

MARKET COMMENTARY

The MSCI World ex-USA Index declined -9.2% in the third quarter of 2022. The MSCI World ex-USA Value Index declined -10.2% while the MSCI World ex-USA Growth Index declined -8.1%. All eleven MSCI World ex-USA GICS sectors declined in the quarter.

Inflation remains stubbornly high across most European economies, thanks largely to higher fuel costs. Eurozone inflation hit 9.1% for the month of August (the latest available data), and several European countries are now at double-digit inflation. Meanwhile, coordinated monetary tightening by central banks across the world is resulting in slowing economic growth and the higher likelihood of a global recession. Central banks are caught in a tough position. Gas prices have more than doubled over the past year, and the recent disruption to the Nord Stream 1 pipeline, Russia's largest gas pipeline to Europe, is likely to exacerbate the inflation situation.

While the broad market trades at a discount to its average historical valuation, it is not average across all sectors uniformly. We find few attractive opportunities in non-cyclical sectors like Consumer Staples and Utilities. Both trade at valuations considerably richer than is typical. While we are attracted to the relative stability of the underlying businesses, we are unwilling to invest at current valuations for sectors that are perpetually slow growing.

We continue to find attractive opportunities in Energy. There has been massive underinvestment in new energy projects. These projects take a long time, i.e., years, to produce oil and gas, so even if investment ramps up, we appear poised for a supply shortage for some time. This should keep upward pressure on commodity prices and benefit energy companies' earnings and cash flow. Eventually this is likely to balance but this could be well into the future. In the meantime, the overearning and above normal cash flow puts energy companies in a position to return a lot of capital to shareholders. Retiring shares at attractive valuations is accretive to earnings per share and makes these companies even more attractively valued. We also remain partial to banks, which trade at significant discounts to the market and to their own history. Banks are also returning a lot of capital to shareholders and are one of very few industries that can benefit from rising interest rates. The substantial excess capital on their balance sheets should enable banks to withstand an economic downturn without requiring dilutive capital raises.

ATTRIBUTION – 3Q22

The Hotchkis & Wiley International Value Fund underperformed the MSCI World ex-USA Index in the third quarter of 2022. On a sector basis, stock selection in Industrials, Information Technology, Health Care, and Energy detracted from relative performance. The overweight in Energy, along with underweight positions in Utilities and Real Estate contributed positively to performance. The largest positive contributors to relative performance in the quarter were TechnipFMC, UniCredit, Compass Group, Qantas Airways, and Expro Group Holdings; the largest detractors were International Distributions Services (formerly Royal Mail), Accor, Credit Suisse, Ericsson, and Vodafone.

LARGEST NEW PURCHASES – 3Q22

TechnipFMC is the largest provider of offshore oil and gas production solutions, offering a full range of subsea equipment as well as integrated subsea engineering and construction services. Industry structure here has improved compared to pre-pandemic - it is now effectively in a duopoly in several key product service lines. As activity rebounds, the majority of the business's product lines should experience significant increases in volumes and pricing.

Portfolio managers' opinions and data included in this commentary are as of September 30, 2022 and are subject to change without notice. Any forecasts made cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. 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. Certain information presented based on proprietary or third-party estimates are subject to change and 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.**

INTERNATIONAL VALUE FUND

HWNIX

MANAGER REVIEW & ECONOMIC OUTLOOK

SEPTEMBER 30, 2022

PERFORMANCE (%) as of September 30, 2022

	QTR	YTD	1 Yr	3 Yr	5 Yr	Since 12/31/15
International Value Fund – I Shares	-13.04	-23.21	-21.18	-0.61	-2.67	1.89
MSCI World ex-USA	-9.20	-26.23	-23.91	-1.21	-0.39	2.74
MSCI World ex-USA Value	-10.22	-20.10	-18.58	-1.97	-2.08	1.85

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 4.87% for I Shares; 0.95% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 31, 2023. 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.

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.

Equities, bonds, and other asset classes have different risk profiles, which should be considered when investing. All investments contain risk and may lose value. 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.

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The "Largest New Purchases" section includes the three largest new security positions during the quarter/year based on the security's quarter/year-end weight adjusted for its relative return contribution; does not include any security received as a result of a corporate action; if fewer than three new security positions during the quarter/year, all new security positions are included.

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.

Market Disruption: The global coronavirus pandemic has caused disruption in the global economy and extreme fluctuations in global capital and financial markets. H&W is unable to predict the impact caused by coronavirus pandemic, which has the potential to negatively impact the firm's investment strategies and investment opportunities.

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 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 9/30/22 as a % of the Fund's net assets: Tokio Marine Hldgs Inc. 4.0%, BNP Paribas SA 3.7%, Ericsson 3.6%, Accor SA 3.5%, ING Groep N.V. 3.3%, CNH Industrial N.V. 3.2%, Airbus SE 3.1%, Samsung Electronics Co. 3.0%, UniCredit S.p.A. 3.0%, and Kosmos Energy Ltd. 2.9%. Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g., depreciation) and interest expense to pretax income.

**Mutual fund investing involves risk. Principal loss is possible.
NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE
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