

## Objective

The Hotchkis & Wiley High Yield Fund seeks high current income combined with the opportunity for capital appreciation to maximize total return.

- Total Return strategy seeks to emphasize higher quality and lower volatility
- Unique synergy combining equity and credit research with a focus on asset coverage
- Experienced Investment Team averaging 23 years of industry experience

## Investment Viewpoint

Hotchkis & Wiley believes superior, risk-adjusted returns can be achieved in the high yield market by relying on fundamental analysis and unlevered asset valuation. With asset value as the foundation, we can build a portfolio of BB and B credit quality securities and reduce our exposure to the damaging effects of high defaults and low recoveries.



Classes & Tickers	
I Shares	HWHIX
A Shares	HWHAX
C Shares	HWHCX
Z Shares	HWHZX

Top Five Holdings <sup>1</sup>	
HCA, Inc.	1.3%
5.875%, due 2/1/2029	
American Zinc Recycling	1.2
General Electric Co.	
5.000%, due 1/21/2021	
Ashton Woods USA LLC	0.9
6.750%, due 8/1/2025	
Shelf Drilling Ltd.	0.9
8.250%, due 2/15/2025	

Industry Breakdown <sup>1</sup>	
Basic Industry	21.3%
Energy	15.0
Media	10.2
Healthcare	9.5
Capital Goods	6.2
Technology & Electronics	5.7
Services	5.1
Leisure	4.7
Retail	4.6
Automotive	4.3
Consumer Goods	3.6
Transportation	2.4
Financial Services	2.4
Banking	1.3
Utility	1.1
Telecommunications	0.7

Credit Quality <sup>1</sup>		
	Portfolio	ICE BofAML BB-B
Cash & Equivalents	1.2%	0.0%
Investment Grade	5.9	9.5
BB	44.6	60.7
B	38.5	29.9
CCC+ or lower	4.9	0.0
Non-Rated	4.9	0.0
Credit Default Swap Index	0.0	0.0

Top Ten Overweights <sup>1</sup>		
	Portfolio	Portfolio less ICE BofAML BB-B
General Electric Co.	1.5%	1.5%
American Zinc Recycling	1.1	1.1
Hexion, Inc.	1.1	1.1
Boardriders, Inc.	1.0	1.0
Herc Holdings, Inc.	1.0	1.0
Adient PLC	1.1	1.0
Ashton Woods USA LLC	0.9	0.9
DAE Funding LLC (Florida)	0.9	0.9
Shelf Drilling Ltd.	0.9	0.9
J. C. Penney Co., Inc.	0.9	0.9

Asset Allocation <sup>1</sup>		Composition	
Corporate Bonds	94.7%	Net Assets (mm)	\$2,525
Preferred/Convertibles	0.4	# of Active Issuers	140
Cash & Equivalents	1.2		
Other	3.7		

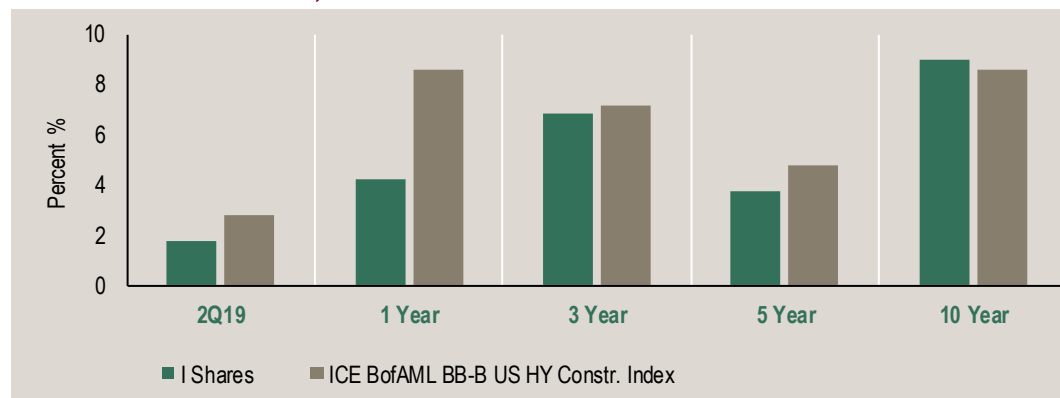
<sup>1</sup>% of total portfolio includes total investments, cash and cash equivalents, and accrued investment income on a trade date basis.

ICE BofAML BB-B = ICE BofA Merrill Lynch BB-B US High Yield Constrained Index

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%. A **Credit Default Swap Index** is a credit derivative used to hedge credit risk or to take a position on a basket of credit entities. 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 their benchmark indices. **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. Credit default swaps use bond-equivalent prices to calculate portfolio weights and % of portfolio would be negative if short the index. Investment Grade includes credits that are BBB- or above. # of Active Issuers excludes calls, tenders, and restructured issuers that are being liquidated (142 total issuers). Source: FactSet

Holdings are subject to change and are not buy/sell recommendations.

**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

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](http://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.

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.

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.

**Portfolio Characteristics**

	Portfolio	ICE BofAML BB-B
Current Yield	6.7%	6.0%
Yield-to-Worst	6.8%	5.3%
Modified Duration	3.2 years	3.5 years
Spread over Treasuries	471 bps	328 bps
Average Coupon Rate	6.5%	6.1%
Dividend Frequency	Monthly	

**Current Yield** is that of the securities held in the portfolio; it is not reflective of the yield distributed to shareholders. Current yield is calculated by taking the annual income (interest or dividends) divided by the current price of the security. **Yield-to-Worst** is the lowest possible yield from owning a bond considering all potential call dates prior to maturity. **Modified Duration** measures the price sensitivity of a bond to interest rate movements. **Spread over Treasuries** is the yield-to-worst of the portfolio minus the yield-to-worst on Treasuries. **Average Coupon Rate** is the weighted average of the interest rate stated on a bond, expressed as a percentage of the principal (face value). The **30-day SEC Yield** represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. The SEC Yield should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, the income paid to a shareholder's account, or the income reported in the fund's financial statements.

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*This material must be preceded or accompanied by a summary prospectus or prospectus of the Hotchkis & Wiley High Yield Fund*

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