightly be criticized for poor underwriting decisions, one real positive of this type of insurance business is that it's short-cycle and underwriting and operational issues can be corrected relatively

INVESTMENT SNAPSHOT

Elevance Health
(NYSE: ELV)

Business: Provider of employer, individual and government-sponsored health insurance plans; in the U.S. the largest provider of Blue Cross Blue Shield-branded coverage.

Share Information (@10/30/26):

Price	**420.07**
52-Week Range	274.84 – 450.69
Dividend Yield	1.6%
Market Cap	$90.76 billion

Financials (TTM):

Revenue	$201.83 billion
Operating Profit Margin	4.0%
Net Profit Margin	2.5%

Valuation Metrics
(@10/30/26):

	ELV	S&P 500
P/E (TTM)	17.9	23.5
Forward P/E (Est.)	14.6	19.2

Largest Institutional Owners
(@6/30/26 or latest filing):

Company	% Owned
Vanguard Group	9.9%
BlackRock	8.8%
State Street	4.8%
Wellington Mgmt	4.3%
Sanders Capital	2.7%

Short Interest (as of 10/30/26):

Shares Short/Shares Out.	2.4%

ELV PRICE HISTORY



THE BOTTOM LINE

Despite a rocky recent past, the company remains well-positioned as a large player in a market that benefits from positive demographic trends and where scale is a significant competitive advantage, says Rich Carney. With organic growth, normalizing margins and an uptick in valuation, he's sees a potential IRR on the stock to 2030 in the high teens.

Sources: S&P Capital IQ, company reports, other publicly available information

quickly. We believe that's happening at Elevance and it remains well-positioned as a big player in a market that benefits from an aging population and increased life expectancy and where scale is a significant competitive advantage.

Elevance is the #2 player in the U.S. behind UnitedHealth among health insurers, with 45 million people under coverage largely through Blue Cross Blue Shield-licensed plans in 14 states. It's particularly strong in the commercial market, which has traditionally been its bread and butter, but is well diversified across Medicare Advantage and Medicaid plans as well. It benefits from the strong Blue Cross Blue Shield brand, deep historical ties to regional hospital systems and local doctors, and from negotiating leverage with healthcare suppliers. That typically allows the company to be highly competitive on price in the markets in which it competes. Having millions of insured customers also allows it to funnel business to high-margin services provided by its Carelon division, which offers pharmacy benefits management, behavioral health and in-home care services.

Elevance at this point is still a margin-recovery story. The Medicare Advantage business has been underearning due to rising medical-cost trends and lower-than-desired federal reimbursement rate increases, and the company also ran into some trouble with regulators in how it was transmitting risk-adjustment data related to its Medicare Advantage plans. We consider these either cyclical or fixable problems, not structural. The Medicaid business has also had a hard time over the last two years – it is expected to lose money on an operating basis this year – but, again, we believe this has more to do with the unwinding of pandemic-era government regulations and the lag time required for state regulators to reset payment rates than it does that this business is structurally impaired.

Trading recently at around $420, how inexpensive do you consider the company's shares?

RC: Operating margins in the Medicare Advantage business are typically around 4%, twice the current level. In the Medicaid business margins this year are expected to be negative, but we believe they'll improve next year to 2.5% or better. With 5% or so annual membership and premium growth and a normalization upward in underwriting profitability, management is guiding to 12% annual earnings per share growth in 2027 and beyond. We believe that's reasonable.

ON CONSUMER GOODS:

Our discipline points us to names where we don't believe it's a forgone conclusion they'll underperform indefinitely.

Without heroic assumptions on further margin recovery, we estimate the company can earn close to $45 per share by the end of the decade. The stock trades today at a less than 15x forward P/E multiple and with improvement in the underearning businesses we could imagine over time a couple turns better than that. If that happens, we're looking at an IRR for the stock in the high teens.

That assumes some continuation in the share-buyback program, which still has close to $5 billion in authorization. We liked the extent to which the company and insiders stepped up their buying when the stock sold off last year. We'd much rather they buy back shares while the company is underearning as opposed to spending it on a big acquisition.

From healthcare to beer, describe why you're high on the investment prospects for Constellation Brands [STZ]. There would appear to be plenty of vague negativity here.

BB: This is a stock we've owned and added to recently, basically on the strength of the company's beer brands, primarily Modelo and Corona, which generate the vast majority of the sales and profits. I used to do a lot of work in Mexico so I know these brands starting decades ago and believe I can objectively say the beers taste better than the primary competition in the U.S. – Budweiser, Miller and Coors – which I think are just terrible. Relative to a lot of craft beers, Modelo and Corona also go better with food.

The narrative around Constellation is that GLP-1s are making people drink less, young people are drinking less alcohol in general, the immigration crackdown is affecting their target customers, and the K-shaped economy I spoke about earlier disproportionately hurts it. That accounts for quite a bit of negativity – maybe not so vague in this case – around the stock, but we'd argue that the idea all these negatives are secular versus cyclical seems overstated. Beer unit volumes have been more or less flat in 2026, which we believe is the result of inflation pushing prices higher while large demographics of consumers are having to tighten their belts.

The negativity to our mind also doesn't reflect the company's ability to continue to take market share because its beers taste better. It imagines little growth potential from developing brands such as Pacifico and Victoria that we think could gain traction. It doesn't contemplate that the immigration crackdown is more likely to lessen than increase. Also count me as a skeptic to the notion that young people are not going to drink alcohol very much going forward. This is a new thesis in the history of the world! I can't forecast young people's drinking habits 10 years' out, but my suspicion is they likely won't be as bad for Constellation as would seem to be priced into the stock.

What does seem to be priced into the stock at the recent price of around $135.30?

BB: The shares trade at less than 12x estimated forward earnings, for a company with 30%-plus operating margins and with very high free cash flow conversion of the earnings. At this level investors seem to believe not only that the company can't grow, but that it's likely to shrink over the

INVESTMENT SNAPSHOT

Constellation Brands
(NYSE: STZ)

Business: Marketing and distribution of beer and wine primarily in the U.S.; established brands are Corona and Modelo, while developing brands include Pacifico and Victoria.

Share Information (@10/30/26):

Price	**135.33**
52-Week Range	110.60 – 168.60
Dividend Yield	3.2%
Market Cap	$22.90 billion

Financials (TTM):

Revenue	$9.21 billion
Operating Profit Margin	32.8%
Net Profit Margin	20.9%

Valuation Metrics
(@10/30/26):

	STZ	S&P 500
P/E (TTM)	12.1	23.5
Forward P/E (Est.)	11.4	19.2

Largest Institutional Owners
(@6/30/26 or latest filing):

Company	% Owned
Vanguard Group	10.6%
Capital Research & Mgmt	7.8%
BlackRock	6.8%
State Street	4.0%
GMO	2.4%

Short Interest (as of 10/30/26):

Shares Short/Shares Out.	5.0%

STZ PRICE HISTORY



THE BOTTOM LINE

The idea that every negative surrounding the company is secular versus cyclical seems overstated, says Brian Barish, who believes its shares price in negative growth over at least the next five years. From the current free-cash-flow and dividend yields he expects a 10%-plus annual return, with upward reversion in the valuation providing upside to that.

Sources: S&P Capital IQ, company reports, other publicly available information

next five to 10 years. On a relative-value basis this is an overwhelming buy given the discount to the average 10-year P/E multiple of around 20x.

We estimate earnings and free cash flow per share will increase at a 5-8% annual rate. On current-year numbers the free-cash-flow yield is over 8%. There's a 3% dividend yield. All that translates into a high potential shareholder rate of return even before any re-rating in the stock, which for a defensive consumer-staple stock like this would not strike us as out of the ordinary.

We haven't talked at all about energy, an area of interest for you over time. How are you looking at the opportunity set in the sector today?

BB: As with many sectors, energy has been rather noisy in 2026 as well. We have actually been net sellers of our energy positions because of the right-tail event in oil prices due primarily to wars in the Middle East and Ukraine. Oil prices are over $100 per barrel, against a long-term market-clearing price that we believe is between $60 and $80. My basic view is that it is not generally a good idea to make aggressive commitments to stocks when you're in a right-tail event in a commodity. I can't tell you how or when it's going to happen, but the commodity price – oil in this case – is almost certain to come back down to earth. You don't want to be extra long oil when that happens.

On the other hand, I can make the case we're having a modest left-tail event with respect to natural gas. Here we believe the long-term U.S. clearing price – at which marginal producers can generate an OK return – is between $3.25 and $4.25 per thousand cubic feet [Mcf], while spot prices today have been in the $2.65 to $2.90 range. There is plenty of supply of natural gas, but prices are low primarily because of the weather, which has been mild and is expected to be relatively mild through the winter months when natural gas for heating is most in demand. Low prices have and will continue to constrain supply.

That's the short-term picture, but if you talk to executives at major energy companies almost everyone will tell you that over the next 10, 20 or 30 years natural gas is likely to be the one hydrocarbon that grows sustainably in usage over time. If that turns out to be true, it will make little sense for natural gas prices to remain as cheap as they are relative to oil. The rule of thumb is that you multiply the price of natural gas per thousand cubic feet by six to get to the equivalent price in terms of a barrel of oil. Today that oil-equivalent price is $18 per barrel, again, when oil is going for over $100. That's super cheap and we're finding opportunity in natural gas to get on the right side of that.

Let's talk about one of those opportunities, in the relatively newly named Expand Energy [EXE].

BB: Expand is North America's largest natural gas producer, formed in the 2024 merger of Chesapeake Energy and Southwestern Energy. It holds major shale gas positions in the Marcellus and Utica formations in Pennsylvania, West Virginia and Ohio, and in the Haynesville and Bossier areas in Louisiana and Texas.

They're not quite as low-cost as competitor EQT is, but Expand's all-in breakeven natural gas price is approximately $2.70 per Mcf, which is significantly lower than the $3.50 or so industry standard.

It's like night and day between how the company is managed today versus how its two predecessors were run before. They are expressly not interested in growing production and instead want to build out their downstream capability, doing in natural gas what the big integrated majors do in oil. In September Expand paid $1.25 billion to buy Twin Eagle Holdings, moving it beyond pure upstream production to now directly marketing gas to customers throughout the U.S. and Canada. As with any vertical integration they're looking to retain more of the price at which the gas is sold for themselves.

What's driving the positive long-term demand picture you described for natural gas in the U.S.?

BB: Part of it is natural gas continuing to replace coal in generating the electricity necessary to maintain a reliable electric grid. There's incremental power-generation demand coming from increased electrification in general and to meet AI-datacenter power needs in particular. Also very important is the continued buildout of export infrastructure in the U.S. for liquefied natural gas [LNG]. There are a lot of countries in Asia and in Europe that desperately want and need gas, which is cleaner than oil and because it's so plentiful in the U.S. is still much cheaper than alternatives even after converting it to LNG and transporting it. Past 2027, as LNG facilities come onstream, the U.S. is expected to go from historical gas production and consumption levels of about 100 billion cubic feet [Bcf] per day to closer to 120 Bcf per day.

You established your position here when the company still had an interim CEO. That wasn't worrisome?

BB: It's not the normal way we do things, but in this case the direction was set by the board some time ago and everything the company has been doing is very consistent with maintaining discipline on supply and on pursuing vertical integration. We felt the playbook was obvious and the choice of CEO would be consistent with that playbook. Now that they've named the CEO, we believe that is the case. [*Note*: Earlier this month the company named Daniel Brown, then CEO of Chord Energy, as its new President and CEO effective October 26.]

The balance sheet?

BB: The debt is investment grade, rated triple-B by the ratings agencies. Predicting energy prices in the short run is sort of like a random number generator so I wouldn't want to go on this adventure with a junk-rated balance sheet. But for a low-cost producer in the industry, the current amount of leverage strikes us as fair and reasonable.

How attractive are the shares at today's price of around $90.50?

BB: There's a rule of thumb in the industry – based on history, not a bad one – that

INVESTMENT SNAPSHOT

Expand Energy
(Nasdaq: EXE)

Business: Exploration, development and production of primarily natural gas from shale formations located in Pennsylvania, West Virginia, Ohio, Louisiana and Texas.

Share Information (@10/30/26):

Price	**90.55**
52-Week Range	83.25 – 126.62
Dividend Yield	2.5%
Market Cap	$20.91 billion

Financials (TTM):

Revenue	$12.95 billion
Operating Profit Margin	28.9%
Net Profit Margin	21.3%

Valuation Metrics
(@10/30/26):

	EXE	S&P 500
P/E (TTM)	7.8	23.5
Forward P/E (Est.)	11.8	19.2

Largest Institutional Owners
(@6/30/26 or latest filing):

Company	% Owned
Vanguard Group	12.5%
BlackRock	8.4%
State Street	6.8%
Capital Research & Mgmt	4.3%
Geode Capital	2.9%

Short Interest (as of 10/30/26):

Shares Short/Shares Out.	4.8%

EXE PRICE HISTORY



THE BOTTOM LINE
Given the current "modest left-tail event" with respect to U.S. natural gas prices, Brian Barish sees opportunity in the stock of this large and cost-advantaged North American producer of natural gas. Using an industry rule of thumb that expects stocks to trade at 8x peak earnings and 20x trough earnings, he estimates the fair share value at around $140.

Sources: S&P Capital IQ, company reports, other publicly available information

you can expect stocks like this to trade at 8x peak earnings and 20x trough earnings over a cycle. In this case, based on our estimates that assume by 2028 we'll see a normalization of gas prices in the $3.25 to $4.25 per Mcf range, using that rule of thumb from both ends we come out to a fair value of around $140 per share.

They say in baseball to hit 'em where they ain't, which is what we are doing here. Natural gas is not the commodity that pops to mind in a late-2026 energy discussion, which we think is helping to create the opportunity.

What are you most worried about today as an equity investor?

BB: I'd say I have three big worries. As a citizen of the United States where political centrists seem to be few and far between, my confidence is not high that if we had a legitimate economic crisis the political powers-that-be would be capable of finding practical responses and solutions. Another worry, also in the event or threat of economic crisis, is what happens to equity prices if index investors in large numbers start to panic? My third worry, related to the first two, is that the spending on AI infrastructure is indeed a bubble that pops and starts a disorderly unwind.

We're hired to invest in equities and it won't be easy to hide if my worst fears come to fruition. But I very much believe a disciplined value focus on owning companies where positive developments are not well reflected in share prices will do far better than both the market and all the investors leveraged to AI bullishness.

Having lived through the Internet bubble, there will be a lot of opportunity in the aftermath of a significant drawdown in the overall market. The caution I'd highlight there, however, is to avoid reference-point contrarianism – saying something used to be up there and now it's down here so therefore it must be cheap. That doesn't mean anything, it just means it used to be up there. As they say, beware trying to catch falling knives. VII

Cambiar Disclosures

Cambiar Opportunity Fund – 3Q26 Top Contributors & Detractors					
Top Contributors	**Avg. Weights**	**Contributions**	**Bottom Contributors**	**Avg. Weights**	**Contributions**
Microsoft	2.86	0.95	Honeywell Aerospace	1.86	-0.48
Nutanix	2.16	0.57	FedEx Freight Holding	1.70	-0.50
CME Group	3.11	0.47	Applied Materials	1.44	-0.55
Intercontinental Exchange	2.26	0.42	Aptiv	2.01	-0.65
Regeneron Pharmaceuticals	2.45	0.41	Amrize	2.45	-0.80

A complete description of Cambiar's performance calculation methodology, including 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. Past performance is no guarantee of future results.

Cambiar Opportunity Fund - Top Ten Positions			
	Weights		**Weights**
Amazon.com	3.5%	Uber Technologies	3.2%
Bristol-Myers Squibb	3.4%	Elevance Health	3.2%
Microsoft	3.3%	Union Pacific	2.9%
CME Group	3.3%	Medtronic	2.8%
Mastercard	3.3%	Nutanix	2.8%

Cambiar Opportunity Fund Performance (ending 9.30.26)								
	3Q26	**YTD**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**CAMOX Since Inception**	**CAMWX Since Inception**
CAMOX	-2.49%	9.57%	15.46%	16.03%	10.10%	11.74%	9.42%	-
CAMWX	-2.43%	9.71%	15.68%	16.28%	10.32%	11.95%	-	8.73%
Russell 1000 Value	2.61%	19.27%	23.81%	20.07%	11.92%	11.43%	8.10%	9.00%

CAMOX Inception: 6/30/98 | CAMWX Inception: 11/3/05. Performance data as of September 30, 2026. All returns greater than one year are annualized. The performance data quoted represents past performance. Past performance does not guarantee 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 last month end, please call 1-866-777-8227.

As of 9/30/26, expense ratios are CAMOX: 0.98% (gross); 0.85% (net) | CAMWX: 0.78% (gross); 0.65% (net). Fee waivers are contractual and in effect until March 1, 2027. Absent these waivers, total return would be reduced.

To determine if this 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 full or summary prospectus, which may be obtained by calling 1-866-777-8227. Read the prospectus carefully before investing or sending money.

Risk Disclosure:
Mutual fund investing involves risk, including possible 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. There can be no assurances that the Fund will achieve its stated objectives. High short-term performance of the fund is unusual and investors should not expect such performance to be repeated.

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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. The Russell 1000® Index is a trademark/service mark of the Frank Russell Company. Russell® is a trademark of the Frank Russell Company.

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Definitions

Dividend Yield - A financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and can be calculated by dividing

the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock.

Earnings per Share - calculated as a company's profit divided by the outstanding shares of its common stock.
EV/EBITDA - Enterprise Value / EBITDA. Enterprise value measures a company's total value, as calculated by the company's market capitalization, plus total debt, minus cash.
Free Cash Flow Yield - Valuation ratio that measures how much free cash flow a company generates relative to its market value, typically expressed as a percentage.
Price/Earnings (Forward) | Forward Earnings Estimate - A version of the P/E ratio that uses forecasted future earnings for the denominator in the P/E calculation.