

HIGH YIELD FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWHIX | HWHAX | HWHZX



PERFORMANCE (%) as of September 30, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 3/31/09
High Yield Fund – I Shares	1.96	6.34	6.60	10.47	6.05	5.18	7.77
ICE BofA BB-B US HY Constrained Index	2.28	7.05	6.86	10.34	4.94	5.76	8.05
ICE BofA US High Yield Index	2.40	7.06	7.23	10.97	5.53	6.07	8.82

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 0.78% for I Shares; 0.70% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2026. 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 high yield market generated a strong 2.4% total return in the third quarter, bringing its year to total return to 7.1%. High yield outperformed Treasuries, bank loans while underperforming investment grade and emerging market high yield asset classes in the third quarter. For the year to date, high yield has outperformed all but emerging market high yield. Recession fears eased as tariff rhetoric softened, inflation stabilized, corporate earnings results came in above expectation and the Federal Open Market Committee cut its Fed Funds target rate by 25 bps to 4.25% (upper bound), in response to softening labor market data. The futures market suggests two additional 25 bps Fed Funds target rate cuts before year end. Interest rates fell across the yield curve with the short end tightening 25 bps and the long end tightening 6 bps. The Fed's dovish stance, if sustained, bodes well for high yield issuers, many of whom need to refinance upcoming maturities.

Within the high yield market, yield-to-worst decreased 32 bps to 6.7% and the option adjusted spread tightened 16 bps to 280 bps in the third quarter. While yields and spreads are below long-term averages, today's high yield market is higher quality and has shorter duration. The last twelve-month high yield default rate, including the impact of distressed exchanges, decreased 10 bps to 1.3%, well below its historic average and more than 150 bps lower than defaults in the bank loan market. High yield primary market gross issuance totaled a near-record \$119 billion in the third quarter, a 59% increase over prior year, driven primarily by debt refinancing transactions.

Turning to performance, the ICE BofA BB-B US High Yield Constrained Index generated a +2.3% total return in the third quarter, underperforming the broader high yield market by 12 bps as the CCC rating cohort produced a 3.3% total return, 90 bps higher than the broad market. From a sector perspective, media, metals, and telecommunications were notable outperformers while transportation, packaging/paper, and chemicals were notable underperformers.

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. High yield bonds offer lower current defaults and better total return prospects, in today's easing monetary policy environment compared to bank loans.

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 moderate leverage and coverage ratios, 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 below average yields and tight credit spreads with today's higher quality, shorter duration high yield market composition.

(continued)

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

HIGH YIELD FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWHIX | HWHAX | HWHZX



ATTRIBUTION ANALYSIS – 3Q25

The Hotchkis & Wiley High Yield Fund underperformed the ICE BofA BB-B US High Yield Constrained Index in the third quarter, with negative allocation effects more than offsetting positive selection effects. Overweight allocations to Media and Basic Industry hurt relative performance. Credit selection was positive across twelve of the nineteen high yield market sectors, most notably in telecommunications and capital goods, partially offset by negative selection in media and retail. From a ratings perspective, our overweight allocation to the CCC rating cohort hurt relative performance, partially offset by positive credit selection within the CCC 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.

The ICE BofA index data referenced is the property of ICE Data Indices, LLC ("ICE BofA") and/or its licensors and has been licensed for use by Hotchkis & Wiley. ICE BofA and its licensors accept no liability in connection with its use. See www.hwcm.com for full disclaimer.

Federal Open Market Committee directs open market operations in the United States and is made up of 12 members; **Yield-to-worst** is a measure of the lowest possible yield that can be received on a bond with an early retirement provision; and **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

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.

Mutual fund investing involves risk. Principal loss is possible.
NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE
The Hotchkis & Wiley Funds are distributed by Quasar Distributors, LLC

WWW.HWCM.COM