

INTERNATIONAL SMALL CAP DIVERSIFIED VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWTIX



PERFORMANCE (%) as of December 31, 2023

	QTR	YTD	1 Yr	3 Yr	Since 6/30/20
Int'l Small Cap Diversified Value Fund – I Shares	10.26	20.76	20.76	8.69	16.14
MSCI World ex-USA Small Cap	10.60	12.62	12.62	-0.20	7.46
MSCI World ex-USA Small Cap Value	10.04	14.70	14.70	3.77	11.01

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 4.59% for I Shares; 0.99% 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 Small Cap Index returned +10.6% in the fourth quarter of 2023. Ten of the eleven GICS sectors generated positive returns in the quarter, led by the real estate, technology, and materials sectors. The energy sector was the lone holdout, declining -1.3% as oil prices fell in the quarter. The strong fourth quarter extended the index return to +12.6% for the year.

Globally, the deceleration in inflation led to a plunge in bond yields, with many central banks signaling more dovish policies ahead. In the United Kingdom, inflation dipped below 4% year-over-year in November, prompting speculation that the Bank of England might implement interest rate cuts in 2024. Despite this, concerns about a looming recession persisted, evident in bank/economist surveys across the UK and Eurozone. Meanwhile, the Bank of Japan maintained its policy at the year's final meeting, keeping a close eye on wage growth before considering an exit from negative interest rates. Inflation in Japan dipped below 3% for the first time in more than a year.

All eleven GICS sectors were positive for the year, led by technology (+21%), financials (+17%), and industrials (+17%). Real estate (+6%), healthcare (+7%), and utilities (+8%) were relative laggards. Small value stocks slightly outperformed small growth stocks overseas in 2023 (+14.7% for the MSCI World ex-USA Small Value Index vs +10.6% for the MSCI World ex-USA Small Growth Index). Despite the outperformance, the valuation gap between the MSCI World ex-USA Small Growth and MSCI World ex-USA Small Value remains wide. The portfolio trades at a discount to the value index, and trades at a slight discount to its historical average.

We hold steady in our commitment to the principles of value investing and remain diligent in our search for new opportunities. With a stable and committed team, a healthy firm, and consistent approach, we believe our clients will be rewarded.

ATTRIBUTION ANALYSIS – 4Q23 & 2023

The Hotchkis & Wiley International Small Cap Diversified Value Fund underperformed the MSCI World ex-USA Small Cap Index in the fourth quarter of 2023. Stock selection in industrials and an underweight position in real estate were key detractors in the quarter. Stock selection and the overweight in energy also hurt. Stock selection in materials, consumer staples, and technology contributed positively to relative performance in the quarter.

The Fund outperformed the benchmark by a significant margin over calendar year 2023. Stock selection was positive in 9 of the 11 GICS sectors, led by materials, technology, and industrials. The underweight position in real estate also contributed to outperformance, as did the overweight position in financials. Conversely, stock selection in energy detracted from relative performance in 2023. Stock selection in real estate was also a slight detractor over the course of the year.

Portfolio managers' opinions and data included in this commentary are as of December 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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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. 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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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.

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.

Mutual fund investing involves risk. Principal loss is possible.
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