

INTERNATIONAL SMALL CAP DIVERSIFIED VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWTIX



PERFORMANCE (%) as of June 30, 2025

	QTR	YTD	1 Yr	3 Yr	Since 6/30/20
Int'l Small Cap Diversified Value Fund – I Shares	13.61	19.51	19.82	17.49	16.08
MSCI World ex-USA Small Cap Index	16.82	20.79	22.92	13.40	9.82
MSCI World ex-USA Small Cap Value Index	14.72	21.40	23.72	14.61	12.50

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 4.84% for I Shares; 0.89% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2026. 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 Small Cap Index returned +16.8% in the second quarter and is now up +20.8% since the beginning of the year. About half of the return for both the quarter and the year is due to currency movement, as the US Dollar weakened relative to a basket of other major currencies by about 7% and 11% for the quarter and year, respectively¹. Even in local currency terms, however, international small caps have outperformed US small caps by a significant margin in 2025. The Russell 2000 Index is slightly negative since the beginning of the year.

Following the so-called "liberation day" tariff announcement on April 2nd, the international small cap index cratered more than -10% over three trading days. The market bottomed on April 7th. The index was down -7% for the year at that point, before returning nearly +30% over the next ~11 weeks to finish the quarter at an all-time high. The primary reason for the recovery seems to be that the market believes tariffs will be less draconian than they appeared originally. Equities rallied when the US Administration showed an openness to negotiate down and/or delay the implementation of tariffs with its major trading partners.

All non-US small cap sectors were positive in the quarter, with technology and industrials leading the way at +22% and +20%, respectively. Less cyclical market segments increased by less, with consumer staples and healthcare the two worst-performers, though they rose by +10% and +11%, respectively.

Despite the strong performance in the second quarter, non-US small cap stocks lag both non-US large cap stocks and US stocks by a meaningful amount over the past 5 and 10 years. We continue to view the opportunity set as interesting, and the portfolio's prospects as attractive. We remain committed to investing in undervalued companies with quality businesses and good balance sheets that are managed in the interests of its shareholders.

ATTRIBUTION ANALYSIS – 2Q25

The Hotchkis & Wiley International Small Cap Diversified Value Fund underperformed the MSCI World ex-USA Small Cap Index, and to a lesser extent, the value version of that index. Relative to the broad index, the overweight position and stock selection in energy detracted from performance. Stock selection in financials, industrials, and healthcare were also notable detractors. Positive stock selection in consumer staples and technology helped relative performance, along with the underweight allocation to materials and real estate.

(continued)

¹Based on the US Dollar Index which averages exchange rates between the US Dollar and a basket of major world currencies.

Portfolio managers' opinions and data included in this commentary are as of June 30, 2025 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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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. 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. 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.

The **MSCI World ex-USA Small Cap Index** is a free float-adjusted weighted index capturing small cap stocks. The **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index. 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. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. S&P and is licensed for use by H&W. All rights reserved. Neither S&P nor MSCI is liable for any errors or delays in this report, or for any actions taken in reliance on any information contained herein.

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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.

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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