SMALL CAP DIVERSIFIED VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWVIX | HWVAX | HWVZX

Hotchkis & Wiley

PERFORMANCE (%) as of June 30, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 6/30/14
Small Cap Diversified Value Fund – I Shares	13.18	19.67	30.81	12.77	7.90	11.38	9.11
Russell 2000 Value Index	17.19	22.99	43.01	18.73	8.23	10.89	8.83

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 0.87% for I Shares; 0.81% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2027. 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 +21.6% in the second quarter and Russell 2000 Value Index returned +17.2%. Equity markets shrugged off accelerating inflation, an increasingly hawkish Federal Reserve, and an oil shock stemming from the conflict in Iran. Leadership was concentrated, however, with select groups of stocks posting rather incredible performance. For example, 180 stocks in the index returned +50% or more, 52 doubled, 12 tripled, and two rose more than sixfold. The entire semiconductor industry, comprising roughly 3% of the Russell 2000 Value, returned +112% for the quarter.

By nearly any measure, this was a speculative, low-quality, risk-on rally that produced a dichotomy we rarely observe. Within small cap value, the highest-beta quintile returned +43% and the highest-momentum quintile +26%, while the lowest-volatility and highest-profit-margin stocks returned +11% and +8%—roughly a quarter to a third of what the riskiest names delivered. The pattern is even starker using metrics commonly associated with business quality: companies in the lowest quintile of return on invested capital outperformed those in the highest quintile by 45 percentage points over the past 12 months, a spread nearly three standard deviations wide of its long-run average and among the widest in decades. High-momentum stocks outperformed low-momentum stocks by more than 20 percentage points over the past year—also a near-record. Money-losing companies have continued to outperform profitable ones, a trend that began roughly a year ago. Over the long term, investing in profitable companies has been a simple, winning formula. Short-term speculative manias are nothing new; fortunately, they tend to revert and are relatively short-lived.

These near-record extremes have been fueled by excitement, perhaps euphoria, about the prospects of AI. Investor leverage has spiked, both through margin debt and through other leveraged instruments. The signs are hard to miss. The flow of investor capital into the technology sector has dwarfed every other sector combined. The dollar volume of a 3x leveraged semiconductor ETF exceeded that of the iShares Russell 2000 ETF—a first. As another example, at least 11 leveraged single stock SpaceX ETFs launched on its first day of trading.

The popular counterargument is that these high-momentum names should eventually benefit from the buildout of AI data centers. Capital expenditures for the largest AI datacenter spenders are on pace to approach $850 billion this year, up from roughly $155 billion in 2022, though the revenue generated from those investments remains a small fraction of that figure. The perceived small cap beneficiaries from this capex boom have dominated the market's return. Ultimately, justifying the current pace of investment will require a substantial increase in actual AI revenue. We question whether the massive capex spend is sustainable if the payoff on those datacenter investments disappoints.

We remain focused on quality businesses with strong balance sheets, managed in a shareholder-friendly manner, and we continue to believe that price matters—that attractive valuations provide a margin of safety should events fail to unfold flawlessly. The Hotchkis & Wiley team remains disciplined and long-term focused. Quarters like this are an inherent feature of an investment approach centered on quality and valuation; when the market rewards risk and speculation, our process will struggle to keep pace. History suggests the mania will revert when euphoria gives way to rational fundamentals and valuation, and we believe the businesses we own—attractively valued, quality, well capitalized, and prudently managed—are well positioned for that reversion.

ATTRIBUTION ANALYSIS – 2Q26

The Hotchkis & Wiley Small Cap Diversified Value Fund underperformed the Russell 2000 Value Index in the second quarter of 2026. As in prior speculative episodes, the shortfall was driven far more by what the portfolio did not own than by what it did. The semiconductor industry, a 3% average weight in the benchmark, more than doubled in the quarter—our lack of exposure hurt. Lack of exposure to bitcoin mining companies (technically software) and satellites comprise the balance of the underperformance. The ten largest detractors that we did not own, whose returns ranged from +97% to +456%, cost the portfolio nearly 300 basis points of relative return. Real estate, materials, and utilities were modest bright spots.

Portfolio managers' opinions and data included in this commentary are as of June 30, 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.**

SMALL CAP DIVERSIFIED VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWVIX | HWVAX | HWVZX

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 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.

Top ten holdings as of 6/30/26 as a % of the Fund's net assets: OceanFirst Financial Corp. 0.8%, Fortune Brands Innovations Inc. 0.6%, NextDecade Corp. 0.5%, Marriott Vacations Wldwide 0.5%, Timken Co. 0.5%, Axalta Coating Systems Ltd. 0.5%, Wendy's Co. 0.5%, Vornado Realty Trust 0.5%, Crane Holdings Co. 0.5%, and Molina Healthcare Inc. 0.5%.

Artificial Intelligence (AI); Basis Point (BPS) is used to indicate changes in the interest rates of a financial instrument; **Beta** is a measure of a stock's volatility in relation to the overall market; **Capital Expenditures (CapEx)** are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits**; Exchange-Traded Fund (ETF)** pools a group of securities; **Spread** is the percentage point difference between yields of various classes of bonds compared to treasury bonds; **Standard Deviation** is the measure of the amount of variation or dispersion of a set of values; and **Margin of Safety** is the difference between the intrinsic value of a stock and its market price.

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.