MID-CAP VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWMIX | HWMAX | HWMZX

Hotchkis & Wiley

PERFORMANCE (%) as of December 31, 2024

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 1/2/97
Mid-Cap Value Fund – I Shares	-2.39	3.63	3.63	8.08	12.04	6.26	10.96
Russell Midcap Value Index	-1.75	13.07	13.07	3.88	8.60	8.10	10.00

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.

MARKET COMMENTARY

The Russell Midcap Index increased +0.6% in the fourth quarter of 2024. The Russell Midcap Growth Index outperformed for the quarter, returning +8.1% vs. -1.8% for the Russell Midcap Value Index.

As in 2023, value stocks lagged behind their growth counterparts for the full year. In fact, 2024 marked the seventh occurrence in the past ten years that the Russell Midcap Value trailed the Russell Midcap Growth. Eight of the eleven Russell Midcap Index GICS (Global Industry Classification Standard) sectors delivered positive returns for the year, led by financials (+30.0%), utilities (+29.3%), and technology (+22.8%). Healthcare, materials, and consumer staples each finished lower for the year.

The major development this quarter was the outcome of the U.S. Presidential election. At first glance, the new president's "America First" policy appears to bode well for U.S. stocks, particularly those that are at the lower end of the market cap spectrum. If successfully implemented without significant unintended consequences, this policy could enhance economic prospects for U.S.-centric businesses, a core segment of the small-cap market. Key potential benefits include favorable business tax rates, tariffs promoting re-shoring and domestically produced goods, reduced regulations, and a broadly pro-business agenda. However, certain policies, such as tariffs and stricter immigration controls, might lead to unintended inflation. Consumers could face higher prices on imported goods, and businesses may encounter a tighter labor market. Initially, the equity market reacted positively, with the Russell Midcap Index surging nearly 7% following the election. However, this gain was fully reversed in December as concerns over inflation dampened expectations for lower interest rates.

We made very minor changes during the quarter in terms of individual positions, although our current sector weightings are more reflective of industry performance. Financials remains the largest sector exposure in our portfolio. The portfolio is well-diversified across banks, capital markets, and insurance companies. Energy remains our largest sector overweight. We continue to see value in energy stocks trading at low multiples of normal earnings. While the risk of a broad economic slowdown could negatively impact oil prices, we believe capital discipline among US oil producers and production discipline from OPEC+ (Organization of the Petroleum Exporting Countries) could keep oil prices relatively stable. This scenario should continue to provide a tailwind to the high free cash flow-producing energy companies we invest in. Our largest sector underweights are real estate, industrials, and materials, where we find fewer attractive relative valuation opportunities.

While the overall equity market appears fully valued compared to history, we believe the valuation disparities across the market create an investment environment highly conducive to long-term focused active management, particularly in relative terms. The spread between the growth and value indices is wide, suggesting a promising outlook for value. The spread between the portfolio and the value index is also wide, suggesting a promising outlook for the portfolio. The portfolio's considerable valuation advantage relative to the benchmark, combined with good underlying businesses and healthy balance sheets leaves us confident about the portfolio's prospects, particularly compared to passive alternatives.

(continued)

Portfolio managers' opinions and data included in this commentary are as of December 31, 2024 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.**

ATTRIBUTION ANALYSIS – 4Q24 & 2024

The Hotchkis & Wiley Mid-Cap Value Fund underperformed the Russell Midcap Value Index in the fourth quarter of 2024. Stock selection in energy detracted the most from relative performance in the quarter. Stock selection in consumer discretionary, materials, and industrials also detracted in the quarter. Stock selection in technology contributed positively to relative performance. The underweight positions in real estate and materials also worked well, as did the overweight in financials.

The portfolio underperformed the benchmark over calendar year 2024. Stock selection proved challenging, particularly in the energy and consumer discretionary sectors. Stock selection in materials, consumer staples, and industrials also detracted, as did the underweight in utilities. Stock selection and the overweight in financials was a positive contributor to performance for the year. Stock selection in technology and utilities also worked well, as did the underweight in materials.

LARGEST INDIVIDUAL CONTRIBUTORS – 4Q24

F5 (FFIV) sells application networking and security software, as well as data center appliances. The company's stock price rebounded sharply in the second half of the year after reporting a growing pipeline and better close rates in subscription software sales. F5 has no debt, trades at an attractive valuation, and is benefiting from an improving gross margin and lower operating expenses.

Crescent Energy (CRGY) is an independent Exploration and Production (E&P) company operating in the Eagle Ford and Uinta Basin. The company has been a successful acquiror and integrator of E&P assets at attractive prices. The company's shares moved higher in the quarter following solid Q3 earnings and the completion of the SilverBow acquisition. We continue to like the prospects for the company which trades at a very attractive valuation.

Ericsson (ERIC) is one of the largest vendors of hardware and software for operating wireless networks outside of China. The company built on the prior quarter's outperformance, with signs of revenue stabilization and margin improvement. Management continues to see signs of recovery in the North American market.

LARGEST INDIVIDUAL DETRACTORS – 4Q24

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 suppliers of seating systems and a leading components supplier for automotive interiors. The company's shares came under pressure in the quarter following the most recent quarter's earnings report, which pointed to lower-than-expected sales guidance. We 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. Adient's business is highly defensible, due to long product cycles, its global just-in-time infrastructure, and well-established customer relationships.

Olin Corp. (OLN) is one of the largest producers of chlor alkali chemicals and chlorine derivatives. The stock price fell during the quarter after posting weak Q3 results due to the significant impact from Hurricane Beryl and weaker-than-expected Q4 guidance. Despite trough operating conditions, longer-term dynamics in the business appear promising. 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.

Kosmos Energy Ltd. (KOS) is an independent exploration and production company focused offshore. In addition to its existing production, KOS has liquefied natural gas assets that are set to begin production in 2024 and a platform to acquire and operate additional offshore resources. Performance was negatively impacted by a report stating the company was interested in acquiring competitor Tullow Oil. The report was subsequently dismissed and shares rebounded modestly, though not enough to fully recover. We continue to believe Kosmos enjoys a competitive advantage due to the expertise required to explore, discover, and operate assets offshore. We also view the stock as being significantly undervalued as the stock doesn't fully reflect the value of the company's existing production.

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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.

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. 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.

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 **Russell 1000® Index**, an unmanaged index, measures the performance of the 1,000 largest companies in the Russell 3000® 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.

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 12/31/24 as a % of the Fund's net assets: APA Corp. 4.4%, F5 Inc. 4.1%, Ericsson 4.1%, Popular Inc. 4.0%, Kosmos Energy Ltd. 3.9%, Citizens Fin'l Group Inc. 3.4%, Fluor Corp. 2.9%, State Street Corp. 2.6%, Magna International Inc. 2.4%, and Olin Corp. 2.4%. **Free cash flow** represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets; **Forward price-to-earnings (P/E)** ratio divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company; **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; **Capital expenditures** (capex) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.