VALUE OPPORTUNITIES FUND
Commentary
Second Quarter 2019

Hotchkis & Wiley

Manager Review and Economic Outlook

Market Commentary

The S&P 500 Index returned +4.3% in the second quarter and is now up +18.5% since the beginning of the year, fully recouping its losses from the fourth quarter of 2018. An increasingly dovish tone from the US Federal Reserve contributed to positive equity markets, 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. In addition, geopolitical tensions subsided, as the US reached a deal with Mexico to halt proposed tariffs, and US-China trade talks resumed. All S&P sectors were positive except energy, as crude oil prices declined by 3% in the quarter. Growth again outpaced value, further widening the valuation gap. Over the past five years, the Russell 3000 Growth has doubled the Russell 3000 Value, returning +84% compared to +42%, cumulatively.

We continue to view the overall equity market as about fairly valued, perhaps slightly overvalued. However, this is far from a normal market. On the one hand, the market's valuation suggests that investors have a reasonably healthy risk appetite. On the other hand, certain attributes imply that investors are exceptionally risk averse. A glaring example outside of US equity markets is the negative yield on some country's government debt (e.g. German bunds), where investors are guaranteed to lose money if held to maturity. A preference for a small, yet certain loss over a wider range of outcomes exemplifies extreme risk aversion. This risk aversion is borne out in US equity markets through a comparison of different sectors. Sectors with low economic sensitivity and stable earnings streams have been flooded with capital while cyclical sectors have been shunned, irrespective of valuation. Regulated utilities, for example, are largely insulated from economic slowdowns and exhibit more stable earnings than most other businesses. This has appealed to risk averse equity investors, which have flooded the sector with capital. As a result, utilities' P/E multiples are now close to 20x, an increase of 20% over the past five years. We view this as a rich price to pay for a sector with modest prospects for growth, and do not view this as a safe investment. While it does not represent a certain loss, the we believe long-term upside potential at these valuations are paltry at best. Most REITs, consumer staples, and healthcare companies exhibit a similarly unappealing long-term risk-reward tradeoff.

In many cases, banks and other financials trade at half the valuation of the non-cyclical markets segments. Select companies within technology, industrials, and energy also trade at substantial discounts to their intrinsic values. These sectors have a higher correlation with economic cycles than non-cyclicals, but valuations render the long-term prospects more appealing irrespective of near-term economic growth. Also, we have a deep-rooted preference for strong balance sheets, which we believe can provide a form of protection should the macro environment take a turn for the worse. In our view, this combination represents a considerably less risky investment—and one with considerably more upside potential.

The wide dichotomy between undervalued and overvalued pockets of the market has facilitated a portfolio that trades at a large valuation discount to the market, in our view, without assuming undue risk. The portfolio trades at 7.4x normal earnings compared to 14.7x for the Russell 3000 Value Index and 24.2x for the Russell 3000 Growth Index. It trades at 1.2x book value compared to 2.0x and 6.5x for the value and growth indices, respectively. This valuation discount combined with healthy balance sheets and good underlying businesses has us confident about the portfolio's prospects as we look forward.

Attribution: 2Q 2019

The Hotchkis & Wiley Value Opportunities Fund (Class I) outperformed the Russell 3000 Value Index in the second quarter of 2019. The overweight position and positive security selection in industrials was the largest positive contributor during the quarter. Positive security selection in technology, consumer staples, and healthcare also helped performance. The overweight position and security selection in energy was the largest performance detractor in the quarter, along with stock selection in real estate. The largest positive contributors to relative performance in the quarter were WestJet Airlines, AIG, Microsoft, Discovery, and News Corporation; the largest detractors were National Oilwell Varco, Royal Mail, Apache, Frank's International, and Seritage Growth Properties.

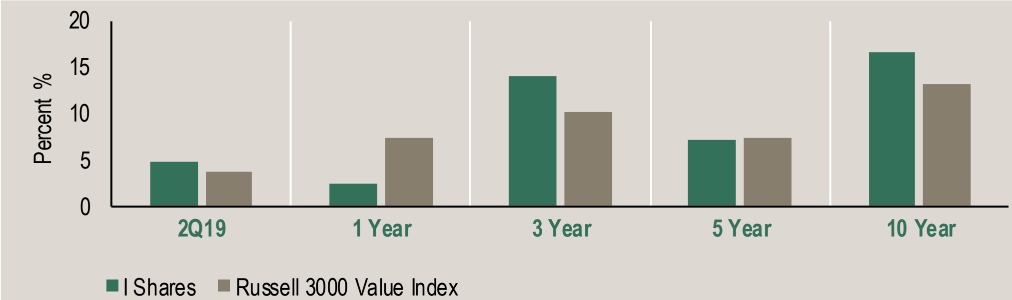
Largest New Purchases: 2Q 2019

Corning is a materials sciences company that sells glass, ceramic, and advanced plastic products through five segments: display glass, specialty materials, telecom, environmental technologies, and life sciences. Corning trades at a modest multiple of current earnings for an outstanding business with what appear to be permanent margin advantages over competition in what should be above-average industries. Additionally, our forecasts and normal earnings include no improvement from several new products that could each drive material earnings growth.

Kosmos is an independent deepwater oil and gas exploration and production company with attractive producing assets in offshore Ghana, Equatorial Guinea, and the U.S. Gulf of Mexico; a world-class gas development in Mauritania and Senegal; and various exploration interests, including two blocks in Suriname which border the significant Exxon/Hess discoveries in neighboring Guyana. Using conservative assumptions, we estimate the value of the company's producing assets as greater than the company's enterprise value based on current oil prices. We took advantage of the general decline in oil stocks to take a position in an asset rich company at a compelling valuation.

Tutor Perini provides general contracting and design-build services throughout the United States. The company is well positioned in growing markets, but sells at a depressed valuation due to concerns over collection disputes with certain customers that are temporarily reducing free cash flow. These concerns have provided us the opportunity to purchase shares in an attractive business at the compelling valuation.

Performance as of June 30, 2019



	2Q19	1 Year	3 Year	5 Year	10 Year	Since 12/31/02
I Shares	4.78%	2.45%	13.94%	7.17%	16.60%	12.16%
A Shares without sales charge	4.69	2.18	13.66	6.90	16.31	11.93
A Shares	-0.81	-3.17	11.63	5.75	15.69	11.57
C Shares without CDSC	4.51	1.44	12.81	6.10	15.44	11.08
C Shares	3.51	0.44	12.81	6.10	15.44	11.08
Russell 3000 Value Index	3.68	7.34	10.19	7.31	13.14	9.11

The Fund's total annual operating expense ratio as of the most current prospectus is 0.97% for I Shares, 1.22% for A Shares and 1.97% for C Shares. Expense ratios shown are gross of any fee waivers or expense reimbursements.

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.

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 C Shares for the periods prior to its inception are derived from the historical performance of I Shares during such periods and have been adjusted to reflect the higher total annual operating expenses of each specific Share (Inception dates: I and A Share-12/31/02, C Share-8/28/03). Returns shown for A Shares and C Shares without sales charge do not reflect the maximum sales load of 5.25% 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 5.25% 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. 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 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 Russell 3000® Value Index includes stocks from the Russell 3000® Index with lower price-to-book ratios and lower expected growth rates. The Russell 3000® Growth Index includes companies that display signs of above average growth. The index is used to provide a gauge of the performance of growth stocks in the U.S. 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/Normal Earnings is the current market price per share divided by normalized earnings per share. Price-to-Earnings (P/E) is calculated by dividing the current price of a stock by the company's trailing 12 months' earnings per share. Book value is the net asset value of a company, calculated by subtracting total liabilities from total assets.

Mutual fund investing involves risk. Principal loss is possible. Investing in non-diversified funds and/or smaller and/or medium-sized companies involves greater risks than those associated with investing in diversified funds and/or large company stocks, such as business risk, significant stock price fluctuations, sector concentration and illiquidity. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. The Fund may invest in ETFs, which are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Fund's ability to sell its shares. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. 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.

Contributors to Performance

Top Five	% of Total Portfolio[1]
WestJet Airlines Ltd.	0.0%
American International Group Inc.	4.3
Microsoft Corp.	6.1
Discovery Inc.	3.5
General Electric Co.	6.3

Bottom Five	% of Total Portfolio[1]
Frank's International	1.7%
Office Depot Inc.	0.6
Apache Corp.	1.7
Royal Mail PLC	2.6
National Oilwell Varco Inc.	3.1

Classes & Tickers

I Shares	HWAIX
A Shares	HWAAX
C Shares	HWACX

[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 S&P 500 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 during the quarter, all new security positions are included. Top ten holdings as of 6/30/19 as a % of the Fund's net assets: General Electric Co. 6.3%, Microsoft Corp. 6.1%, Goldman Sachs Group Inc. 5.1%, Wells Fargo & Co. 5.0%, American Int'l Group Inc. 4.3%, Seritage Growth Properties 4.3%, General Electric Co. (5% Pref.) 4.0%, Discovery Inc. 3.5%, Bank of America Corp. 3.4% and Morgan Stanley 3.3%. Fund holdings are subject to change and are not recommendations to buy or sell any security.

NOT FDIC INSURED
NO BANK GUARANTEE
MAY LOSE VALUE

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