INTERNATIONAL VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWNIX

Hotchkis & Wiley

PERFORMANCE (%) as of June 30, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 12/31/15
International Value Fund – I Shares	10.92	12.88	26.17	22.18	14.92	11.51	10.67
MSCI World ex-USA Value Index	8.15	10.85	29.33	22.29	13.64	10.82	9.77
MSCI World ex-USA Index	10.22	9.19	20.99	16.90	9.32	9.84	9.03

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 3.45% for I Shares; 0.72% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2027. 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-US Index returned +10.2% in the second quarter. International equity markets posted strong returns, though they lagged a US market driven higher by the AI complex. The defining macro event of the first quarter—the spike in oil to $144/bbl following the US and Israeli campaign against Iran—reversed sharply. As the Strait of Hormuz reopened, Brent crude fell back to roughly $71/bbl by quarter-end. The energy sector, last quarter's standout, gave back much of its gains as a result. Regional dispersion remained meaningful, mostly reflecting each market's sector composition and sensitivity to the swing in energy prices.

Japan and most of Continental Europe performed well, while the UK and more commodity heavy countries like Australia and Canada lagged. Japanese Prime Minister Takaichi's pro-growth agenda, following her landslide election victory, continued to support sentiment through expectations of fiscal expansion and political stability. Our own Japanese holdings were among the strongest performers in the portfolio. Continental Europe recovered from the first-quarter selloff. The European Central Bank, having revised its inflation forecast higher last quarter, maintained a hawkish posture, and markets now anticipate the possibility of further rate increases rather than cuts.

As in the United States, the strongest returns accrued to the AI complex. We believe artificial intelligence is already a powerful tool whose efficacy will increase over time. Historically, however, investments in fast-growing technologies like AI don't always result in great economic reward to the companies investing in the technology. Often markets overbuild, competition is fierce, and the winners are the users of the technology and perhaps society overall. Accordingly, we have an aversion to the perceived beneficiaries whose valuations are excessive and risky—the richly valued hardware and semiconductor names that led the index this quarter, and which we did not own. We favor instead select high-quality businesses with attractive valuations.

More broadly, we continue to believe that international markets, and Europe in particular, offer compelling value. Despite recent outperformance, European equities trade at roughly 16 times forward earnings against 22 times for the United States—a discount well wider than its long-run average and near the widest in two decades. The portfolio itself trades at roughly 13 times forward earnings, modestly below its benchmark and close to its own historical average, while owning what we regard as higher-quality businesses than the index.

ATTRIBUTION ANALYSIS – 2Q26

The Hotchkis & Wiley International Value Fund outperformed the MSCI World ex-USA Value Index in the second quarter of 2026. Most of the outperformance came from stock selection in Japan. This reflects our bottom-up approach rather than an overall country view. The primary detractors were software, where our holdings fell on overstated AI-disruption fears, and not owning the technology hardware that climbed higher—speculative, richly valued names our discipline leads us to avoid.

LARGEST INDIVIDUAL CONTRIBUTORS – 2Q26

Fuso Chemical Co. (4368 JP) has 90%+ market share in ultra-pure silica used as an abrasive particle in semiconductor polishing applications The stock has performed well as growing demand from the semiconductor industry drives higher volumes, prices and margins. We expect strong earnings growth through at least the end of this decade.

Panasonic Holdings Corp. (6752 JP) is a Japanese electronics conglomerate. After years of significant financial and share price underperformance, the company has shifted its focus toward cash flow, return on invested capital, and shareholder value in ways that had until recently gone unnoticed by investors. The stock outperformed this quarter as it demonstrated meaningful progress on its long-term earnings recovery.

(continued)

Portfolio managers' opinions and data included in this commentary are as of June 30, 2026 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.**

Banco Monte dei Paschi di Siena (BMPS IM) is a large Italian bank with a meaningful wealth management business. We own it because its normalizing profitability and substantial excess capital create an attractive value proposition. The stock outperformed during the quarter primarily due to competing acquisition bids from Intesa Sanpaolo and Banco BPM. While BMPS has partially re-rated, its earnings and valuation profile remain attractive to us.

LARGEST INDIVIDUAL DETRACTORS – 2Q26

SAP SE (SAP GR) is one of the world's largest application software vendors. Its software business is extremely sticky: it has an estimated gross retention rate in the high 90% range driven by the enormous switching costs and long replacement cycles inherent to enterprise resource planning software, making its recurring revenue streams highly predictable and resilient. The company has a clear multi-year growth runway from its ongoing cloud subscription transition, net new customer acquisition, and strong pricing power, all while a shareholder-oriented new management team is driving meaningful margin expansion and returning capital to shareholders. Despite these durable compounding characteristics, the stock has been pressured due to AI disruption fears that we believe are unfounded.

TotalEnergies SE (TTE FP) is a leading French integrated energy company. We think it is a quality integrated major with one of the strongest balance sheets and most competitive cost structures in the sector, a disciplined capital allocation framework, and strong shareholder returns. The stock declined during Q2 as oil gave back most of its war-driven gains after supply fears eased. We remain comfortable with our exposure given TotalEnergies' resilient cash generation and shareholder return profile.

Shell PLC (SHELL NA) is a leading integrated energy company. We own it because its scale advantages in integrated gas, ongoing capital allocation and efficiency improvements, low free cash flow multiple, and meaningful shareholder returns create an attractive value proposition. The stock declined during the quarter primarily due to the decline in crude oil prices following the reopening of the Strait of Hormuz. Despite the near-term pressure, we continue to believe Shell's free cash flow generation and shareholder return profile remain attractive.

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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.

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 Index** captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets countries. The indices do not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. 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.

Top ten holdings as of 6/30/26 as a % of the Fund's net assets: Akzo Nobel N.V. 4.7%, SAP SE 4.1%, Fuso Chemical Co. NPV 4.0%, Shell PLC 3.4%, TotalEnergies SE 3.3%, Ericsson 3.3%, Henkel AG & Co. KGaA 3.2%, Qantas Airways Ltd. 3.1%, BNP Paribas SA 3.0%, and Heineken Hldg N.V. 3.0%.

Free Cash Flow represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets; and **Return on invested capital (ROIC)** measures how efficiently a company uses its capital to generate profits.

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. Earnings growth is not a measure of the Fund's future performance.

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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