LARGE CAP DISCIPLINED VALUE FUND

(formerly Diversified Value Fund)

MANAGER REVIEW & ECONOMIC OUTLOOK

HWCIX | HWCAX

Hotchkis & Wiley

PERFORMANCE (%) as of September 30, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 8/30/04
Large Cap Disciplined Value Fund – I Shares	6.41	12.04	11.33	20.59	19.92	11.86	8.57
Russell 1000 Value Index	5.33	11.65	9.44	16.96	13.88	10.72	8.65

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 1.02% for I Shares; 0.80% 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 S&P 500 Index returned +8.1% in the third quarter of 2025, closing the period near all-time highs. Technology and communication services led the broad large cap market, small caps outperformed large caps, and gold was up 17%, closing the period at an all time high. It is unusual for this trio to perform well over the same period, though the current economic and political landscapes are also unusual. The consumer discretionary sector was the only other to outperform the broad market, i.e., leadership was again quite narrow. Excluding the Magnificent 7, the S&P 500 would have returned just +3.1% in the quarter. Eight of the eleven S&P 500 GICS sectors lagged the index return, with consumer staples being the only sector to post a negative return. Real estate, materials, and financials were next biggest laggards, though each was modestly positive.

Inflation remains closer to 3% rather than the Fed's stated long-term target of 2%, but it has been relatively steady over the past few quarters. Persistent signs that inflation is not reaccelerating, combined with indications of a softening labor market, prompted the Federal Open Market Committee to cut its Fed Funds target rate by 0.25% to 4.25% (upper bound). The futures market suggests that another 0.25% cut in October is a near certainty, and an additional 0.25% cut in December is probable. The market's increasingly dovish interest rate outlook buoyed equities. Corporate earnings also provided support. More than 80% of S&P 500 companies beat consensus earnings estimates in the latest quarter, by an average magnitude of 12%. The portfolio's company results were slightly better, with 84% reporting positive surprises by an average margin of 14%.

Our view is that the S&P 500 is fully valued, if not overvalued. It trades at 25x next year's consensus estimates, which puts it in the 96th percentile since the early 1990s. It has only been higher during the dot.com bubble of the late 1990s, and for a very brief period in 2020 when consensus earnings cratered due to COVID. This equates to a paltry 4% earnings yield, which is about the same as the yield on the 10-year treasury note. Excluding the Magnificent 7, it trades for slightly under 21x, which would represent the 77th percentile over that same period. Excluding Tesla, whose valuation we find perplexing, we recognize that the investment case for the Magnificent 7 is more reasonable than it was for the internet stocks of yesteryear. Growth, margins, and returns on equity have been impressive at such a scale. The quality of the businesses and strength of the balance sheets are also good. Corporate governance is mixed depending on the company. For the most part, we believe they are the kinds of businesses we would like to own, just not when there is no margin of safety because they are priced for perfection[1].

Fortunately, some segments of the equity market remain attractive. The portfolio trades at less than 13x consensus earnings and a little more than 9x our estimate of normal earnings. This is in line with the portfolio's own historical average, which is notable considering broad market's elevated valuation. Despite the portfolio's valuation advantage, it exhibits attractive and improving risk characteristics. Our 5 largest stock sales year-to-date had average Fundamental Risk Ratings of 2.4, 2.8, and 2.4 for Balance Sheet, Business Quality, and Governance, respectively[2]. Each of these stocks performed well. Our 5 largest stock purchases had average Fundamental Risk Ratings of 1.4, 1.6, and 2.4, respectively, resulting in a meaningful improvement in the portfolio's balance sheet and quality ratings (no change for governance). Part of this was due to a ~3 percentage point reduction in financials, which have performed well, and where we are now underweight the benchmark for the first time in a while. Simply put, we are optimistic about the risk/return prospects of the portfolio, irrespective of market direction or temperament, particularly compared to richly valued passive alternatives.

(continued)

[1]Our lone Magnificent 7 exposure is to Alphabet, which meets these same general criteria but trades at a discount to the broad market.
[2]Our Fundamental Risk Ratings score each company on these 3 pillars 1 to 5, with 1 being best.

ATTRIBUTION ANALYSIS – 3Q25

The Hotchkis & Wiley Large Cap Disciplined Value Fund outperformed the Russell 1000 Value Index in the third quarter of 2025. Stock selection in consumer discretionary and energy contributed the most to relative performance in the quarter. The underweight in consumer staples also helped, as did stock selection in industrials. Conversely, stock selection in healthcare detracted the most in the quarter. Stock selection in consumer staples, communication services, and technology also detracted modestly.

LARGEST INDIVIDUAL CONTRIBUTORS – 3Q25

APA Corp. (APA) is an independent Exploration and Production company operating offshore in Midland and Delaware basins in the Permian and onshore Egypt. Stock performance improved in Q3 following a positive earnings report. We continue to believe that APA is misunderstood as investors are focusing on relatively shorter resource life in the Permian without factoring reinvestment opportunities in Suriname, Egypt, and potentially Alaska. APA has lucrative financial contracts that allow it to generate significant free cash flow from differentials in natural gas prices between the Permian (Waha), the Houston Ship Channel, Henry Hub and for global liquefied natural gas.

Warner Bros. Discovery (WBD) is one of the largest TV networks and production companies in the world. WBD's Discovery and Turner networks form one of the largest US TV businesses by hours viewed with ~20% audience share. A combination of better earnings and potential takeover bid by Paramount Skydance helped boost the WBD shares during the quarter. While there are potential synergies created by the Paramount deal, we will continue to review WBD carefully for any regulatory or structural challenges.

Citigroup (C) is one of the largest US banks by total assets. Investment in its IT, compliance and risk capabilities have pressured margins and returns over recent years, obscuring the banks strong core franchise. With these investments now largely complete we expect Citi's expense to decline and its margins and returns to be more consistent with peers. Citigroup performed well in the quarter after reporting strong Q2 earnings. We continue to believe Citigroup is undervalued on our normal expectations and would still be attractive even if they do not fully achieve their expense and margin goals.

LARGEST INDIVIDUAL DETRACTORS – 3Q25

WPP PLC (WPP LN) is one of the world's largest ad agency holding companies. WPP shares came under pressure on lower-than-expected revenue growth. WPP delivered disappointing Q2 earnings results that weighed on the Company's shares. WPP introduced a new CEO during the quarter who brings a wealth of experience in digital transformation and artificial intelligence that are seen as key assets for the Company's turnaround plans. Trading at a low multiple of consensus earnings with a good balance sheet, we believe the company can deliver near mid-teens returns from the combination of capital return and capital-free organic growth.

Comcast's (CMCSA) cable business is one of the largest wireline telecom service providers in the US. Comcast also owns the NBCU media conglomerate and Sky European Pay TV business. The Company's shares fell during the quarter on concerns of slowing growth in its broadband business. We expect wireless growth and modest Broadband pricing to drive net income growth that turns into strong earnings per share growth after capital return. Therefore, we believe that Comcast's price does not fully reflect the telecom business's growth from broadband pricing and share gain in the wireless market.

American International Group (AIG) is a leading commercial insurance company, providing property-casualty insurance, life insurance, and risk management products. AIG reported results that we viewed as decidedly positive. Earnings per share were up more than 50% from a year ago. Underwriting and investment income grew considerably, while the share count was down. Premiums written might have been up less than what investors were hoping for, but we view the share price decline as largely inexplicable. We believe AIG is poised for further improvements in operating performance. AIG has been improving return on equity and has good management committed to smart allocation of its excess capital—this is not reflected in its valuation.

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 securities. 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 three largest contributors (or detractors) on a relative basis to the Russell 1000 Value 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 **Russell 1000® Value Index** measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. The **S&P 500® Index** is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. 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.

Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. H&W and Russell sectors are based on the Global Industry Classification Standard by MSCI and S&P.

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.

Top ten holdings as of 9/30/25 as a % of the Fund's net assets: Workday Inc. 5.1%, F5 Inc. 4.8%, Citigroup Inc. 3.0%, APA Corp. 3.0%, American Int'l Group Inc. 2.9%, Ericsson 2.7%, Comcast Corp. 2.3%, General Motors Co. 2.3%, Elevance Health Inc. 2.2%, and GE HealthCare Technologies 2.1%.

The Magnificent Seven represents Meta, Alphabet, Tesla, Nvidia, Apple, Amazon, and Microsoft; **Global Industry Classification Standard (GICS)** is a system for categorizing every public company by economic sector and industry group; **Federal Open Market Committee** directs open market operations in the United States and is made up of 12 members; **Free Cash Flow i**s the amount of cash that a company has left after accounting for spending on operations and capital asset maintenance; **Earnings Per Share** is the portion of a company's profit allocated to each outstanding share of common stock, serving as a profitability indicator; and **Liquefied Natural Gas** is natural gas that has been cooled to liquid form for ease and safety of non-pressurized storage or transport.

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.

As of 8/29/24, the name of the fund changed from Diversified Value Fund to Large Cap Disciplined Value Fund. There were no changes to the objectives, strategies, or fees.

Mutual fund investing involves risk. Principal loss is possible.
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