

Why Hotchkis & Wiley High Yield

December 2011



Experience

- ▶ Two distinguished Portfolio Managers, each with 25+ years of experience managing high yield assets
- ▶ Supported by 18 investment professionals averaging 16 years of experience and 10 years with Hotchkis & Wiley, and 6 research associates
- ▶ H&W focused solely on corporate securities research

Research Advantage

- ▶ Organized by industry rather than strategy or market capitalization
- ▶ Over 20-year history conducting research across the market cap spectrum, which is invaluable in the small cap-dominated high yield market (pie chart)
- ▶ Research structure provides advantage in niche segments — **fallen angels** and **small caps**

Boutique Firm

- ▶ Independent ownership aligns our interests with our clients' interests
- ▶ No pressures from parent company or public shareholders
- ▶ Nimble, flat organization that facilitates creativity and dynamic decision-making

Raymond G. Kennedy, CFA

High Yield Portfolio Manager

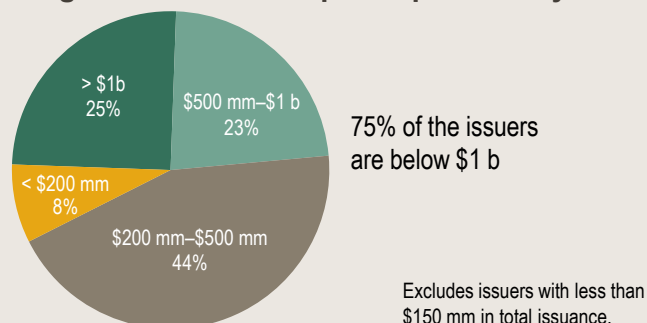
- ▶ Previous employer: PIMCO (1996–2007)
- ▶ Head of high yield business at PIMCO (2002–2007)

Mark T. Hudoff

High Yield Portfolio Manager

- ▶ Previous employer: PIMCO (1996–2009)
- ▶ Head of high yield business at PIMCO (2007–2009)

High Yield Market Cap Composition by Size



High Yield Team Structure

Portfolio Coordinators (2) Ray Kennedy and Mark Hudoff

**Sector Teams/
Industry Analysts (18)**

Cap Goods	Consumer	Energy
Financials	Healthcare	Tech

Research Associates (6)

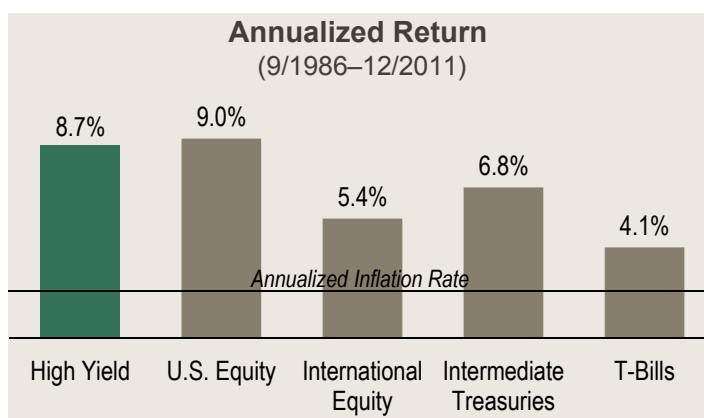
General Research Support

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The Fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks. Depending on the characteristics of the particular derivative, it could become illiquid. Investment in Asset Backed and Mortgage Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest in foreign as well as emerging markets which involve greater volatility and political, economic and currency risks and differences in accounting methods.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. This and other important information is contained in the Fund's summary prospectus and prospectus, which can be obtained by calling 1-800-796-5606 or visiting our website at www.hwcm.com. Read carefully before you invest.

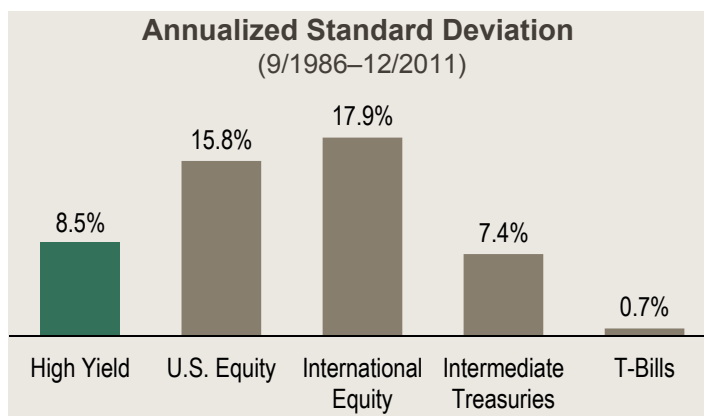
High Yield Returns

- ▶ Since inception of the BofA Merrill Lynch U.S. High Yield Master II Index in September 1986, the asset class has performed nearly as well as U.S. equities
- ▶ High yield has outperformed fixed income, especially in real terms



High Yield Risk

- ▶ Over this same period, high yield has been much less volatile than equities
- ▶ Intermediate Treasuries exhibit the highest Sharpe Ratio due to their exceptionally low volatility; high yield has the next highest Sharpe Ratio



Correlation

- ▶ High yield has a low correlation with other major asset classes, particularly other fixed income
- ▶ Combining risky asset classes with low correlations improves a portfolio's risk/return profile

Correlation (9/1986–12/2011)

	High Yield	U.S. Equity	International Equity	Intermediate Treasuries	T-Bills
High Yield	1.00				
U.S. Equity	0.58	1.00			
International Equity	0.52	0.70	1.00		
Intermediate Treasuries	-0.11	-0.13	-0.20	1.00	
T-Bills	-0.09	0.03	-0.04	0.15	1.00

Past performance is no guarantee of future performance. Performance reflects those of the stated index and is not reflective of fund performance. You cannot invest directly in an index. For current performance of the Hotchkis & Wiley High Yield Fund, please call 1-800-796-5606.

Definitions: High Yield — The BofA Merrill Lynch U.S. High Yield Master II Index tracks the performance of below investment grade, but not in default, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P. U.S. Equity — The S&P 500® Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. International Equity — The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. Intermediate Treasuries— Barclays Capital US Treasury Intermediate Index represents securities in the intermediate maturity range of the U.S. Treasury Index. T-Bills — Barclays Capital US Treasury Bellwethers 3 month Index represents the U.S. 3 month Treasury Bill. Annualized Inflation Rate (2.91%) — Consumer Price Index measures the prices of consumer goods and services and is a measure of the pace of U.S. inflation. Fallen Angel is a bond that was investment grade when issued, but now has much lower rating. Standard Deviation is a statistical measure of the degree to which a fund's quarterly return varies from the fund's mean return over a specified time period. Sharpe Ratio is a measure of a portfolio's excess return relative to the total variability of the portfolio. Correlation is a statistical measure of the degree to which the movements of two variables (stock/option/convertible prices or returns) are related. Basis point is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument. The indices do not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. It is not possible to invest directly in an index. The Fund's returns may not correlate with the returns of its benchmark indices.

Mutual fund investing involves risk. Principal loss is possible. NOT FDIC INSURED ■ NO BANK GUARANTEE ■ MAY LOSE VALUE
The Hotchkis & Wiley Funds are distributed by Quasar Distributors, LLC

