HIGH YIELD FUND
Commentary
Second Quarter 2019

Hotchkis & Wiley

Manager Review and Economic Outlook

Market Commentary

The ICE BofAML US High Yield Index returned +2.6% in the second quarter of 2019 and is now up +10.2% since the beginning of the year. An increasingly dovish tone from the US Federal Reserve contributed to a positive high yield market, as Chairman Jay Powell indicated a readiness to lower interest rates for the first time in more than a decade. The Federal Funds futures market is pricing in a high likelihood of a rate cut during the Fed's next meeting, and both long and short term rates fell accordingly. The very short end of the yield curve remains inverted, but the 2/10 year curve is upward sloping and steepened further during the quarter. The yield-to-worst (YTW) for investment grade (ICE BofAML US Corporate Index) and high yield credits (ICE BofAML US High Yield Index) declined 0.5% and 0.4%, respectively. Spreads remained remarkably stable during the quarter. Two notable exceptions to the modest decline in yields and stagnant spreads were CCC-rated bonds and the energy sector, which are not mutually exclusive. The lowest rated high yield cohort returned just +0.6% in the quarter, lagging the index by 2 percentage points, as its YTW increased slightly and its spread over treasuries widened by about 60 basis points. High yield energy credits returned -0.8% in the quarter, with energy YTW increasing by 0.2% and spreads widening by more than 70 basis points.

Geopolitical tensions seemed to subside, as the US reached a deal with Mexico to halt proposed tariffs, and US-China trade talks resumed, buoying markets further. All sectors except energy (-0.8%) were positive in the quarter, with insurance, retail, transportation, and banking leading the way. The high yield default environment remains benign relative to average. The default rate, including distressed exchanges, is 1.55% which is less than half of the 20-year average. This is down 0.34% since the beginning of the year and down 0.50% year-over-year. During the first half of 2019, 13 high yield bonds defaulted and 2 went through a distressed exchanged, for a total par value of about $14 billion ($8 billion occurred during the second quarter). The market's average post-default recovery rate stands at 36%, slightly less than the long-term average of 41%. This is a bit misleading, however, considering that defaults have been few and far between. About one-third of this year's default activity was in the energy sector. Less than 1% of the market trades for under 50% of par value and less than 5% trades for under 70% of par value, reflecting the market's view that fundamentals remain sound.

The new issue market has picked up from 2018's slowdown, and remains on a pace slightly lighter than average for the past decade. About two-thirds of all issuance has been for refinancing and less than 20% for LBO/acquisition activity. Just 10% of new issuance was CCC-rated debt and more than two-thirds of that was for refinancing.

Overall, our view of the high yield market remains relatively unchanged. Fundamentals are solid and the new issue market well-behaved, which appears to be appropriately reflected in valuations. We maintain our focus across high yield credits of all sizes, which has helped facilitate a ~75 basis point spread advantage relative to the broad benchmark and we remain optimistic about the portfolio's prospects going forward.

Attribution: 2Q 2019

The Hotchkis & Wiley High Yield Fund underperformed the ICE BofAML US High Yield Index and ICE BofAML BB-B US High Yield Constrained Index in the second quarter. The portfolio's overweight in small and mid cap credits was a performance detractor in the quarter as larger cap credits outperformed. Credit selection in basic industry and consumer goods also hurt relative performance, along with the underweight allocation to telecommunications. Positive credit selection in the automotive, capital goods, and energy sectors helped relative performance in the quarter.

Outlook (Scoring Scale: 1=Very Negative….5=Very Positive)

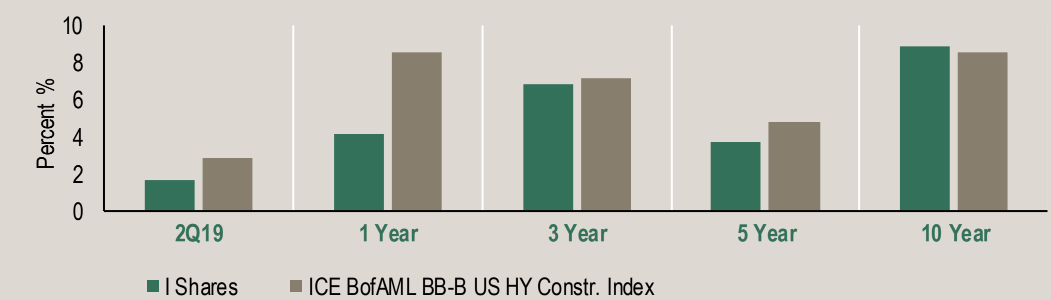
Fundamentals (3): No change. Defaults remain well below average. We expect a benign environment to continue because leverage remains in check and because revenue and earnings are reasonable. Trade war potential keeps the score from rising further, which has the potential to impede economic growth and therefore affect revenue and earnings growth.

Technicals (4): Increased from 3 to 4. The new issue market remains about average and asset class fund flows are strong. There is also strong call and tender activity and overall market liquidity remains decent.

Valuation (3): No change. Valuations remains appropriate considering the market's decreased leverage and overall health. The excess spread, or spread adjusted for unrecovered defaults, remains stable.

Fund holdings and/or sector allocations are subject to change and are not buy/sell recommendations. Current and future portfolio holdings are subject to risk. Portfolio managers' opinions and data included in this commentary are as of 6/30/19 and are subject to change without notice. Any forecasts made cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. Portfolio's 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.

Performance as of June 30, 2019



	2Q19	1 Year	3 Year	5 Year	10 Year	Since 3/31/09
I Shares	1.71%	4.19%	6.83%	3.75%	8.96%	9.89%
A Shares without sales charge	1.65	3.92	6.57	3.50	8.65	9.55
A Shares	-2.15	0.03	5.23	2.71	8.24	9.14
C Shares without CDSC	1.37	3.15	5.74	2.72	7.87	8.78
C Shares	0.37	2.15	5.74	2.72	7.87	8.78
Z Shares	1.74	4.38	6.95	3.87	9.08	10.00
ICE BofAML BB-B US HY Constr. Index	2.82	8.62	7.13	4.81	8.58	10.13
ICE BofAML US HY Index	2.56	7.58	7.54	4.70	9.22	11.22

Yield	I Shares	A Shares	A Shares (Load)	C Shares	Z Shares
30-Day SEC Yield with expense waiver	6.22%	5.74%	5.52%	5.21%	6.32%
30-Day SEC Yield without expense waiver	6.07%	5.61%	5.39%	5.07%	6.27%

The Fund's total annual operating gross expense ratio as of the most current prospectus is 0.74% for I Shares, 0.99% for A Shares, 1.74% for C Shares and 0.63% for Z Shares. The net expense ratio is 0.70% for I Shares, 0.95% for A Shares, 1.70% for C Shares and 0.60% for Z Shares. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2019; October 31, 2019 for Z Shares.

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. 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. The High Yield Fund imposes a 2.00% redemption fee on shares held for 90 days or less. Performance data does not reflect the redemption fee. If it had, return would be reduced.

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, C and Z 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-3/31/09, A Shares-5/29/09, C Shares-12/31/12, Z Shares-3/29/18). Returns shown for A Shares and C Shares without sales charge do not reflect the maximum sales load of 3.75% or the Contingent Deferred Sales Charge (CDSC) of 1.00% for the first year; if reflected, performance would be lower than shown. Returns for A and C Shares reflect the deduction of the current maximum initial sales charges of 3.75% and 1.00% CDSC. C Shares convert automatically to A Shares approximately eight years after purchase. A Shares are subject to lower annual expenses than C Shares. 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.

Yield-to-Worst is the lowest possible yield from owning a bond considering all potential call dates prior to maturity. Basis point is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument. Investment grade indicates that a municipal or corporate bond has a relatively low risk of default. Spread is the percentage point difference between yields of various classes of bonds compared to treasury bonds. LBO stands for Leveraged Buyout.

Investing in high yield securities is subject to certain risks, including market, credit, liquidity, issuer, interest-rate, inflation, and derivatives risks Lower-rated and non-rated securities involve greater risk than higher-rated securities. High yield bonds and other asset classes have different risk-return profiles, which should be considered when investing. All investments contain risk and may lose value. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using trade information and does not reflect the payment of transaction costs, fees and expenses of the Fund.

Classes & Tickers

I Shares	HWHIX
A Shares	HWHAX
C Shares	HWHCX
Z Shares	HWHZX

The ICE BofAML BB-B US High Yield Constrained Index contains all securities in the ICE BofAML US 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 ICE BofAML US High Yield Index tracks the performance of below investment grade, but not in default, US dollar-denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P. The ICE BofAML US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. 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. 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.

Credit quality weights by rating were derived from the highest bond rating as determined by S&P, Moody's or Fitch. Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when none of the three rating agencies have issued a formal rating, the Advisor will classify the security as nonrated.

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NO BANK GUARANTEE
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