GLOBAL VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWGIX | HWGAX

Hotchkis & Wiley

PERFORMANCE (%) as of June 30, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 12/31/12
Global Value Fund – I Shares	9.97	6.47	16.32	17.94	11.20	11.47	10.43
MSCI World Value Index	9.21	10.50	20.84	16.85	10.51	10.16	9.34
MSCI World Index	13.76	9.69	21.34	19.24	11.47	13.14	11.89

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 1.01% for I Shares; 0.72% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2027. 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.

MARKET COMMENTARY

The MSCI World Index gained +13.8% and the MSCI World Value Index gained +9.2% in the second quarter of 2026. Global equity markets shrugged off accelerating inflation, increasingly hawkish central banks, and an oil shock stemming from the conflict in Iran. Market leadership was exceptionally concentrated, and largely US centric. The median stock in the MSCI World Value index returned just +4.3%, and 62% of index constituents underperformed the benchmark's total return. Many semiconductor stocks, and other parts of the AI complex, such as hardware and storage, recorded returns in excess of 100%. The United States now comprises roughly 71% of the MSCI World Index, up from under 50% fifteen years ago. The ten largest US companies account for about 36% of the S&P 500 index.

Since the market bottomed in early April 2025, stocks in the highest momentum quintile outperformed the market by 54%, while the most fundamentally stable quintile underperformed by 32%. Momentum's current advantage sits in the 99th percentile over the past 70 years. While this represents a difficult environment for our long-term, fundamental based investment approach, we managed to navigate the headwind in the quarter as areas outside of the AI complex performed well.

These rare, near-record extremes have been fueled by boundless excitement about the prospects of AI. Investor leverage has spiked, both in the form of margin debt and through other instruments, such as leveraged ETFs. As one example, at least 11 leveraged single stock SpaceX ETFs launched on its first day of trading. Most concerning, in our view, are the valuations now commanded by investor favorites. Select stocks today trade at multiples exceeding those of Cisco at the peak of the dot-com bubble—the quintessential example of overly exuberant valuations.

The popular counterargument is that the highest momentum stocks are also seeing incredible earnings growth that helps justify their valuations. Most of this earnings growth is being driven by the massive investment in AI data centers. Capital expenditures for the largest AI data center spenders are on pace to approach $850 billion this year, up from roughly $155 billion in 2022, while revenue generated from these investments remains a small fraction of that figure[1]. Ultimately, we need to see a massive increase in AI related revenues from the likes of Anthropic, OpenAI, and others to justify the current pace of data center capital investment. Market valuations of the highest momentum stocks assume continued growth in AI data center capex going forward. We question, however, whether much of the recent earnings growth in these momentum names is sustainable if the payoff on these data center investments disappoints.

We believe artificial intelligence is already a powerful tool whose efficacy will increase over time. It has changed—and will continue to change—the way we live and work. Historically, however, investments in fast growing technologies like AI, don't always result in great economic reward to the companies investing in the technology. Often markets overbuild, competition is fierce, and the winners are the users of technology and perhaps society overall. Our view is that large pockets of the market overstate, both positively and negatively, the ultimate impact of current investments in artificial intelligence. Accordingly, we have an aversion to perceived beneficiaries whose valuations are excessive and risky. We favor select high-quality businesses with attractive valuations, largely because we believe the market overstates the threat AI poses to them. The most obvious example is enterprise software, but other examples include companies in the payment processing, advertising, and IT services industries. As is common in highly speculative, momentum-driven markets, defensive market segments have also been left behind and overlooked. In recent years, we have added capital to areas like healthcare, consumer staples, and utilities which exhibit attractive risk/return prospects.

(continued)

[1] The big spenders are Alphabet, Amazon, Meta, Microsoft, Oracle, CoreWeave, Nebius, and SpaceX. The largest revenue generating AI developers are Anthropic and OpenAI.

Today, select enterprise software companies represent an uncommon opportunity, particularly in a somewhat frothy market. The consensus view among investors is that AI could prove to be a significant headwind to incumbent software vendors. While we believe AI could be a threat to many software vendors, we also believe that mission critical systems of record are different. We see the AI fears as overstated and have observed no supporting evidence in retention rates, margins, or subscription growth. In our view, the disruption thesis significantly underestimates enterprise switching costs and other moats that make these companies durable. Replacing a core system with any new alternative introduces meaningful compliance, security, and operational risks that far exceed potential savings.

ATTRIBUTION ANALYSIS – 2Q26

The Hotchkis & Wiley Global Value Fund outperformed the MSCI World Value Index in the second quarter. Healthcare was the largest positive contributor, driven by favorable stock selection in health insurers. Positive stock selection in industrials and materials helped. The largest detractor, by far, was information technology. The portfolio was underexposed to semiconductors and other parts of the richly valued AI complex, some of which posted returns in excess of 100%.

LARGEST INDIVIDUAL CONTRIBUTORS – 2Q26

Humana Inc. (HUM) is one of the largest Medicare Advantage (MA) health insurers in the United States. The stock performed well as investors increasingly price in the likelihood that earnings have reached a cycle bottom and will soon start to grow again.

F5 Inc. (FFIV) sells application networking and security software as well as data center appliances. The company posted good quarterly results and raised both its revenue and EPS guidance. The company is misunderstood and gets incorrectly classified as a legacy IT hardware vendor, resulting in an attractive valuation for a company with better-than-average fundamental risk ratings.

Elevance Health Inc. (ELV) is the second largest health insurer, and one of the largest commercial insurers in the United States. Similar to Humana, shares rose because investors see increasing evidence of a recovery in profitability. Despite the recent move, the company remains priced at a discount to the market despite being a compelling business that grows above GDP while returning most of its cash to shareholders.

LARGEST INDIVIDUAL DETRACTORS – 2Q26

Alphabet Inc. (GOOGL) is a holding company whose primary subsidiary is Google, whose Search business makes it one of the largest advertising companies in the world. Alphabet's other businesses are its enterprise cloud platform and venture-stage companies collectively reported as "Other Bets." We believe Alphabet's valuation remain good given its improving growth prospects. Although the stock rose during the quarter, it detracted from relative performance because we were underweight compared to the benchmark. Our investment thesis remains intact.

APA Corp. (APA) is an independent oil and gas E&P (exploration & production) company operating in the Permian and in Egypt. Quarterly results were in line with expectations and supportive of our investment thesis, but the stock fell as oil retreated due to optimism about a resolution to the conflict in Iran. What really excites us about APA is that it remains leveraged to a structurally undersupplied global energy market. That said, the Company generates strong free cash flow in a range of commodity price scenarios.

Workday Inc. (WDAY) is a leader in cloud software for back-office business functions, spanning human capital management (HCM), financial management, and adjacent ERP (enterprise resource planning) products, with 60% of the Fortune 500 as HCM customers. Shares declined over the period, pressured by investor concerns that AI could disrupt application software vendors. The most recent quarter, however, did not show evidence of this. Subscription revenue grew 14%, 12-month backlog grew 16%, retention remained industry leading, margins expanded, and management reiterated full-year subscription revenue guidance while raising operating margin guidance. AI adoption also appears to be progressing, with Workday-developed agents now used by more than 4,000 customers and Recruiting Agent activity up sharply year over year. We continue to believe the disruption thesis significantly underestimates enterprise switching costs and the non-code moat that makes Workday durable.

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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. Equities, bonds, and other asset classes have different risk profiles, which should be considered when investing.

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. Specific securities identified are the largest contributors (or detractors) on a relative basis to the MSCI World Value 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 **MSCI World Index** is a free float-adjusted weighted index capturing large and mid cap stocks. The **MSCI World Value Index** is a free float-adjusted weighted index capturing large and mid cap representation, exhibiting overall value style characteristics, across 23 Developed Markets (DM) countries. The Index includes reinvestment of dividends, net foreign withholding taxes. 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.

Top 10 holdings as of 6/30/26 as a % of the Fund's net assets: Workday Inc. 4.4%, SAP SE 3.9%, American Int'l Group Inc. 3.4%, F5 Inc. 3.2%, Elevance Health Inc. 3.0%, Akzo Nobel N.V. 2.8%, GE HealthCare Technologies 2.7%, Ericsson 2.7%, Julius Baer Group Ltd. 2.5%, and Accor SA 2.3%.

Artificial Intelligence (AI); Capital Expenditures (CapEx) are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits**; Earnings Growth** is the percentage increase in a company's net income over a specific period; **Earnings Per Share (EPS)** is a measure of a company's profitability that indicates how much profit each outstanding share of common stock has earned; **Exchange-Traded Fund (ETF)** pools a group of securities into a fund and can be traded like an individual stock on an exchange; and **Gross Domestic Product (GDP)** is a monetary measure of the value of all goods and services produced within a country during a specific time period. It's a key indicator of a country's economic health and is often used to evaluate economic growth.

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. Earnings growth is not a measure of the Fund's future performance.

Certain information presented based on proprietary or third-party estimates are subject to change and cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness.