HIGH YIELD FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWHIX | HWHAX | HWHZX

Hotchkis & Wiley

PERFORMANCE (%) as of December 31, 2024

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 3/31/09
High Yield Fund – I Shares	0.25	7.17	7.17	3.01	3.90	4.41	7.74
ICE BofA BB-B US HY Constrained Index	-0.17	6.84	6.84	2.46	3.64	4.87	7.98
ICE BofA US High Yield Index	0.16	8.20	8.20	2.91	4.04	5.08	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, 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 returned a +0.2% in the fourth quarter bringing its calendar year 2024 return to +8.2%. During the quarter the Fed implemented two 25 basis points ("bps") interest rate cuts, and the Republicans swept the US elections, gaining control of the White House and both houses of Congress. Notwithstanding the Fed cuts, interest rates rose, and the yield curve steepened with the 10-year US Treasury yield increasing 79 bps to 4.6% driven by concerns regarding the inflationary impact of potential trade tariffs, continued deficit spending and growth in government debt levels under the incoming administration. Recession fears eased and the economic outlook improved over the course of 2024, with the most recent GDP print at 2.7%. Inflation remained above the Fed's 2.0% long-term target with the most recent 2.9% survey result 50 bps higher quarter over quarter but 60 bps lower year over year.

Within the high yield market, yield-to-worst for the ICE BofA US High Yield Index increased 50 bps to 7.5% in the fourth quarter and declined 22 bps in calendar year 2024. High yield spreads tightened 15 bps to 292 bps in the fourth quarter and 40 bps for the full year. This spread tightening was driven primarily by the CCC+ or lower ratings cohort which experienced 60 bps and 156 bps spread tightening in the fourth quarter and full year, respectively. The last twelve-month high yield default rate, including the impact of distressed exchanges, increased 10 bps to 1.5% in the fourth quarter and declined 90 bps over the full year. High yield primary market issuance remains robust, driven primarily by debt refinancing, $289 billion gross issuance year to date, a 66% increase year over year.

Turning to performance, the ICE BofA BB-B US High Yield Constrained Index generated a -0.2% total return in the fourth quarter, outperforming US Treasuries and investment grade corporates but underperforming leveraged loans. The ICE BofA BB-B US High Yield Constrained underperformed the broader high yield market as the CCC+ or lower rating cohort generated a strong +2.5% fourth quarter total return. From a sector perspective, telecommunications, transportation and chemicals sectors were strong outperformers while healthcare, real estate and packaging/paper sectors were notable underperformers in the fourth quarter.

Our overall assessment of the high yield market remains average relative to its history and attractive relative to other corporate security 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 (2.0) are solid with below average leverage, a benign default rate environment and relatively low recession risk. Technicals (2.5) are strong given the significantly improved corporate debt maturity profile, accommodative fiscal and monetary policy backdrop. Valuation (3.5) is below average given the tight credit spreads relative to history.

(continued)

Portfolio managers' opinions and data included in this commentary are as of December 31, 2024 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 – 4Q24 & 2024

The Hotchkis & Wiley High Yield Fund outperformed the ICE BofA BB-B US High Yield Constrained Index in the fourth quarter of 2024. Credit selection was positive across fifteen of the nineteen high yield market sectors, most notably in basic industry, media and capital goods, which was partially offset negative selection in energy and transportation. From a ratings perspective, credit selection was positive across all high yield ratings cohorts, partially offset by negative selection effects within the nonrated cohort.

For the full year 2024, the Fund outperformed the ICE BofA BB-B US High Yield Constrained Index. Credit selection was positive across fourteen of the nineteen high yield market sectors, most notably in basic industry, media and capital goods, partially offset by the portfolio's cash drag and negative selection in the retail and energy sectors. From a ratings perspective, positive credit selection 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 is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument; **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.

Mutual fund investing involves risk. Principal loss is possible.
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