

MARKET COMMENTARY

The MSCI World Index increased +6.8% in the second quarter of 2023, led by the MSCI World Growth Index which returned +10.4%. Once again, technology stocks were the star, finishing up 16% in the quarter. Excitement over advances in Generative AI partly explains technology's outperformance. The MSCI World Value Index increased just +3.0% given the underweight to technology.

Performance deviations between value and growth have been stark in recent periods. The growth index extended its year-to-date edge to +23.1% (+27.1% vs. +4.0%). Over the past year and a half, however, large value remains ahead of large growth due to its substantial outperformance last year. As it stands today, the growth index trades at a large premium to its own history using any common valuation metric and the value index trades reasonably in line with its own history. In other words, value spreads are reasonably wide. Further, the Fund trades at a considerable discount to its past. This is attainable because the portfolio is significantly different than the value index, with an active share above 90. Importantly, however, we do not blindly invest in companies/industries with the lowest price multiples. We invest in those that trade at the largest discounts to intrinsic value, and that intrinsic value is highly dependent on a company's risk profile—lower risk companies have higher intrinsic values all else equal and should command higher fair value multiples.

ATTRIBUTION – 2Q23

The Hotchkis & Wiley Global Value Fund underperformed the MSCI World Index but outperformed the MSCI World Value Index in the second quarter of 2023. Relative to the broad index, stock selection in technology was the largest detractor from relative performance. Stock selection in energy and industrials also detracted. Conversely, stock selection in financials was the leading positive contributor to performance. The underweight positions in consumer staples, materials, and utilities also contributed positively. The largest positive contributors to relative performance in the quarter were UniCredit SpA, Tokio Marine, AIG, Accor, and Oracle; the largest detractors were Ericsson, Kosmos Energy, CVS Health, Elevance Health, and Warner Bros. Discovery.

LARGEST NEW PURCHASES – 2Q23

Evercore is a premier investment banking franchise at an attractive value. Over the years, Evercore has built a strong franchise that has consistently gained market share from its peers. The company has a net cash balance sheet, and the business model generates extremely high incremental returns and should be able to return 100% of net income to shareholders over time. Evercore remains an attractive value as a quality franchise trading at a discount to many of its boutique peers despite its ability to deliver stronger growth and having a more attractive business mix.

ManpowerGroup is a global staffing company. The company has scale and a solid market position that has enabled a mid-teens return on equity for many years. It also has a strong management team with a history of returning significant capital to shareholders. A soft near-term outlook has caused the shares to sell off, allowing us to purchase at less than 7x our estimate of normal earnings.

Portfolio managers' opinions and data included in this commentary are as of June 30, 2023 and are subject to change without notice. Any forecasts made cannot be guaranteed. **Diversification does not assure a profit nor protect against loss in a declining market. Past performance is no guarantee of future results.**

PERFORMANCE (%) as of June 30, 2023

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 12/31/12
Global Value Fund – I Shares	4.99	12.41	17.61	19.25	5.19	7.30	8.37
MSCI World	6.83	15.09	18.51	12.18	9.07	9.50	9.88
MSCI World Value	3.03	3.98	10.65	12.52	5.66	6.70	7.28

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 Fund's total annual operating gross expense ratio as of the most current prospectus is 1.25% for I Shares; 0.95% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2024. Expense ratio shown is gross of any fee waivers or expense reimbursements. 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.

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.

The Fund may invest in foreign and emerging markets securities, which subjects the Fund to increased risk. Please read the fund prospectus for a full list of fund risks. All investments contain risk and may lose value. Specific securities identified are the largest contributors (or detractors) on a relative basis to the MSCI World 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.

Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. 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.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services, LLC ("S&P") and is licensed for use by Hotchkis & Wiley ("H&W"). All rights reserved. Neither S&P nor MSCI is liable for any errors or delays in this report, or for any actions taken in reliance on any information contained herein.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. See www.hwcm.com for full disclaimer.

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 security positions are included.

Style Risk: A value-oriented investment approach involves the risk that value stocks may remain undervalued or may not appreciate in value as anticipated. Value stocks can perform differently from the market as a whole or from other types of stocks and may be out of favor with investors and underperform growth stocks for varying periods of time.

Market Disruption: The global coronavirus pandemic has caused disruption in the global economy and extreme fluctuations in global capital and financial markets. H&W is unable to predict the impact caused by coronavirus pandemic, which has the potential to negatively impact the firm's investment strategies and investment opportunities.

The **MSCI World Index** is a free float-adjusted weighted index capturing large and mid cap stocks. The **MSCI World Value** and **MSCI World Growth Indices** are free float-adjusted weighted indexes capturing large and mid cap stocks, exhibiting overall value or growth style characteristics, respectively. The MSCI indices represent stocks across 23 Developed Markets (DM) countries and include reinvestment of dividends, net foreign withholding taxes. 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.

Top ten holdings as of 6/30/23 as a % of the Fund's net assets: Ericsson 4.5%, F5 Inc. 4.5%, American Int'l Group Inc. 3.5%, Elevance Health Inc. 3.4%, Microsoft Corp. 3.1%, Accor SA 2.7%, Alphabet Inc. 2.7%, CVS Health Corp. 2.6%, General Electric Co. 2.5%, and Magna International Inc. 2.5%. **Return on equity** is the measure of a company's net income divided by its shareholders' equity. **Spread** is the percentage point difference between yields of various classes of bonds compared to treasury bonds. **Active share** is the extent to which the portfolio differs from the MSCI World Value Index.

Mutual fund investing involves risk. Principal loss is possible.
NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE
The Hotchkis & Wiley Funds are distributed by Quasar Distributors, LLC