

SMALL CAP VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWSIX | HWSAX | HWSCX | HWSZX



PERFORMANCE (%) as of March 31, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 9/20/85
Small Cap Value Fund – I Shares	-6.79	-6.79	-7.48	3.20	22.91	6.77	10.87
Russell 2000 Value Index	-7.74	-7.74	-3.12	0.05	15.31	6.07	n/a

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 1.05% for I Shares; 0.97% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2025. 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

US small cap company stocks roared in the aftermath of the US Presidential elections as investors focused on the potential benefits of de-regulation, lower US corporate taxes, re-shoring of supply chains to the US, and a general sense that the US economy was set for accelerating growth. In the first quarter of 2025, the mood has darkened. The prospect of tariffs and the potential for near-term pain, persistently high inflation, and weakening macroeconomic factors have shifted investor sentiment from optimism to concern about a potential recession. Given this backdrop, the Russell 2000 Index declined -9.5% in the first quarter of 2025 while its value counterpart was down less (-7.7%).

The Russell 2000 Index is down -17% from its post-election high, which suggests investors are already factoring in a good portion of the impact of a typical recession. The sell off was widespread as most non-defensive sectors clocked double digit declines. As a bottom-up manager we search for investment ideas with a bias toward owning good companies with strong balance sheets and attractive valuations. In this environment, that will likely lead us to companies where investors have the greatest concerns about the economy. That said, the valuation of the Russell 2000 Index is in line with its history which suggests small cap stocks could get cheaper from this level.

Ben Graham referred to the stock market as a voting machine in the short-term and weighing machine in the long-term. Eventually stock prices begin to reflect the underlying businesses' fundamentals. The stock market favorites of recent years are likely to reflect more realistic

projections rather than be priced for perfection. Conversely, shunned companies operating in very good though perhaps less captivating businesses, are likely to be better appreciated for their true earnings power. Put another way, fundamentals should drive the market. We believe such an environment, which could already be underway, would be very conducive to our investment approach.

ATTRIBUTION ANALYSIS – 1Q25

The Hotchkis & Wiley Small Cap Value Fund outperformed the Russell 2000 Value Index in the first quarter of 2025. Stock selection in technology was the largest positive contributor in the quarter. Stock selection was also positive in energy, financials, healthcare, and industrials. The underweight position in healthcare also contributed positively. Conversely, stock selection in materials and consumer discretionary detracted in the quarter. The overweight in technology also detracted, as did the underweight positions in financials, real estate, and utilities.

Portfolio managers' opinions and data included in this commentary are as of March 31, 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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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. It is not possible to invest directly in an index.

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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.

Mutual fund investing involves risk. Principal loss is possible.
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