

SMALL CAP VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWSIX | HWSAX | HWSCX | HWSZX



PERFORMANCE (%) as of September 30, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 9/20/85
Small Cap Value Fund – I Shares	1.88	19.46	17.82	12.26	10.16	10.62	11.16
Russell 2000 Value Index	-4.91	16.96	20.77	17.93	7.80	9.40	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 1.09% for I Shares; 1.01% 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 declined 7.2% in the third quarter of 2026, ending a five-quarter winning streak for small caps, though it remains up 13.9% year-to-date. The Russell 2000 Value Index held up better than the Russell 2000 Growth Index, declining 4.8% vs. 9.4%, respectively. This extended value's considerable year-to-date edge, +17.2% vs. +10.8%, respectively. Small caps lagged large caps by a wide margin, as the Russell 1000 Index returned +1.8%. Large cap's outperformance was largely attributable to its exposure to mega cap tech and greater insulation from the considerable rise in interest rates.

The quarter marked a sharp reversal from the speculative, low-quality small cap rally of the second quarter. This quarter, value and quality factors outperformed, while high beta, high leverage, and high momentum stocks lagged. Money-losing companies underperformed profitable companies. We believe this represents a much more conducive environment for our investment approach, as evidenced by our relative outperformance.

The collapse of the US/Iran ceasefire and the subsequent campaign of tanker attacks near the Strait of Hormuz sent oil prices sharply higher. Brent crude rose 45% to \$104/barrel in the quarter, while Dated Brent, a better proxy for the price of a physical barrel, spiked 68% to \$120/barrel. The Russell 2000 Value's energy sector returned +15%, its best-performing sector by a wide margin. The portfolio benefited from its overweight position in the sector.

The Consumer Price Index rose 3.4% year-over-year in its most recent reading, still well above the Federal Reserve's target. The Fed raised the federal funds rate by 25 basis points to 4.0% (upper bound) in September, its first hike in more than three years, and the futures market is pricing in another increase before year end. The 10-year Treasury yield climbed from 4.5% to 5.3%, its highest level since 2007, and the 30-year yield ended the quarter at 5.6%, its highest since 2002. The 30-year mortgage rate also rose meaningfully, eclipsing 7%. The University of Michigan's

Consumer Sentiment Index fell very close to its lowest level in the history of the survey, which dates back to the late 1970s, presumably fueled by the increased cost of living. Predictably, consumer discretionary was the Russell 2000 Value's worst performing sector, declining 12%.

After a spectacular run, enthusiasm for all things AI paused, and in some areas reversed, as investors reassessed valuations and rising capital intensity. The Philadelphia Semiconductor Index declined 11% in the quarter and 14% from its late June peak. Semiconductor stocks in the Russell 2000 Value fared worse, declining 21%. Uncertainty about how the AI buildout will be financed also appeared to grow. Federal Reserve Chair Warsh cited competition for capital from the largest AI data center spenders as one reason for higher long-term yields, and in late September Oracle issued a force majeure notice on a large data center project.

A single quarter does not mark the end of a speculative cycle, and periods of exuberance will likely recur. Still, the third quarter was a reminder that valuations and fundamentals eventually matter. We believe our portfolio of high quality, attractively valued, financially sound businesses is well positioned as that reality reasserts itself.

ATTRIBUTION ANALYSIS – 3Q26

The Hotchkis & Wiley Small Cap Value Fund outperformed the Russell 2000 Value Index in the third quarter of 2026, with stock selection accounting for more than 90% of the outperformance. We believe the outperformance of quality and value over momentum and high beta represented a favorable environment for the way we invest. Stock selection in information technology was the largest contributor, led by the portfolio's two largest holdings, Workiva and Avnet, which returned +37% and +13%, respectively. Advertising companies WPP and Stagwell also helped performance, as did stock selection in industrials and consumer discretionary.

(continued)

Portfolio managers' opinions and data included in this commentary are as of September 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.**

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A notable performance detractor was the index reconstitution. The late June reconstitution closely coincided with the peak of semiconductors and other AI spending beneficiaries, many of which transferred from the Russell 2000 Value to large cap, growth, or both, and then proceeded to decline. We estimate the Russell 2000 Value would have performed roughly 2.7 percentage points worse had it not reconstituted, i.e., our relative performance would have been better by this amount. Stock selection in materials was another detractor, led by Olin, which declined 21% on unfavorable commodity price changes.

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 **Consumer Price Index** measures the overall change in consumer prices based on a representative basket of goods and services over time. The **University of Michigan's Consumer Sentiment Index** is a monthly economic survey that measures how optimistic or pessimistic American consumers feel about their personal finances and the overall U.S. economy. The **Philadelphia Semiconductor Index**, is the global benchmark index tracking the performance of the semiconductor industry. 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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Top ten holdings as of 9/30/26 as a % of the Fund's net assets: Workiva Inc. 6.7%, Avnet Inc. 5.1%, SLM Corp. 4.4%, Stagwell Inc. 4.3%, Fluor Corp. 3.4%, Aptiv Holdings Ltd. 3.3%, Murphy Oil Corp. 3.3%, Olin Corp. 2.8%, California Resources Corp. 2.8%, and OGE Energy Corp. 2.8%.

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; **Brent Crude** oil is a major light, sweet crude oil extracted from offshore fields in the North Sea; and **Dated Brent** is the daily physical spot price assessment for physical cargoes of North Sea crude oil that have been assigned a specific loading-date window for delivery.

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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