

HIGH YIELD FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWHIX | HWHAX | HWHZX



PERFORMANCE (%) as of June 30, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 3/31/09
High Yield Fund – I Shares	3.79	4.29	8.92	9.28	6.71	4.46	7.77
ICE BofA BB-B US HY Constrained Index	3.47	4.67	9.08	9.24	5.36	5.07	8.03
ICE BofA US High Yield Index	3.57	4.55	10.24	9.85	6.01	5.29	8.80

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 solid +3.6% total return in the second quarter notwithstanding material intra-quarter volatility outperforming US Treasuries, investment grade corporates and leveraged loans. Following the so-called “liberation day” tariff announcements on April 2nd, the high yield market sold off more than 3.0% over four trading days as spreads widened more than 100 bps before the market bottomed on April 8th. Over the balance of the second quarter, the high yield market rallied over 6.0% as the initial fears regarding the adverse economic impact of tariffs abated and the Administration showed an openness to negotiate down and/or delay the implementation of tariffs. Strong corporate earnings, benign economic reports and favorably viewed geopolitical developments also helped fuel the high yield market rally over the final 11 weeks of the second quarter. By quarter-end, recession fears eased, high yield market spreads tightened, and yield curve remained unchanged.

Inflation continued to show signs of moderation, through the latest Core PCE reading – the Fed's preferred inflation gauge – was 2.7%. Accordingly, the Federal Open Market Committee (FOMC) left the Fed Funds rate unchanged, at 4.25%-4.50%, citing its objective of containing inflation while supporting economic growth. The futures market is still pricing in two 25 bps Fed Funds rate cuts by year-end, with less than a 10% chance of a rate cut at the upcoming July meeting. Interest rates across the yield curve were little changed during the quarter with the 10-year US Treasury yield holding at 4.2% while the 2-year yield decreased 19 bps to 3.7%.

Within the high yield market, yield-to-worst decreased 68 bps to 7.1% and the option adjusted spread tightened 59 bps to 296 bps in the second quarter. The last twelve-month high yield default rate, including the impact of distressed

exchanges, increased 10 bps to 1.4% in the second quarter, well below its historic average and more than 230 bps lower than that of bank loans. High yield primary market gross issuance increased 13% in the second quarter to \$77.3 billion, driven primarily by debt refinancing transactions.

Turning to performance, the ICE BofA BB-B US High Yield Constrained Index generated a +3.5% total return in the second quarter. The ICE BofA BB-B US High Yield Constrained underperformed the broader high yield market by 10 bps as the CCC+ or lower rating cohort produced a 3.9% second quarter total return. From a sector perspective, healthcare, media, and telecommunications were notable outperformers while energy, retail and chemicals were notable underperformers in the second 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 offer higher carry and lower duration compared to investment grade bonds in a stable economic environment and “higher for longer” interest rate backdrop. 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, a benign default rate environment and low recession risk. Technicals (2.5) are strong given shrinking supply driven by elevated high yield bond calls/tenders and improved asset classes fund inflows. Valuation (3.0) is average balancing the high current yield offset by tight credit spreads relative to history.

(continued)

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

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ATTRIBUTION ANALYSIS – 2Q25

The Hotchkis & Wiley High Yield Fund outperformed the ICE BofA BB-B US High Yield Constrained Index in the second quarter. Credit selection was positive across fourteen of the nineteen high yield market sectors, most notably in capital goods and energy, partially offset by the portfolio's 2.6% allocation to cash. From a ratings perspective, credit selection was positive across all high yield ratings cohorts, partially offset by portfolio cash holdings, included in the investment grade rating cohort for attribution purposes.

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; **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; The **Federal Open Market Committee (FOMC)** directs open market operations (OMOs) in the United States; **Personal consumption expenditures (PCE)** is a measure of consumer spending and includes all goods and services bought by U.S. households;

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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