GLOBAL VALUE FUND

HWGIX
HWGAX

MANAGER REVIEW & ECONOMIC OUTLOOK

SEPTEMBER 30, 2021

MARKET COMMENTARY

The MSCI World Index returned 0.0% in the third quarter of 2021. The index reached an all-time high in early September before retreating to close out the quarter. Economic developments over the quarter were mixed. Real GDP grew an impressive +6.7% in the US and +2.2% in Europe in most recent quarter (seasonally adjusted quarter-over-quarter). The positive momentum in labor markets slowed, however, as many businesses are contending with serious labor shortages. This fuels already-tight supply conditions and increases inflationary pressures. Supply/demand imbalances have also started to emerge in the energy sector, leading to price increases. Inflation persisted above 5% in the US and above 3% in Europe (year-over-year), the highest levels in well over a decade. Developed market central banks have generally continued with expansionary fiscal and monetary policies, though hawkish comments are appearing with increased frequency. Through July and August, all MSCI World sectors had positive returns except energy, which was down more than 7%. This reversed in September. All MSCI World sectors declined during September except energy, which was up more than 9% as crude prices rose. For the entire quarter, energy was one of four sectors with a positive return, though it was modest rise (+1.6%). Financials was the best performing sector in the quarter, as both insurers and banks outperformed. Materials and industrials performed worst, as transportation/logistics and manufacturing business were disproportionately hurt by labor and supply shortages. Overall, corporate earnings continue to be strong as nearly 80% of MSCI World companies surpassed consensus earnings expectations in the quarter.

Global growth outperformed global value modestly. The MSCI World Growth Index returned +0.8% while the MSCI World Value Index declined -0.8%. In the recent past, COVID-19 developments appear to have dictated which investing style outperformed—positive developments have favored value, negative developments growth. The performance difference between value and growth largely moved in tandem with COVID's progression during the quarter. We continue to focus on fundamentals and valuation because that is what drives stock prices in the long run; however, we believe the demise of the pandemic through improved inoculation, herd immunity, or both, could provide a welcomed catalyst for a prolonged global value rally.

Dating back to 1926, the average value rally has lasted just shy of three years with an average outperformance of 55 percentage points, cumulatively[1]. Some of the more powerful and long-lasting value rallies have persisted for 7 to 10 years, with value outperforming growth by well over 100 percentage points. The common trait among these most formidable value-led markets is that each came on the heels of a prolonged period of growth outperformance, and each began with wide valuation spreads. There are notable similarities between today's environment and the early stages of previous strong value rallies. Because the portfolio trades at a valuation discount to the MSCI World, we believe a value-led market would be highly conducive to our investment approach, even relative to the global value benchmark. We continue to focus on companies that trade at significant discounts to intrinsic value, but also possess quality businesses, strong balance sheets, and good corporate governance.

ATTRIBUTION – 3Q21

The Hotchkis & Wiley Global Value Fund underperformed the MSCI World Index in the third quarter of 2021 modestly—it outperformed the MSCI World Value Index. Relative to the broad benchmark, stock selection in consumer discretionary, communication services, and energy detracted from performance. The overweight position in industrials and underweight position in healthcare also hurt. The overweight position and positive stock selection in financials were the largest positive contributors. Stock selection in industrials also helped. The largest detractors to relative performance in the quarter were Royal Mail, Heineken, Magna International, Discovery, and General Motors; the largest positive contributors were AIG, Tokio Marine, Babcock International, F5 Networks, and Oracle.

LARGEST NEW PURCHASES – 3Q21

None.

[1] Statistics in this paragraph reference data from the Kenneth French Dartmouth data library

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PERFORMANCE (%) as of September 30, 2021

	QTR	YTD	1 Yr	3 Yr	5 Yr	Since 12/31/12
Global Value Fund – I Shares	-0.62	20.59	59.36	6.20	9.85	9.59
MSCI World	-0.01	13.04	28.82	13.14	13.74	11.77
MSCI World Value	-0.84	13.76	31.66	6.70	8.57	8.29

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 1.29% for I Shares; 0.95% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 31, 2022. 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.

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, unprecedented business and travel disruption and extreme fluctuations in global capital and financial markets. H&W is unable to predict the consequences of the upheaval 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 9/30/21 as a % of the Fund's net assets: American Int'l Group Inc. 4.8%, General Electric Co. 4.3%, Citigroup Inc. 4.1%, Wells Fargo & Co. 3.9%, F5 Networks Inc. 3.9%, Anthem Inc. 3.7%, Euronet Worldwide Inc. 3.0%, Credit Suisse Group AG 3.0%, BAE Systems PLC 2.9%, and Alphabet Inc. 2.9%.

Spread is the difference between valuations of value and growth stocks. **Extraordinary performance is attributable in part due to unusually favorable market conditions and may not be repeated or consistently achieved in the future.**