

SMALL CAP DIVERSIFIED VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWVIX | HWVAX | HWVZX



PERFORMANCE (%) as of March 31, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 6/30/14
Small Cap Diversified Value Fund – I Shares	5.73	5.73	18.65	9.66	6.06	10.13	8.17
Russell 2000 Value Index	4.96	4.96	28.09	13.80	5.79	9.61	7.56

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 0.88% for I Shares; 0.81% 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 Russell 2000 Index returned +0.9% in the first quarter of 2026. Geopolitical turmoil and AI-driven investment themes were the primary market drivers. Brent crude oil rose more than 100% to \$127/bbl¹ following U.S.-Israel strikes on Iran and the subsequent closure of the Strait of Hormuz. As a result, the energy sector outperformed by a wide margin, and the portfolio's overweight position provided an effective hedge. More than 20% of global crude oil supply flows through the Strait, much of it destined for Asia. Beyond oil, the disruption has created supply shocks across several key commodities, including natural gas, nitrogen-based fertilizer, helium, and aluminum. Despite these meaningful disruptions, the equity market reaction has been relatively muted—the Russell 2000 is down only about 5% since the initial strikes. The VIX Index, a gauge of expected S&P 500 volatility, peaked at 31 in late March, above its 25-year median (~18) but well below levels seen during prior shocks such as Trump-era tariffs (52), the Russia/Ukraine war (36), COVID (83), and the Global Financial Crisis (81). Given the inflationary nature of supply shocks, futures markets now anticipate no rate cuts for the remainder of the year. The Fed held rates steady at 3.75% (upper bound) at its mid-March meeting.

Small caps outperformed large caps in the quarter, with the Russell 2000 Index returning +0.9% compared to -4.2% for the Russell 1000 Index. Despite this outperformance, the small cap market's P/E ratio is just 85% of the large cap market—over the long term, the two have traded at parity on average. Small cap value stocks outperformed small cap growth in the quarter, with the Russell 2000 Value Index returning +5.0% versus -2.8% for the Russell 2000 Growth Index. Technology was the worst-performing sector and comprises 20% of the Russell 2000 Growth but just 8% of the Russell 2000 Value. Energy was the best-performing sector by a wide margin and represents a larger portion of the value index than the growth index (6% vs. 3%). Despite the outperformance, small value continues to trade at a larger-than-normal discount to small growth.

As noted, energy was the primary bright spot. While we did not anticipate the Iran conflict, our positioning reflected the view that select energy companies offered free cash flow yields more attractive than other major market segment. More broadly, we believe the global crude market faces a risk of structural undersupply in the coming years, supporting higher oil prices over time. Additionally, a significant portion of global supply originates from geopolitically unstable regions, and we believed this disruption risk had been underappreciated.

The Hotchkis & Wiley team remains disciplined and long-term focused. We observe nascent signs that the market is once again beginning to pay attention to fundamentals and valuation. We believe this trend is likely to continue, which would present a more conducive environment for our investment approach than we experienced last year.

ATTRIBUTION ANALYSIS – 1Q26

The Hotchkis & Wiley Small Cap Diversified Value Fund outperformed the Russell 2000 Value Index in the first quarter of 2026. Positive stock selection among companies with market capitalizations below \$1 billion was a meaningful contributor to relative performance, as it has been over the long term. From a sector perspective, energy was the largest positive contributor. The overweight position helped, as this was by far the top-performing sector; stock selection within energy was also positive, with the portfolio's holdings returning +48% as a group compared to +43% for the index. Positive stock selection in materials and utilities also contributed. Negative stock selection in technology and consumer staples, along with the overweight position in consumer discretionary, detracted from performance.

¹Based on current crude prices, rather than prices for future delivery which are also frequently quoted. Based on the latter, Brent prices rose ~95% closing at ~\$118/bbl.

Portfolio managers' opinions and data included in this commentary are as of March 31, 2026 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.

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 **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The **Russell 2000® Value Index** measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The **Russell 2000® Growth Index** measures the performance of those Russell 2000® Index companies 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 **CBOE Volatility Index (VIX)** measures the stock market's expectation of volatility over the next 30 days based on S&P 500® Index

option prices. 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.

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Free cash flow represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets; and **Price-to-Earnings (P/E) ratio** measures a company's share price relative to its earnings per share (EPS).

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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