HIGH YIELD FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWHIX | HWHAX | HWHCX | HWHZX

Hotchkis & Wiley

PERFORMANCE (%) as of March 31, 2024

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 3/31/09
High Yield Fund – I Shares	1.26	1.26	10.12	2.62	3.41	3.64	7.73
ICE BofA BB-B US HY Constrained	1.32	1.32	10.21	2.12	4.01	4.38	8.02
ICE BofA US High Yield	1.52	1.52	11.12	2.25	4.06	4.38	8.79

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 0.77% for I Shares; 0.70% 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.

MARKET COMMENTARY

The ICE BofA US High Yield Index generated a modest 1.5% total return in the first quarter as spread compression offset by higher interest rates. The U.S. economic data points and high yield issuer earnings continued to track above expectation. Inflation has remained above 3% for the past 9 months, with the latest reading +3.5% year-over-year. While inflation has slowed dramatically from the 9.1% peak in mid-2022, it remains higher than the Fed's long-term 2% target. At the March FOMC meeting, the committee held the Fed Funds rate at 5.50% (upper bound) for the fifth consecutive meeting. The Fed has been increasingly reluctant to cut rates considering improving economic growth expectations and a strong labor market. The market's expectations for the Fed Funds rate in the coming year are about a full percentage point higher than those same expectations 12 months ago.

Within the high yield market, yield-to-worst was flat at 7.6% in the first quarter while spreads tightened 22 bps to close the quarter at 312 bps. The last twelve-month high yield default rate, including the impact of distressed exchanges, decreased 20 bps to 2.6% during the first quarter, 180 bps below the market's long-term average. The post default recovery rate held steady at 33.0% of par value during the quarter, 700 bps below its long-term average. High yield primary market issuance totaled a robust $90 billion in the quarter a 90% increase over the same period last year. Forty percent of the high yield bonds maturing between 2024 and 2026 at year end were refinanced with the new issue market open to all but the most distressed issuers. Fund flows into the high yield asset class were positive $2.6 billion in the first quarter, a material improvement over the prior year's first quarter negative $14 billion fund flows.

Turning to performance, the ICE BofA US High Yield Constrained Index generated a 1.5% total return in the quarter, outperforming US Treasuries and Investment Grade corporates while underperforming leveraged loans. Small and midcap ("SMID") and lower quality issues outperformed the broad market. From a sector perspective, the telecommunications and media sectors underperformed, generating negative total returns in the quarter. The retail, energy, healthcare, transportation, and automotive sectors outperformed the broad high yield market with each generating a +2.0% total return in the quarter.

Our overall assessment of the high yield market remains average relative to its history and attractive relative to other fixed income alternatives. High yield bonds offers higher carry and lower duration compared with investment grade in a stable to improving economic environment and a neutral to accommodative FOMC policy stance. We assess the high yield market across three vectors, Fundamentals, Technicals and Valuation, using a 1.0 to 5.0 scale, with 1.0 being bullish and 5.0 being cautious. Fundamentals (2.5) are solid with below average leverage ratios and default activity and above average interest coverage ratios and EBITDA margins. Technicals (2.5) are strong given the FOMC's bias toward lowering the fed funds rate, the strong primary market issuance activity and improved asset class fund flows. Valuation (3.5) is below average with the high yield market's attractive dollar price and current yield offset by tight credit spreads. We look for opportunities to add carry to our clients' portfolios and manage credit risk by re-underwriting portfolio holdings that underperform our expectations.

ATTRIBUTION ANALYSIS – 1Q24

The Hotchkis & Wiley High Yield Fund outperformed the ICE BofA BB-B US High Yield Constrained Index in the first quarter of 2024. Credit selection was positive across fourteen of the nineteen high yield market sectors, most notably in services, leisure, and capital goods, more than offsetting negative selection within retail and healthcare. Our overall allocation to SMID credits was additive to relative performance while our overweight to nonrated securities detracted from relative performance.

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.

Investments in debt securities involve credit risk and typically decrease in value when interest rates rise. Investments in lower rated and nonrated securities involve greater risk. The fund may invest in derivatives, asset backed and mortgage-backed securities, and foreign securities. Please read the fund prospectus for a full list of fund risks.

All investments contain risk and may lose value. Investing in high yield securities is subject to certain risks, including market, credit, liquidity, issuer, interest-rate, inflation, and derivatives risks Lower-rated and non-rated securities involve greater risk than higher-rated securities. High yield bonds and other asset classes have different risk-return 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. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using trade information and does not reflect the payment of transaction costs, fees and expenses of the Fund.

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.

The **ICE BofA BB-B US High Yield Constrained Index** contains all securities in the ICE BofA 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%. The **ICE BofA US High Yield Index** tracks the performance of below investment grade, but not in default, US dollar-denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P. 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.

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Spread is the percentage point difference between yields of various classes of bonds compared to treasury bonds; **Yield-to-worst** is the lowest possible yield from owning a bond considering all potential call dates prior to maturity; **EBITBA**-earnings before interest, taxes, depreciation, and amortization; **FOMC**-Federal Open Market Committee.