

GLOBAL VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWGIX | HWGAX



PERFORMANCE (%) as of September 30, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 12/31/12
Global Value Fund – I Shares	3.44	10.12	14.31	18.83	12.10	10.97	10.50
MSCI World Value Index	3.84	14.74	18.57	19.08	11.54	10.04	9.46
MSCI World Index	1.88	11.75	15.24	21.40	11.89	12.81	11.82

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 returned +1.9% in the third quarter of 2026, bringing its year-to-date return to +11.8%. The MSCI World Value Index returned +3.8%, while the MSCI World Growth Index was roughly flat, extending value's considerable year-to-date edge: +14.7% vs. +8.8%, respectively. Market leadership continued to be narrow, as the median return of all the stocks in the index was just +0.8%.

Quarterly earnings in the US grew more than 30% year-over-year, an exceptional pace for a non-recessionary recovery. Earnings growth outside the US appears to be in the low double digits, also quite good by historical standards but well below that of the US. Earnings strength appeared to overshadow renewed conflict in the Middle East and the Federal Reserve's first rate hike in more than three years. The collapse of the US/Iran ceasefire and the subsequent campaign of tanker attacks near the Strait of Hormuz sent oil prices higher. Brent crude rose 45% to \$104/barrel in the quarter. The energy sector of the MSCI World Value returned +17% in the quarter, second only to communication services (Meta, a 3% index weight, returned +29%).

Inflation fears are growing. The US Consumer Price Index (CPI) rose 3.4% year-over-year in its most recent reading, lower than its May peak but still well above the Fed's target. Accordingly, the Federal Reserve raised the federal funds rate by 25 basis points to 4.00% (upper bound) in September, and the futures market is pricing in another hike of that magnitude before year end. The closest European equivalent to the CPI, the Harmonized Index of Consumer Prices (HICP) rose 3.8%, with higher energy prices a notable driver. The European Central Bank also raised its benchmark rate by 25 basis points. Around the world, long-term bond yields rose. Predictably, rate-sensitive sectors like utilities and real estate declined, and represented the worst and third worst performing sectors in the MSCI World Value.

Regionally, Europe lagged, declining 1.7%, as the Middle East conflict and higher energy prices appeared to weigh on the region, while Japan (+6.0%) and the US (+2.3%) gained. The US dollar was little changed.

After a spectacular run, enthusiasm for all things AI paused. The Philadelphia Semiconductor Index declined 11% in the quarter, and 14% from its late June peak. Uncertainty about how the AI buildout will be financed appeared to grow. Fed Chair Warsh cited competition for capital from the largest AI data center spenders as one reason for higher long-term yields, and in late September Oracle issued a force majeure notice on a large data center project.

Software was the best performing industry in the MSCI World Value¹, returning +34%. As discussed previously, we believe the market overstates the threat AI poses to software companies with mission critical systems of record. The evidence this year—improving bookings, stable to accelerating organic growth, and sizable share repurchases—continues to undermine the so-called “SaaSocalypse” theory. Even after the rebound, select software companies remain attractively valued. Workday, for example, trades at 14x our estimate of normal earnings, compared to 17x for the MSCI World Value and 21x for the MSCI World. It also has excellent fundamental risk ratings and is consequently our largest holding.

The quarter also brought a meaningful change in market disposition. In the first half of the year, high beta and high momentum stocks dominated, while value and quality lagged. In the third quarter, this largely reversed, with value and quality performing better. A single quarter does not mark the end of a speculative cycle; still, the third quarter was a reminder that valuation and fundamentals eventually matter. We believe our portfolio of high quality, attractively valued, financially sound businesses is well positioned as that reality reasserts itself.

(continued)

¹Technically, Marine Transportation was best (+40%) but it comprises less than 0.2% of the index.

Portfolio managers' opinions and data included in this commentary are as of September 30, 2026 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.**

ATTRIBUTION ANALYSIS – 3Q26

The Hotchkis & Wiley Global Value Fund performed in line with the MSCI World Value Index in the third quarter of 2026. Positive stock selection in information technology was the largest positive contributor, led by our enterprise software holdings, Workday, and SAP, and Salesforce. The overweight position in technology, along with underweight positions in real estate and utilities, also helped.

Among the largest headwinds were stocks that we did not own performing well. Microsoft (MSFT) was added to the value index at its May reconstitution and was the largest individual detractor by way of not owning it. Stock selection in healthcare, financials and materials also detracted from performance.

LARGEST INDIVIDUAL CONTRIBUTORS – 3Q26

Workday is a leader in cloud software for back-office business functions, spanning human capital management, financial management, and adjacent Enterprise Resource Planning (ERP) products, with 60% of the Fortune 500 as human capital management customers. Its formidable competitive advantages produce best-in-class unit economics — 97% gross retention, a 38% normal EBIT margin, and low-teens subscription revenue growth — and its ERP markets are both the largest and least cloud-penetrated in application software, providing a long runway to invest at high returns at an attractive valuation. In mid-August, Reuters reported Silver Lake was in talks to acquire Workday, which boosted its stock price. We trimmed the position on strong performance.

WPP is one of the world's largest ad agency holding companies. The stock outperformed during Q3 as first half results exceeded expectations and the decline among its largest clients moderated. Recent wins with Estée Lauder, JLR, and Heineken also suggested early traction from the new CEO's restructuring plan.

SAP is one of the world's largest application software vendors, headquartered in Germany. Like Workday, SAP operates an extremely sticky software business with an excellent balance sheet and improving governance. Shares rose sharply in the days after the company's earnings, as investors grew more confident in the cloud growth outlook. Despite these durable compounding characteristics, the stock trades at a significant discount to intrinsic value due to AI disruption fears we believe are unfounded.

LARGEST INDIVIDUAL DETRACTORS – 3Q26

Microsoft and Meta Platforms were the two largest detractors, because we did not own them and they returned +38% and +29%, respectively, as constituents of our benchmark. Below are the largest detractors held in the portfolio.

Ericsson is a vendor of the hardware and software needed to operate wireless networks. Earnings are below normal as the Enterprise business continues to lose money and market share gains in Japan have yet to convert to material revenue. The stock underperformed as quarterly results raised concerns that higher component costs could pressure 2027 margins in its core Network business. We believe this surge in input cost is manageable.

Cummins manufactures diesel, natural gas, electric and hydrogen propulsion systems, along with related components for on- and off-road, marine, and related industries. The company operates on two legs: the well-established legacy diesel engine business and the alternative energy business. The stock underperformed on an earnings miss despite management raising full-year revenue guidance, as investors appear to question whether data-center-driven Power Systems strength can offset continued softness in North American truck markets. We view the shortfall as non-recurring and the raised outlook as the more important signal.

Accor is the largest branded hotel company outside of the US with over 700K rooms in its system and 95% of rooms outside of North America. The stock underperformed as earnings and revenue per available room continue to be pressured by the Middle East conflicts. We view this as a temporary geopolitical shock rather than a change in earnings power. Accor still trades at a significant discount to peers and is returning meaningful cash to shareholders.

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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** 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 **Consumer Price Index** measures the overall change in consumer prices based on a representative basket of goods and services over time. The **University of Michigan's Consumer Sentiment Index** is a monthly economic survey that measures how optimistic or pessimistic American consumers feel about their personal finances and the overall U.S. economy. The **Philadelphia Semiconductor Index**, is the global benchmark index tracking the performance of the semiconductor industry. The **Harmonized Index of Consumer Prices** is a standardized measure of inflation and consumer price changes used across the European Union, the Eurozone, and other participating countries.

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Top 10 holdings as of 9/30/26 as a % of the Fund's net assets: Workday Inc. 5.2%, American Int'l Group Inc. 3.3%, GE HealthCare Technologies 3.2%, Elevance Health Inc. 3.0%, Akzo Nobel N.V. 2.7%, Cigna Corp. 2.6%, Salesforce Inc. 2.6%, CNH Industrial N.V. 2.5%, Fiserv Inc. 2.4%, and Julius Baer Group Ltd. 2.3%.

Artificial Intelligence (AI); **Basis point (bp)** is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument; **Beta** is a measure of a stock's volatility in relation to the overall market; **Brent Crude** oil is a major light, sweet crude oil extracted from offshore fields in the North Sea; **Earnings Before Interest and Taxes (EBIT)** measures a company's net income before income tax and interest expenses are deducted; **Normal Earnings** refers to a company's income that has been adjusted to remove revenue, expenses, or effects of seasonality; and **SaaSocalypse** is a market term used to describe the sharp sell-off and valuation crash in software-as-a-service (SaaS) and enterprise tech stocks driven by fears of artificial intelligence disruption.

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.

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