

H&W Strategy Overview



An Expertise in Discovering Overlooked, Undervalued Investment Opportunities for Our Clients

Firm History

Hotchkis & Wiley (“H&W”) was founded in 1980 by John Hotchkis and George Wiley. The founders’ vision was to create an investment management firm that places clients’ interests above all else by promoting a disciplined investment approach and superior service. After 31 years, these principles continue to guide the firm today.

Disciplined Philosophy

Consistent, time-proven investment approach

- ▶ Fundamental, bottom-up process seeks to exploit market inefficiencies
- ▶ Research-driven investment process
- ▶ Style pure, rigorous valuation criteria

Research Advantage

Commitment to independent, in-depth research

- ▶ Focused on determining a company’s long-run normal earnings power
- ▶ Organized by industry with a focus on asset valuation across the capital structure
- ▶ A flat, collegial culture fosters teamwork

Experienced Team

Well-established professionals skilled at delivering investor value

- ▶ 31-year institutional track record
- ▶ 20 industry analysts with 17 years of average industry experience and 10 years of average tenure with Hotchkis & Wiley
 - Supported by 6 research associates
- ▶ 12 client service personnel with 20 years of average industry experience and 12 years of average tenure with Hotchkis & Wiley

Stable, Independent Firm

Focused solely on clients’ best interests

- ▶ Nimble, flat organization facilitates collaboration, creativity and dynamic decision-making
- ▶ Majority employee-owned
 - No parent company or public shareholder pressures
 - Our goals are aligned with clients’ goals
 - Promotes quality and continuity
- ▶ Committed to maintaining manageable asset levels in all strategies

You should consider the Hotchkis & Wiley Funds’ investment objectives, risks, and charges and expenses carefully before you invest. This and other important information is contained in the Funds’ 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.

Overview

Investment Style	Value
Investment Professionals	20
Founded	1980
Headquartered	Los Angeles, CA

Assets Under Management (AUM)

Strategies	AUM
Large Cap Diversified Value	\$6.4 b
Large Cap Fundamental Value	\$6.4 b
Mid-Cap Value	\$1.7 b
Small Cap Value	\$881 mm
Value Opportunities	\$69 mm
High Yield	\$671 mm
Capital Income	\$8 mm
Total	\$16 b

Available as separately managed accounts and mutual funds
All figures as of December 31, 2011

Consistency Across Strategies

Portfolio decisions for all strategies are driven by one firm-wide investment philosophy and research platform.

Strategy	Overview	Typical Holdings	Benchmark	Symbols
Equities				
Diversified Value	Seeks to own a well-diversified portfolio of large, financially strong companies that offer the best combination of value and potential for price appreciation.	<ul style="list-style-type: none"> ▶ 50-80 securities ▶ Companies with a market capitalization >\$5B 	Russell 1000 Value	HWCAX HWCX HWCIX
Large Cap Value	Seeks to own large, financially strong companies that offer the best combination of value and potential for price appreciation.	<ul style="list-style-type: none"> ▶ 40-60 securities ▶ Companies with a market capitalization >\$3B 	Russell 1000 Value	HWLAX HWLCX HWLIX HWLRX
Mid-Cap Value	Seeks to own a well-diversified portfolio of mid-size companies that offer the best combination of value and potential for price appreciation.	<ul style="list-style-type: none"> ▶ 50-100 securities ▶ Companies with a market capitalization ranging from \$500M to \$15B 	Russell Midcap Value	HWMAX HWMCX HWMIX HWMRX
Small Cap Value	Seeks to own a well-diversified portfolio of small companies that offer the best combination of value and potential for price appreciation.	<ul style="list-style-type: none"> ▶ 50-100 securities ▶ Companies with a market capitalization ranging from \$100M to \$3B 	Russell 2000 Value	HWSAX HWSCX HWSIX
Value Opportunities	Seeks to own value opportunities in all market capitalizations and all parts of the capital structure. This is a highly concentrated, benchmark agnostic strategy.	<ul style="list-style-type: none"> ▶ 15-50 securities ▶ Invests across the capital structure in all market capitalizations 	Russell 3000 Value	HWAAX HWACX HWAIX
Income				
Capital Income	Seeks to own undervalued dividend-paying equities and high yield fixed income securities with an emphasis on maximizing current income.	<ul style="list-style-type: none"> ▶ 25-50 equities (market capitalization >\$1b) ▶ 75-100 high yield issues 	S&P 500 BofAML U.S. Corp., Govt. & Mtg	HWIAX HWIIX
High Yield	Seeks to own a well-diversified portfolio of high yield credits with superior asset coverage and improving fundamentals.	<ul style="list-style-type: none"> ▶ Target 100 issuers ▶ Emphasis on more senior structures and BB and B credit quality 	BofAML US High Yield BB-B (Const 2%)	HWHAX HWHIX

For the Mid-Cap Value, Small Cap Value and Value Opportunities Funds, investing in small and medium-sized companies involves greater risks than those associated with investing in large company stocks, such as business risk, significant stock price fluctuations and illiquidity. For the Value Opportunities Fund, investing in non-diversified funds means it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. For the High Yield, Capital Income and Value Opportunities Funds, investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments by the Funds in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. The High Yield and Capital Income Funds may invest in derivative securities, which can be volatile and involve various types/degrees of risk. Investments 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. Investments in foreign as well as emerging markets involve additional risk such as greater volatility, political, economic, and currency risks and differences in accounting methods. Credit quality ratings are derived from the highest bond rating as determined by S&P, Moody's or Fitch. In limited situations when none of the three rating agencies have issued a formal rating, the Advisor will classify the security as nonrated. Diversification does not assure a profit or protect against loss in a declining market.

The Russell 1000® Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Value Index measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000® Value Index measures the performance of those Russell 3000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Value Index measures the performance of those Russell Midcap® companies with lower price-to-book value ratios and lower forecasted growth values. The BofA Merrill Lynch U.S. High Yield BB-B (Constrained 2%) Index contains all securities in the BofA Merrill Lynch U.S. High Yield Index rated BB+ through B- by S&P (or equivalent as rated by Moody's or Fitch), but caps issuer exposure at 2%. Index constituents are capitalization weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. 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. The BofA Merrill Lynch U.S. Corporate, Government & Mortgage Index is a broad-based measure of the total rate of return performance of the U.S. investment grade bond markets. The Index is a capitalization weighted aggregation of outstanding U.S. treasury, agency and supranational, mortgage pass-through, and investment grade corporate bonds meeting specified selection criteria. It is not possible to invest directly in an index.

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

