MID-CAP VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWMIX | HWMAX | HWMZX

Hotchkis & Wiley

PERFORMANCE (%) as of June 30, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 1/2/97
Mid-Cap Value Fund – I Shares	3.63	-2.21	1.21	10.32	20.52	6.19	10.67
Russell Midcap Value Index	5.35	3.12	11.53	11.34	13.71	8.39	9.93

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 1.00% for I Shares. 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. 30-Day SEC Yield with Expense Waiver: 1.44%; 30-Day SEC Yield w/o Expense Waiver: 1.44%.

MARKET COMMENTARY

Equity market performance in the second quarter of 2025 was marked by heightened volatility, driven primarily by shifting U.S. trade policies and rising geopolitical tensions. Markets declined sharply in April following the announcement of increased tariffs, particularly on Chinese imports. However, sentiment improved toward quarter-end as President Trump adopted a more conciliatory tone—pausing some tariff hikes and agreeing to the principles of a trade deal with China. A surprise ceasefire between Israel and Iran in June further eased market concerns, sparking a risk-on rally in equities. Despite early challenges, many indices—including the Russell Midcap Index—posted strong returns by the end of the quarter, reflecting the market's underlying resilience.

Investor confidence improved over the quarter as volatility subsided, with the VIX Index falling below 17 after peaking at 52 in early April. Growth stocks were clear leaders, as the Russell Midcap Growth Index surged by +18.2%, far outpacing the Russell Midcap Value Index return of +5.3%. Eight of the eleven Russell Midcap Global Industry Classification Standard (GICS) sectors delivered positive returns in the quarter, with high beta and momentum strategies outperforming more defensive approaches. Sector performance was led by technology (+22.0%), communications services (+15.9%), and industrials (+13.2%). Energy, consumer staples, and real estate declined in the quarter, falling -5.2%, -1.2%, and -0.4%, respectively.

During the quarter, we made selective adjustments to individual positions, taking advantage of market weakness to add attractively valued companies, while reducing exposure to companies where we had less conviction. Financials remains the portfolio's largest absolute sector weight, although our exposure is only slightly above the index. The portfolio is well-diversified within financials, spanning banks, capital markets, and insurance companies. Energy continues to be our largest sector overweight, reflecting our conviction in energy stocks trading at low multiples of normalized earnings and their potential to generate strong free cash flow—even amid concerns about increased Organization of the Petroleum Exporting Countries+ (OPEC+) production. Our most significant sector underweights are in real estate, consumer staples, and materials, where we see fewer compelling relative valuation opportunities.

We remain committed to identifying businesses with durable balance sheets, sustainable return on equity, stable free cash flow, and attractive valuations relative to expected earnings. We believe our investment strategy, centered on identifying undervalued assets and effective risk management, is poised to generate consistent long-term returns.

ATTRIBUTION ANALYSIS – 2Q25

The Hotchkis & Wiley Mid-Cap Value Fund underperformed the Russell Midcap Value Index in the second quarter of 2025. Stock selection and the overweight in energy detracted the most from relative performance in the quarter. Stock selection in technology, materials, and industrials also detracted. Conversely, stock selection in consumer discretionary and financials contributed positively to relative performance. The underweight and stock selection in utilities also worked well, as did the underweight to real estate.

(continued)

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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LARGEST INDIVIDUAL CONTRIBUTORS – 2Q25

Fluor Corp. (FLR) is one of the largest contractors in the US. Unlike many competitors that specialize in elements of project delivery, most of Fluor's revenue comes from projects where it provides full Engineering, Procurement, and Construction (EPC) services. The company's shares rose in the quarter on improving margins and increased stock buyback guidance. Fluor is a high-quality professional services company with a medium-risk business model that grows with no reinvested capital. Valuation is extremely attractive on normal earnings and even more attractive if its NuScale small-scale nuclear reactor business realizes its potential.

Adient PLC (ADNT), domiciled in England (with corporate offices in Plymouth, MI; Milwaukee, WI; Burscheid, Germany; and Shanghai, China), is one of the world's largest supplier of seating systems and a leading components supplier for automotive interiors. Shares rose over the period on improved earnings and improved sentiment around the potential impact of tariffs. We continue to believe Adient is an attractive company with a leading global position in automotive seating, a market segment that fairs well as the auto industry incorporates more advanced technologies.

Popular (BPOP), one of the largest banks in Puerto Rico, is a $65 billion asset bank with a dominant 45% market share of loans and deposits in the US territory. BPOP shares rose during the quarter after reporting earnings per share and net interest income results that were well ahead of consensus expectations. With its 45% market share in P.R. BPOP is a very well positioned and profitable bank with substantial excess capital. Trading at a low multiple of normal earnings per share (EPS) BPOP is an attractive value.

LARGEST INDIVIDUAL DETRACTORS – 2Q25

Kosmos Energy Ltd. (KOS) is an independent exploration and production (E&P) focused offshore. Kosmos is competitively differentiated because of the expertise it takes to explore, discover and operate assets offshore. Kosmos' producing assets are located in the US Gulf of Mexico, Ghana and Equatorial Guinea. Shares fell over the quarter on worries about the Organization of the Petroleum Exporting Countries+ (OPEC+) barrels returning to the market, coupled with worries about slowing demand. We continue to believe the valuation of the stock does not fully reflect the value of the Company's existing production. In addition to its existing production it also has additional brownfield and greenfield liquified natural gas (LNG) development opportunities, an exploration portfolio, and a platform to acquire and operate additional offshore resources.

APA Corp. (APA) is an independent exploration and production (E&P) operating offshore in Midland and Delaware basins in the Permian and onshore Egypt. The company has lucrative financial contracts that allow it to generate significant free cash flow (FCF) from differentials in natural gas prices. Investing in this company provides exposure to an energy market that was underearning versus normal levels of profitability and is currently generating significant FCF in what could be a perennially undersupplied market. Stock performance continued to be pressured throughout the quarter, driven by worries surrounding the Organization of the Petroleum Exporting Countries+ (OPEC+) barrels returning to the market, coupled with worries about slowing demand. We 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.

Olin Corp. (OLN) is one of the largest producers of chlor alkali chemicals and chlorine derivatives. The stock price fell during the quarter after Olin posted another weak quarter with low operating rates, weak (although modestly improving) commodity prices, and continued destocking in the Winchester business. Olin's balance sheet is strong, and capital allocation has been shareholder friendly. The company continues to provide diversification benefits to our existing commodity exposure.

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Investing in small and medium-sized companies involves greater risks than those associated with investing in large company stocks. 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 largest contributors (or detractors) on a relative basis to the Russell Midcap 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.

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 GICS Standard by MSCI and S&P.

The **Russell Midcap® Index**, an unmanaged index, measures the performance of the 800 smallest companies in the Russell 1000® Index. **The Russell Midcap® Value Index** measures the performance of those Russell Midcap® companies with lower price-to-book value ratios and lower forecasted growth values. The **Russell Midcap® Growth Index** measures the performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values. The **CBOE Volatility Index** (VIX) is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index. The indices do 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 **30-day SEC Yield** represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. The SEC Yield should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, the income paid to a shareholder's account, or the income reported in the fund's financial statements.

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 6/30/25 as a % of the Fund's net assets: F5 Inc. 4.0%, Popular Inc. 4.0%, Ericsson 3.9%, APA Corp. 3.7%, Citizens Fin'l Group Inc. 3.5%, Fluor Corp. 3.5%, Adient PLC 2.8%, State Street Corp. 2.7%, American Int'l Group Inc. 2.7%, and Magna International Inc. 2.6%.

Exploration and production (E&P) is the early stage of energy production, which includes searching for and extracting oil and natural gas; **Earnings per share** (EPS) is a measure of a company's profitability that indicates how much profit each outstanding share of common stock has earned; **Global Industry Classification Standard** (GICS) is a system for categorizing every public company by economic sector and industry group; **Free cash flow** (FCF) is the amount of cash that a company has left after accounting for spending on operations and capital asset maintenance; **Gross domestic product** (GDP) is a monetary measure of the value of all goods and services produced within a country during a specific time period; Return on equity is a measure of financial performance calculated by dividing net income by shareholders' equity; **The Organization of the Petroleum Exporting Countries+** (OPEC+) is a group that comprises the 12 member countries of OPEC and other non-OPEC members; **West Texas Intermediate** (WTI) is a grade of crude oil and one of the main three benchmarks in oil pricing, along with Brent and Dubai Crude.

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.

This material must be preceded or accompanied by a summary prospectus or prospectus of the Hotchkis & Wiley Mid-Cap Value Fund