

INTERNATIONAL VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWNIX



PERFORMANCE (%) as of March 31, 2024

	QTR	YTD	1 Yr	3 Yr	5 Yr	Since 12/31/15
International Value Fund – I Shares	4.53	4.53	18.25	8.99	9.60	7.35
MSCI World ex-USA	5.59	5.59	15.29	4.93	7.48	6.92
MSCI World ex-USA Value	4.22	4.22	16.90	6.80	6.62	6.26

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 5.08% for I Shares; 0.95% 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 MSCI World ex-USA Index returned +5.6% in the first quarter of 2024. Ten of the 11 GICs sectors generated positive returns in the quarter. Consumer staples was the lone sector that failed to generate a positive return, while information technology led all sectors with a return of +32.6%. As a result, the tech heavy MSCI World ex-USA Growth Index returned +6.9% while the MSCI World ex-USA Value Index returned +4.2%.

Inflation trends overseas show signs of moderation, led by lower food and goods price inflation, although services price inflation remains elevated. The most recent data showed CPI in the Eurozone decreased to 2.6%, while the United Kingdom saw a drop to 3.4%. However, key benchmark interest rates worldwide rose modestly in Q1 as expectations for the timing and magnitude of interest rate cuts have moved further into 2024.

Recent GDP data points to challenges overseas. While spending on services is resilient, manufacturing and production in the Eurozone remain weak, resulting in a GDP print of 0.0% in Q4. Japan's Q4 GDP grew by 0.1%, while the United Kingdom experienced a slight decline of -0.3%. It's worth noting that an acceleration in wage growth and inflation in Japan resulted in the Bank of Japan raising interest rates for the first time since 2007.

Today's equity market has drawn a lot of comparisons to that internet bubble period, not only due to elevated valuations but also its high concentration, large valuation disparities, and enthusiasm about revolutionary technology. The comparisons have merit, but the impressive growth, profitability, and free cash flow generation of the market's largest stocks make today's elevated valuations more rational than 25 years ago. The sustainability of this growth/profitability/cash flow, at least in some instances, represents our primary concern. Regardless, once we move away from large cap tech we can find value, including in financials and industrials.

ATTRIBUTION ANALYSIS – 1Q24

The Hotchkis & Wiley International Value Fund underperformed the MSCI World ex-USA Index but outperformed the MSCI World ex-USA Value Index in the first quarter of 2024. Relative to the broad benchmark, stock selection in information technology resulted in the bulk of the performance lag. Stock selection in consumer discretionary and industrials also detracted from relative performance. Conversely, stock selection in financials contributed positively to relative performance. The underweights in utilities and materials also contributed positively in the quarter.

LARGEST INDIVIDUAL CONTRIBUTORS – 1Q24

Babcock is a UK government outsourcer with a focus on Ministry of Defense (MoD) contracts. Babcock performs complex and technical work with high barriers to entry and limited competition. The conflicts in the Middle East continued to escalate during the quarter, which likely contributed to the stock's outperformance.

Tokio Marine Holdings is the third largest property-casualty insurer in Japan by written premiums. The company also has a sizeable presence in North America, where it has built a collection of very profitable specialty insurance businesses. Shares rose during the quarter on reports from Nikkei that the Japanese FSA had "urged" the three large Japanese non-life insurers to "accelerate" divestment of their cross-holdings. Additionally, the company announced strong fiscal Q3 results which further boosted performance.

Accor SA is the largest branded hotel company outside of the US, operating nearly 5,600 hotels across 110 countries. FY2023 saw a dramatic turnaround in the international travel market with the company achieving a record €1B in EBITDA. There may be continued upside as travel to many geographies, especially APAC, are still below pre-pandemic levels.

(continued)

Portfolio managers' opinions and data included in this commentary are as of March 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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LARGEST INDIVIDUAL DETRACTORS – 1Q24

Ericsson is a vendor of hardware and software needed to operate wireless networks. This business is effectively an oligopoly, and we believe margins should be better than they have been historically. Ericsson's stock underperformed following weak 2023 results and 2024 outlook. This is a cyclical business, and we believe that the weakness in network operators' capex is temporary, and that network equipment spending will recover to more normalized levels.

International Distributions Services is a holding company with two operating companies facing very different situations. The Royal Mail division is well positioned but is in the process of a turnaround as it manages through severe labor problems. The structurally separate GLS division is stable and growing and is widely estimated to be worth >£4/share, implying >£1B negative value for the Royal Mail business. International Distributions' stock underperformed due to concerns regarding weak parcel volumes in the near term.

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.

The Fund may invest in foreign and emerging markets securities, which subjects the Fund to increased risk. Please read the fund prospectus for a full list of fund risks. All investments contain risk and may lose value. Equities, bonds, and other asset classes have different risk 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. Specific securities identified are the largest contributors (or detractors) on a relative basis to the MSCI World ex-USA Index. Securities' absolute performance may reflect different results. The Fund may not continue to hold the securities mentioned and the Advisor has no obligation to disclose purchases or sales of these securities. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holding 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.

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Randstad is the world's largest staffing company. The company maintains a leadership position in most major geographies and should benefit from a cyclical recovery in the labor market as employers resume hiring. Longer term, it should also benefit from secular tailwinds such as talent scarcity and a growing worker preference for flexible jobs, including temp and contract roles. It underperformed during the quarter as the uncertain timing of a macro recovery weighed on the stock.

The MSCI World ex-USA Index is a free float-adjusted weighted index capturing large and mid cap stocks. The MSCI World ex-USA Value and MSCI World ex-USA Growth Indices are free float-adjusted weighted indices capturing large and mid cap stocks, exhibiting overall value or growth style characteristics, respectively. The MSCI indices represent stocks across 22 of 23 Developed Markets (DM) countries, excluding the United States and include reinvestment of dividends, net foreign withholding taxes. The Fund's value disciplines may prevent or restrict investment in major stocks in the benchmark indices. It is not possible to invest directly in an index.

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Style Risk: A value-oriented investment approach involves the risk that value stocks may remain undervalued or may not appreciate in value as anticipated. Value stocks can perform differently from the market as a whole or from other types of stocks and may be out of favor with investors and underperform growth stocks for varying periods of time.

Top ten holdings as of 3/31/24 as a % of the Fund's net assets: Ericsson 4.4%, Shell PLC 3.4%, Siemens AG 3.4%, Babcock Int'l Grp PLC 3.4%, ING Groep N.V. 3.2%, Lloyds Banking Group PLC 3.2%, Accor SA 3.1%, Samsung Electronics Co. 3.1%, WPP PLC (ADR) 3.1%, and BNP Paribas SA 3.0%; **Price-to-earnings (P/E)**-ratio for valuing a company that measures its current share price relative to its earnings per share; **Capex**-capital expenditure; **Free cash flow**-represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets; **GDP**-Gross Domestic Product; **GICS**-Global Industry Classification Standard.

Mutual fund investing involves risk. Principal loss is possible.
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