HIGH YIELD FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWHIX | HWHAX | HWHZX

Hotchkis & Wiley

PERFORMANCE (%) as of March 31, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 3/31/09
High Yield Fund – I Shares	0.48	0.48	6.34	4.37	8.00	4.18	7.65
ICE BofA BB-B US HY Constrained Index	1.16	1.16	6.69	4.47	6.55	4.71	7.93
ICE BofA US High Yield Index	0.94	0.94	7.60	4.84	7.21	4.92	8.71

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, 2025. 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 +0.9% total return in the first quarter as credit spread widening more than offset lower interest rates. The first quarter was active on the news and fiscal policy fronts leaving investors to grapple with aggressive tariff announcements, increased recession risk concerns, government cost reduction initiatives, sticky inflation datapoints and a potential cease fire in Ukraine. On the monetary front, the Fed left its Federal Funds rate unchanged at 4.50% (upper bound) across two committee meetings in the quarter. The Fed increased its 2025 inflation expectation 20 bps to 2.7%, lowered its gross domestic product forecast 30 bps to 1.7% and reiterated its expectation for two 25 bps interest rate reductions. Interest rates fell and the yield curve flattened during the quarter with the 10-year US Treasury yield decreasing 37 bps to 4.2% while short-term interest rates remained unchanged.

Within the ICE BofA US High Yield Index, yield-to-worst increased 28 bps to 7.7% and option-adjusted spread widened 63 bps to 355 bps in the first quarter. The spread widening was felt most acutely in the CCC rating cohort where spreads widened 182 bps in the first quarter. The last twelve-month high yield default rate, including the impact of distressed exchanges, increased 20 bps to 1.3% in the first quarter, well below its historic average. High yield primary market gross issuance declined 22% year over year to $68.3 billion, driven primarily by debt refinancing transactions as mergers and acquisitions activity remained tepid.

Turning to performance, the ICE BofA BB-B US High Yield Constrained Index generated a +1.2% total return in the first quarter, underperforming US Treasuries and investment grade corporates but outperforming leveraged loans. The ICE BofA BB-B US High Yield Constrained outperformed the broader high yield market as the CCC+ or lower rating cohort produced a -0.7% first quarter total return. From a sector perspective, banking, consumer goods and media were notable outperformers while transportation, technology & electronics and utilities were notable underperformers in the first quarter.

With the implementation of new tariff policies and the associated volatility, the high yield market has seen significant price and spread movement. We expect this to continue in the coming months with a potential for a recession. Historically, spreads exceed 600 bps during recession periods. During the global financial crisis, spreads were obviously higher. As we write this, spreads have widened about 150 bps to 450 bps. Thus, we are moving our factors to reflect this change. We use three factors, Fundamentals, Technicals and Valuation on a 1.0 to 5.0 scale, with 1.0 being bullish and 5.0 being cautious. We see Fundamentals deteriorating with the impact of tariffs on margins and move that to a 3.5. Technicals have also deteriorated with the outflows in the market and dealers unwilling to take risk to a 4.0. Valuations are now much more attractive approaching 2.0 and if we continue to widen, we see the opportunity for very attractive entry point.

(continued)

Portfolio managers' opinions and data included in this commentary are as of March 31, 2025 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 – 1Q25

The Hotchkis & Wiley High Yield Fund underperformed the ICE BofA BB-B US High Yield Constrained Index in the first quarter. Credit selection was negative across eight of the nineteen high yield market sectors, most notably in technology & electronics and healthcare, partially offset by positive selection in media and consumer goods. From a ratings perspective, credit selection was positive across all high yield ratings cohorts, partially offset by negative selection effects within the nonrated cohort.

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.

Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as S&P or Moody's. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. Investment Grade includes credits that are BBB- or above.

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, Fitch 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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Basis point (bps) is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument; **Gross domestic product** is a monetary measure of the value of all goods and services produced within a country during a specific time period; **Option-adjusted spread** is the difference between the yield of a security that pays fixed interest payments and the current U.S. Treasury rates, which represents the rate of return on a risk-free investment; **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.

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.