

INTERNATIONAL SMALL CAP DIVERSIFIED VALUE FUND

HWTIX

MARCH 31, 2023

MANAGER REVIEW & ECONOMIC OUTLOOK

MARKET COMMENTARY

The MSCI World ex-USA Small Cap Index rose +5.0% in the first quarter of 2023. The MSCI World ex-USA Small Cap Value Index rose +4.6%, while the MSCI World ex-USA Small Cap Growth Index increased +5.5%.

Global equity markets have been resilient despite signs of an economic slowdown and volatility within the banking industry. Performance was quite strong across most of the small cap developed world in the first quarter of 2023. Several of the benchmark's larger countries across Western Europe experienced double-digit returns, led by Italy (+14.4%), Germany (+11.8%), and the Netherlands (+10.6%), and France (+9.7). Australia was a notable laggard, declining -1.0%. Technology was the top-performing international small cap sector (+11.6%) in the quarter. Financials, energy, and real estate were the three sectors that declined in the quarter (-0.4%, -1.2%, and -1.6%, respectively).

From a geographical perspective, the portfolio's deviations from the benchmark are modest. An overweight exposure to continental Europe and underweight exposure to Australia are slight exceptions. We have no chronic aversion to the Australian small cap equity market, but about a quarter of it is materials where we find better risk/return opportunities in other markets. Similarly, we have identified more attractive financial sector opportunities in Europe than in Australia, where we have no exposure.

Financials represents the portfolio's largest sector weight and largest overweight relative to the index. While we have meaningful exposure to insurers, capital markets companies, and other financial services, our largest exposure remains European and Japanese banks. The takeover of Credit Suisse, concerns about slowing economic growth, and potential regulatory changes have caused tension across the global banking industry. After thoroughly assessing these concerns, we conclude that the current valuations more than compensate us for these risks, though we remain well diversified. We remain underweight real estate and healthcare, where we find few attractive valuation opportunities for the risks at hand.

ATTRIBUTION – 1Q23

The Hotchkis & Wiley International Small Cap Diversified Value Fund outperformed the MSCI World ex-USA Small Cap Index in the first quarter of 2023. The underweight in Real Estate, along with positive stock selection in Industrials, Financials, and Information Technology produced the majority of the performance advantage. The overweight in Financials was the largest detractor, followed by stock selection in Consumer Discretionary.

Portfolio managers' opinions and data included in this commentary are as of March 31, 2023 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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PERFORMANCE (%) as of March 31, 2023

	QTR	YTD	1 Yr	Since 6/30/20
Int'l Small Cap Diversified Value Fund – I Shares	6.76	6.76	0.73	15.69
MSCI World ex-USA Small Cap	4.99	4.99	-10.13	6.83
MSCI World ex-USA Small Cap Value	4.55	4.55	-7.38	10.43

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 4.23% for I Shares; 0.99% 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. Investing in smaller and/or newer companies involves greater risks than those associated with investing in larger companies. 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. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holdings information and does not reflect the payment of transaction costs, fees and expenses of the Fund.

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.

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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.

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 Small Cap Index is a free float-adjusted weighted index capturing small cap stocks. The MSCI World ex-USA Small Cap Value and MSCI World ex-USA Small Cap Growth Indices are free float-adjusted weighted indexes capturing small cap stocks, exhibiting overall value or growth style characteristics, respectively. The MSCI indices represents stocks across 22 of 23 Developed Markets (DM) countries, excluding the United States and include reinvestment of dividends, net foreign withholding taxes. The indices does 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. **Top ten holdings** as of 3/31/23 as a % of the Fund's net assets: Horiba Ltd. NPV 0.6%, Estia Health Ltd. NPV 0.6%, Asahi Yukizai Corp. NPV 0.6%, Tokyo Seimitsu Co. NPV 0.6%, Rothschild & Co. 0.6%, Daitron Co. Ltd. NPV 0.6%, Iveco Group N.V. 0.6%, U-Blox Holding AG 0.6%, Britvic PLC 0.6%, and Kulicke & Soffa Ind. Inc. 0.6%.

Mutual fund investing involves risk. Principal loss is possible.
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