GLOBAL VALUE FUND
Commentary
Third Quarter 2018

Hotchkis & Wiley

Manager Review and Economic Outlook

Market Commentary

In US Dollar terms, the Russell Developed Index returned +4.7% in the third quarter and is now up +5.7% since the beginning of the year. In local currency terms, US markets led, while Europe lagged. The US Dollar strengthened relative to most other major currencies, appreciating by +0.7%, +1.4%, and +2.7% relative to the Euro, Pound, and Yen, respectively. Stalled Brexit negotiations and the threat of a global trade war have triggered short-lived bouts of equity market volatility across the globe, but positive economic data and strong corporate earnings growth have offset those concerns. Despite sell side analysts having revised estimates upward rather persistently, nearly two-thirds of Russell Developed Index companies beat consensus earnings estimates in the most recent quarter. The median positive surprise was 12% above consensus estimates.

Global growth stocks outperformed global value stocks in the quarter, extending growth's considerable lead in recent years. Investors' preference for growth stocks was evident across regions but has been most pronounced in the US. Three years ago, the forward P/E for the Russell 1000 Growth Index was 18.6x compared to 15.3x for the Russell 1000 Value Index, for a difference of 3.3x ("growth premium"). Today, the forward P/E ratio for the Russell 1000 Growth is 22.9x while the Russell 1000 Value continues to trade at 15.3x. The current growth premium in the US, therefore, is 7.6x (22.9x – 15.3x), which is nearly double the long term average of 4.0x. Earnings growth between the two indices has been comparable, thus the primary cause of the performance difference has been the repricing of growth stocks, i.e. multiple expansion. The same phenomenon has occurred in Europe and the Pacific, albeit to a smaller magnitude—value and growth performance disparities have been about half that experienced in the US. We do not believe that this valuation gap can widen indefinitely, and consequently we are optimistic about the prospects of value relative to growth as we look at global equity markets going forward.

We remain overweight financials, industrials, and energy compared to the Russell Developed Index. We are about equal weight in the technology, though we have taken considerable capital out of the sector since the beginning of the year. The sector overall, and our portfolio holdings in particular, have outperformed and so we have shifted capital to more compelling valuation opportunities. We have added capital to financials and consumer staples as the sectors have underperformed.

The portfolio's valuation discount relative to the market has continued to widen, which gets us excited about the portfolio going forward. The portfolio trades at 7.7x normal earnings – less than 50% of the Russell Developed Index at 16.4x. The portfolio's price-to-book ratio is 1.2x compared to 2.3x for the Russell Developed Index.

Attribution: 3Q 2018

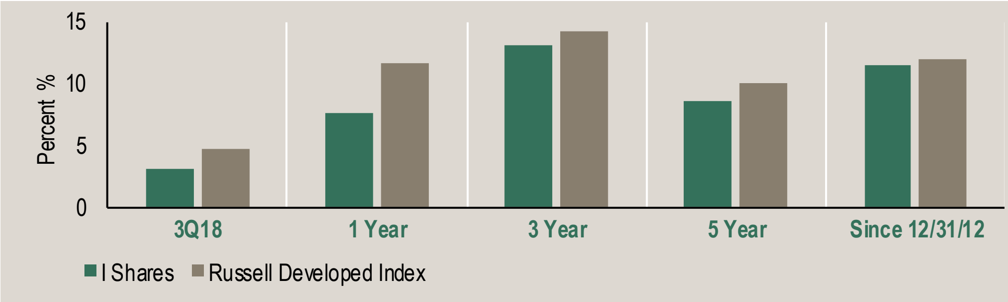
The Hotchkis & Wiley Global Value Fund underperformed the Russell Developed Index in the third quarter of 2018. The growth-led market was not a conducive environment for our value-focused approach. Stock selection in consumer discretionary and industrials, along with the underweight exposure to healthcare detracted from relative performance in the quarter. Positive stock selection in technology and real estate helped performance, along with the underweight exposure to materials. The largest detractors to relative performance in the period were Embraer, Vodafone, General Motors, Ophir Energy, and Barclays; the largest positive contributors were WestJet Airlines, Discovery, Oracle, Corning, and Popular.

Largest New Purchases: 3Q 2018

BNP Paribas is a French universal bank with global retail banking and diversified financial services operations. The Company is well-positioned in its "home" Benelux retail banking and insurance markets, and has profitable and growing businesses outside of the region. BNP's Corporate and Investment bank is a leader in European fixed income and also has a strong global equity derivatives franchise. European bank valuations have been negatively impacted by concerns regarding Brexit, Italy, Turkey and other emerging markets. BNP is no exception. We think that at 0.8x tangible book and 8.0x price-to-normal earnings BNP presents a very attractive investment opportunity.

Hitachi Ltd. is a Japanese multi-industrial with improving corporate governance and significant excess capital trading at a low multiple of current earnings. The Company has been transforming itself by reducing the number of listed subsidiaries, disposing underperforming/secularly challenged businesses, improving the cost structure of its businesses and reinvesting in higher returning businesses.

Performance as of September 30, 2018



	3Q18	1 Year	3 Year	5 Year	Since 12/31/12
I Shares	3.08%	7.68%	13.15%	8.53%	11.41%
A Shares without sales charge	2.94	7.37	12.90	8.27	11.13
A Shares	-2.50	1.76	10.88	7.12	10.10
Russell Developed Index	4.68	11.64	14.27	9.95	11.90

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 Russell Developed® Index measures the performance of the investable securities in developed countries globally across all market capitalization ranges. 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 1000® Growth Index measures the performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The indices do 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. The Fund's returns may not correlate with the returns of their benchmark indices. 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 9/30/18 as a % of the Fund's net assets: American Int'l Group Inc. 4.7%, WestJet Airlines 3.8%, Societe Generale SA 3.0%, Discovery Inc. 3.0%, Hewlett Packard Enterprise 3.0%, Oracle Corp. 2.8%, Whiting Petroleum Corp. 2.8%, ARRIS International PLC 2.8%, Seritage Growth Properties 2.7%, and Wells Fargo & Co. 2.6%. 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]
WestJet Airlines Ltd.	3.8%
Oracle Corp.	2.8
Discovery Inc.	3.0
Hewlett Packard Enterprise	3.0
Popular Inc.	2.6

Bottom Five	% of Total Portfolio[1]
Barclays PLC	1.8%
General Motors Co.	1.8
Ophir Energy PLC	0.7
Vodafone Group PLC	2.4
Embraer SA	1.4

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 quarter based on the security's quarter-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 at quarter-end, all new security positions are included.

NOT FDIC INSURED
NO BANK GUARANTEE
MAY LOSE VALUE

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