GLOBAL VALUE FUND
Commentary
Calendar Year 2018

Hotchkis & Wiley

Manager Review and Economic Outlook

Market Commentary

In US dollar terms, the MSCI World Index was up more than +5% through the first nine months of the year before posting its worst calendar quarter in 7 years, falling -13.4% in Q4. The end result was a -8.7% return for calendar year 2018, in US dollar terms. In local currency terms, the MSCI World finished the year -7.4%. The dollar strengthened about 4% vs. the Euro and about 6% vs. the Sterling, and weakened about 3% vs. the Yen. Until the most recent quarter, robust corporate earnings growth had overcome political unrest across the globe. In the fourth quarter, however, ongoing trade tensions came to the forefront. Markets began pricing in slowing economic growth in several major economies. At the same time, both the Federal Reserve and the European Central Bank implemented and spoke of future restrictive monetary policy which appears to have added to equity investor apprehension. The forward P/E ratio for the MSCI World declined from 18.1x at the beginning of the year to 14.2x at the end of the year. The index's median P/E since 2000 is 15.4x, so it went from well above average to comfortably below average over the course of the year.

Fears that slowing economic growth would weaken demand – along with higher than expected production - weighed heavily on oil prices. Brent crude closed the year at $54/barrel, down 20% from the beginning of the year ($67) and nearly 40% from its early October high ($86). Commodity securities were among the worst-performers of the year, with the energy (-15%) and materials sectors (-16%) lagging the broad benchmark significantly. Financials and industrials, also cyclical sectors, declined -16% and -14%, respectively. The non-cyclical healthcare and utilities sectors performed best, returning +3% each. The performance dispersion and resulting valuation spread between "cyclicals" and "defensives" suggests the market views a global recession as likely. At present, while acknowledging the uncertain economic outlook, we view the value opportunity in cyclical stocks as vastly superior to non-cyclicals. In our opinion, the low price we pay for such businesses provides a "margin of safety" in the long run almost irrespective of near term economic growth.

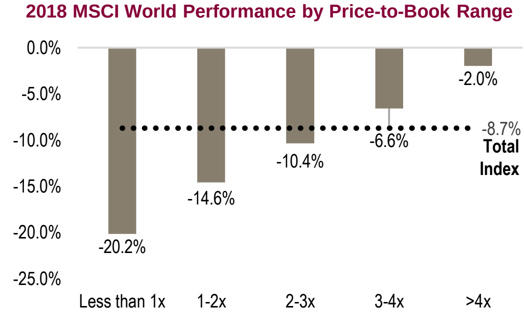
To illustrate the stark contrast in valuation between sectors, consider banks relative to utilities. Five years ago, US banks traded at 12.5x consensus earnings while US utilities traded at 15.5x. Since then, bank earnings have grown 53% compared to 36% for utilities, but bank stocks have lagged utility stocks. As a result, US banks now trade at just 9.9x consensus earnings while utilities trade at 17.1x. Similar sector incongruities exist elsewhere.

Given the wide value spreads between sectors, our portfolio today looks very different from the benchmark. The portfolio also trades at a substantial valuation discount to the index, which makes us optimistic about its prospects irrespective of market direction or temperament. The portfolio trades at 5.9x normal earnings compared to 14.4x for the MSCI World Index, and 0.9x book value compared to 2.1x for the index.

Attribution: 2018

The Hotchkis & Wiley Global Value Fund underperformed the MSCI World Index in 2018. The strategy's focus on valuation and its ability to invest across the market cap spectrum are two important advantages, in our view. Both of these characteristics detracted from relative performance in 2018; however, as global value lagged global growth and small caps lagged large caps. Nearly 75% of the portfolio was invested in stocks with a price-to-book ratio of less than 2x compared to 30% for the index—this group of stocks lagged the overall market significantly, and was therefore a notable detractor to relative performance. Also, about 40% of the portfolio was invested in small and mid cap stocks, about double the benchmark weight—this too hurt performance as larger cap stocks bested smaller cap stocks. This headwind was partially offset by positive stock selection in technology, healthcare, and consumer staples, along with the underweight allocation to materials. The largest individual detractors to relative performance were AIG, Adient, WestJet Airlines, Societe Generale, and Vodafone; the largest positive contributors were Ericsson, Popular, Hewlett Packard Enterprise, ARRIS International, and Discovery.

2018 MSCI World Performance by Price-to-Book Range



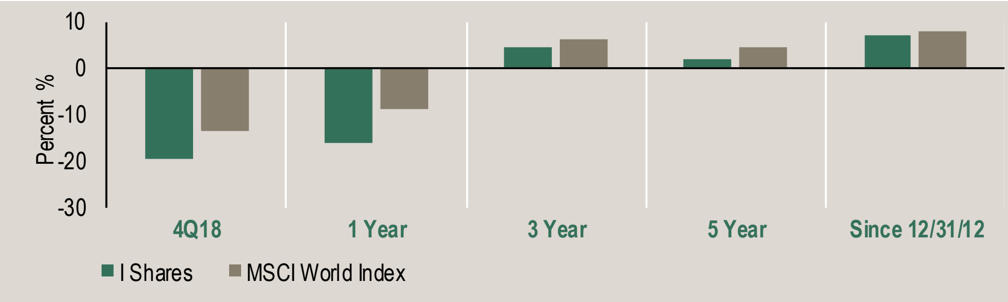
Largest New Purchases: 2018

General Electric has leading positions in power turbines, jet engines, diesel locomotives, and diagnostic imaging systems. We believe the stock trades at an attractive valuation considering it has a high quality set of businesses with interesting future prospects. Shares have underperformed due to disappointing earnings in its power business, weak corporate cash flow, and concerns about its balance sheet. While the power business is earning returns below normal and it will face ongoing challenges in the near term, its earnings decline is more than reflected in its current share price. The market also misses that GE has great market positions in its aviation, healthcare, and other businesses, with a dominant installed base to service and sell equipment. Concerns about its balance sheet are overblown because the company has significant liquidity and assets worth well in excess of the company's debt levels.

Goldman Sachs is one of the world's largest investment banks. In addition to consistently claiming the #1 market share of global investment banking revenues and a top 5 share of fixed income and equity trading revenues, it also operates a wealth and investment management business with $1.5 trillion in client AUM. After navigating the financial crisis more effectively than any other large investment bank, Goldman has built tangible book value per share at a high single digit compound annual growth rate since 2009. Despite these accomplishments, we believe GS trades at an attractive valuation relative to its tangible book value because investors are concerned that increased capital requirements, new restrictions on permissible activities, and a steady decline in global fixed income trading revenues. We believe these concerns are more than reflected in the current share price, and based on our estimate of normal earnings per share it trades at a well below market multiple and is attractive on that basis.

ING is the largest Dutch bank, providing retail and wholesale banking services to private clients, small businesses, large corporations, financial institutions, and governments. The Netherlands and Belgium account for 50% of revenue with the majority of the remaining revenue from elsewhere within Europe. ING is healthy: asset quality is good, the Company's capital position is strong, and operations are profitable. ING trades at low multiples of current and normal earnings, and pays out more than 50% of its earnings.

Performance as of December 31, 2018



	4Q18	1 Year	3 Year	5 Year	Since 12/31/12
I Shares	-19.77%	-16.03%	4.51%	1.94%	6.91%
A Shares without sales charge	-19.81	-16.32	4.23	1.69	6.65
A Shares	-24.03	-20.74	2.37	0.60	5.70
MSCI World Index	-13.42	-8.71	6.30	4.56	7.96

The Fund's total annual operating gross expense ratio as of the most current prospectus is 2.82% for I Shares and 3.07% for A Shares. The net expense ratio is 0.95% for I Shares and 1.20% for A Shares. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2019.

The performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Short-term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end, access our website at www.hwcm.com.

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.

Returns shown for A Shares for the periods prior to their inception are derived from the historical performance of I Shares of the Fund during such periods and have been adjusted to reflect the higher total annual operating expenses of each specific Share class (Inception date: I Shares-12/31/12, and A Shares-8/30/13). Returns shown for A Shares without sales charge do not reflect the maximum sales load of 5.25%; if reflected, performance would be lower than shown. Returns for A shares reflect the deduction of the current maximum initial sales charges of 5.25%. Class I shares sold to a limited group of investors. Periods over one year are average annual total return. Average annual total returns include reinvestment of dividends and capital gains. Expense limitations may have increased the Fund's total return.

The MSCI World Index is a free float-adjusted weighted index capturing large and mid cap representation across 23 Developed Markets (DM) countries. The index includes reinvestment of dividends, net foreign withholding taxes. The index does not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. The Fund's value disciplines may prevent or restrict investment in major stocks in the benchmark indices. It is not possible to invest directly in an index. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. See www.hwcm.com/definitions for full disclaimer. The Fund's returns may not correlate with the returns of their benchmark index. Margin of safety is a principle of investing in which an investor only purchases securities when the market price is significantly below its intrinsic value; when market price is significantly below your estimation of the intrinsic value, the difference is the margin of safety. Price-to-book value is the price of a stock divided by its book value. Forward P/E (Price/Earnings) ratio is a stock's price over its predicted earnings per share. Earnings growth is the annual rate of growth of earnings from investments. Top ten holdings as of 12/31/18 as a % of the Fund's net assets: American Int'l Group Inc. 5.5%, General Electric Co. 3.3%, WestJet Airlines 3.2%, Wells Fargo & Co. 3.0%, Goldman Sachs Group Inc. 3.0%, Societe Generale SA 2.9%, Royal Mail PLC 2.9%, Oracle Corp. 2.8%, BAE Systems PLC 2.8% and Hewlett Packard Enterprise 2.7%. Fund holdings are subject to change and are not recommendations to buy or sell any security.

Mutual fund investing involves risk. Principal loss is possible. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. The Fund may invest in American Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs") which may be subject to some of the same risks as direct investment in foreign companies.

Contributors to Performance

Top Five	% of Total Portfolio[1]
Ericsson	1.7%
Popular Inc.	0.0
ARRIS International PLC	0.0
Hewlett Packard Enterprise	2.7
Microsoft Corp.	2.1

Bottom Five	% of Total Portfolio[1]
Vodafone Group PLC	2.6%
Adient PLC	0.7
Societe Generale SA	2.9
WestJet Airlines Ltd.	3.2
American Int'l Group Inc.	5.5

Classes & Tickers

I Shares	HWGIX
A Shares	HWGAX

[1]% of total portfolio includes total investments, cash and cash equivalents, and accrued investment income on a trade date basis.

Investing in value stocks presents the risk that value stocks may fall out of favor with investors and underperform other asset types during a given period. Equities, bonds, and other asset classes have different risk profiles, which should be considered when investing. All investments contain risk and may lose value. Specific securities identified are the largest contributors (or detractors) on a relative basis to the Russell Developed Index. Securities' absolute performance may reflect different results. The Fund may not continue to hold the securities mentioned and the Advisor has no obligation to disclose purchases or sales of these securities. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holding information and does not reflect the payment of transaction costs, fees and expenses of the Fund. The "Largest New Purchases" section includes the three largest new security positions during the year based on the security's year-end weight adjusted for its relative return contribution; does not include any security received as a result of a corporate action; if fewer than three new security positions during the year, all new security positions are included.

NOT FDIC INSURED
NO BANK GUARANTEE
MAY LOSE VALUE

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