VALUE OPPORTUNITIES FUND
Commentary

Third Quarter 2018

Hotchkis & Wiley

Manager Review and Economic Outlook

Market Commentary

The S&P 500 Index returned +7.7% in the third quarter and is now up +10.6% since the beginning of the year. Contentious Brexit negotiations and the threat of a global trade war have triggered short-lived bouts of equity market volatility, but positive economic data and strong corporate earnings growth has overwhelmed those concerns. Despite Wall Street having revised estimates upward rather persistently, 84% of S&P 500 companies beat consensus earnings estimates in the most recent quarter. The median positive surprise was 6% above consensus estimates. In technology and healthcare, the two top-performing sectors in the quarter, more than 90% of companies reported an earnings beat.

Growth outperformed value in the quarter, extending its considerable lead in recent years. Some of the disparity was due to differences in sector exposures: the growth index has more exposure to technology which outperformed, and less exposure to energy and financials which underperformed. Sector weights aside, however, stocks with high valuations outperformed stocks with low valuations. The Russell 3000 Growth Index has outperformed the Russell 3000 Value Index by nearly 13 percentage points since the beginning of the year, after outperforming by more than 16 percentage points in 2017. As a result, the valuation gap between growth stocks and value stocks has widened. Three years ago, the forward P/E for the Russell 3000 Growth was 19.3x compared to 15.5x for the Russell 3000 Value, for a difference of 3.8x ("growth premium"). The average growth premium over that last 20 years has been 4 multiple points, so three years ago spreads were slightly narrower than average. Today, however, the forward P/E ratio for the Russell 3000 Growth has expanded to 23.9x while the Russell 3000 Value trades at 15.5x, the same multiple as three years ago. The current growth premium 8.4 multiple points (23.9x – 15.5x), more than double the long term average. Earnings growth between the two indices has been comparable, thus the primary cause of the outperformance has been the repricing of growth stocks, i.e. multiple expansion. 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 forward.

Financials represent the portfolio's largest sector weight, followed by energy and technology. We have reduced our exposure to energy and technology since the beginning of the year as these sectors have performed well. The sectors were among the best performers this year, and so we have shifted capital to more compelling valuation opportunities. We have added capital to the industrials, consumer discretionary, and financial sectors as they have underperformed and now exhibit improved valuations without a commensurate change in risk.

The portfolio's valuation discount relative to the market has moved from wide to wider, which gets us excited about the portfolio going forward. The portfolio trades at 8.0x normal earnings compared to 18.3x for the S&P 500 (more than double the portfolio). The portfolio's price-to-book ratio is 1.3x compared to 3.4x for the S&P 500.

Attribution: 3Q 2018

The Hotchkis & Wiley Value Opportunities Fund underperformed the S&P 500 Index in the third quarter of 2018. The concentrated, growth-led market was not a conducive environment for our value-focused approach. Not owning Apple and Amazon, for example, detracted nearly 1 percentage point from our performance relative to the index. The overweight position and security selection in financials also detracted from performance, along with security selection in consumer discretionary. Positive security selection in materials, healthcare, communication services, and technology helped performance in the quarter. The largest individual detractors to relative performance were General Motors, Vodafone, Wells Fargo, Goldman Sachs, and AIG; the largest positive contributors were GHW Holdco, Hanger, WestJet Airlines, Oracle, and Seritage Growth Properties.

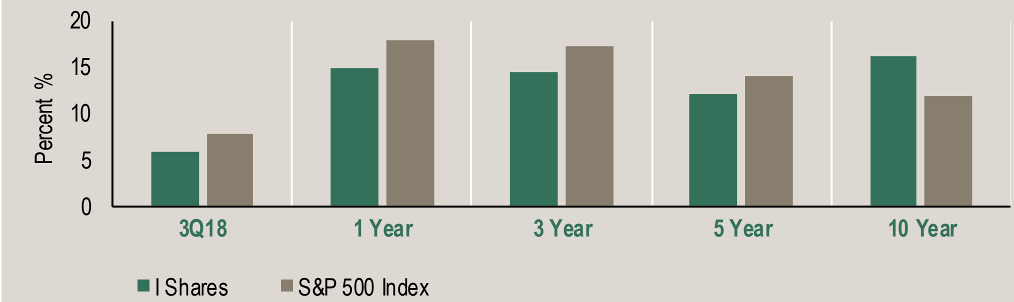
Largest New Purchases: 3Q 2018

CBS Corp's multiple is depressed with other media companies even though it does not face material risk from disruptions to Pay TV. CBS is exposed to cyclical risk in ad spending with little impact on normal earnings. The most important risk is fundamental change in TV's share of ad spend, which appears unlikely. The biggest opportunities are reversion in US ad spend and continued vertical integration into TV production, which would boost margins on syndication revenue.

News Corp's valuation is supported by its real-estate advertising businesses alone. It also has a mature Pay TV national media business and a regional newspaper business, though the latter is in secular decline.

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. Certain information presented based on proprietary or third-party estimates are subject to change and cannot be guaranteed. Portfolio managers' opinions and data included in this commentary are as of 9/30/18 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. **Past performance is no guarantee of future results. Diversification does not assure a profit nor protect against loss in a declining market.**

Performance as of September 30, 2018



	3Q18	1 Year	3 Year	5 Year	10 Year	Since 12/31/02
I Shares	5.86%	14.98%	14.46%	12.02%	16.23%	13.01%
A Shares without sales charge	5.79	14.67	14.17	11.74	15.95	12.78
A Shares	0.25	8.65	12.14	10.54	15.33	12.40
C Shares without CDSC	5.60	13.83	13.31	10.91	15.13	11.92
C Shares	4.60	12.83	13.31	10.91	15.13	11.92
S&P 500 Index	7.71	17.91	17.31	13.95	11.97	10.13

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-to-book value is the price of a stock divided by its book value. Earnings growth is the annual rate of growth of earnings from investments. Forward P/E (Price/Earnings) ratio is a stock's price over its predicted earnings per share.

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]
Seritage Growth Properties	4.8%
Oracle Corp.	3.2
GHW Holdco LLC	0.8
WestJet Airlines Ltd.	3.9
Microsoft Corp.	3.7

Bottom Five	% of Total Portfolio[1]
Masonite International Corp.	0.8%
Ophir Energy PLC	0.4
Wells Fargo & Co.	5.0
Vodafone Group PLC	2.5
General Motors Co.	2.4

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 at quarter-end, all new security positions are included. Top ten holdings as of 9/30/18 as a % of the Fund's net assets: Wells Fargo & Co. 4.9%, Goldman Sachs Group Inc. 4.8%, Seritage Growth Properties 4.7%, ARRIS Int'l PLC 4.5%, American Int'l Group Inc. 4.5%, WestJet Airlines 3.8%, Microsoft Corp. 3.6%, Amerco 3.2%, Whiting Petroleum Corp. 3.1%, and Oracle Corp. 3.1%. Fund holdings are subject to change and are not recommendations to buy or sell any security.

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NO BANK GUARANTEE
MAY LOSE VALUE

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