VALUE OPPORTUNITIES FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWAIX | HWAAX | HWACX | HWAZX

Hotchkis & Wiley

PERFORMANCE (%) as of March 31, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 12/31/02
Value Opportunities Fund – I Shares	2.27	2.27	7.52	9.07	23.00	10.60	12.31
Russell 3000 Value Index	1.64	1.64	6.66	6.28	16.13	8.63	9.17

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 0.95% 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. 30-Day SEC Yield with Expense Waiver: 1.16%; 30-Day SEC Yield w/o Expense Waiver: 1.16%.

MARKET COMMENTARY

The Russell 3000 Index declined -4.7% in the first quarter of 2025. The market had been positive until March, when investors appeared to grapple with the uncertainty around tariffs. The decline was led by mega-cap growth stocks. The Magnificent Seven comprised about 28% of the Russell 3000 Index during the quarter and declined -14% collectively. Value trounced growth in the quarter. The Russell 3000 Value Index returned +1.6% compared to -10.0% for the Russell 3000 Growth Index. The 12-percentage point advantage represents value's largest calendar quarter outperformance since the early 2000s. Like then, we observe large differences in valuation across different segments of the market.

Treasuries rallied during the equity market selloff, with the yield on the 10-year note declining from 4.6% to 4.2% over the quarter. The US dollar weakened by about 4% relative to a basket of other major currencies, which along with the absence of the Magnificent Seven helps explain the significant outperformance of non-US equities over US equities. Performance deviations by sector were significant. Only 4 of the 11 Russell 3000 GICS (Global Industry Classification Standard) sectors were negative, though these four sectors comprise nearly 60% of the index. Consumer discretionary (11% of index, -13% decline), technology (29%, -13%), industrials (10%, -2%), communication services (9%, -6%) were the decliners. Energy was the top-performing sector (+8%). Oil prices were little changed, but natural gas prices rose in the quarter. Less cyclical sectors also performed well: healthcare (+5%), utilities (+5%), and consumer staples (+5%). While we are underweight this group of sectors relative to the Russell 3000 Value (16% vs. 27%), we have increased our exposure by 4 percentage points over the past year.

The portfolio trades at 8x our estimate of normal earnings, which is right in line with its historical average. The Russell 3000 Value, however, trades at about 17x normal earnings, a mid-teens premium to its historical average. The Russell 3000 Growth, even after this quarter's correction, trades at 29x normal, well above its historical average. The portfolio's ~9% earnings yield represents an attractive valuation, particularly considering the broad market's valuation. Over the past several years, the portfolio's Fundamental Risk Ratings have remained consistently above average. The portfolio's aggregate return-on-equity, an imperfect though reasonable yardstick for quality, has remained consistently in the mid- to high-teens. We believe the portfolio's balance of valuation/upside relative to risk is attractive.

Ben Graham referred to the stock market as a voting machine in the short-term and weighing machine in the long-term. In the long term, stock prices reflect the underlying businesses' fundamentals.

ATTRIBUTION ANALYSIS – 1Q25

The Hotchkis & Wiley Value Opportunities Fund outperformed the Russell 3000 Value Index in the first quarter of 2025. On a sector basis, the largest contributor to relative performance during the quarter came from security selection in industrials. Security selection in healthcare, technology, and consumer staples also worked well in the period. Conversely, security selection in communication services detracted the most from relative performance during the quarter. The overweight in technology and security selection in materials also detracted in the period.

(continued)

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.**

LARGEST INDIVIDUAL CONTRIBUTORS – 1Q25

Siemens (SIE.GR) is a global leader in electrical engineering. The company focuses on industry (automation, software and drives), healthcare, and infrastructure (transport, building technologies, power distribution). Shares moved higher in the quarter as reported earnings exceeded expectations. Siemens continues to trade at a discount to the market and a significant discount to competitors due to its complexity and conglomerate discount.

Philip Morris (PM) is one of the world's largest tobacco companies and owns the international rights to the world's most popular cigarette brand, Marlboro. It has a presence in 180 countries worldwide with leading market share in most markets. The company's shares moved higher on strong organic net sales and volume gains. We like the diversifying benefits the company provides to the portfolio, in addition to its attractive yield.

Babcock International (BAB.LN) is a UK government outsourcer with ~60% of revenue from Ministry of Defense (MoD) contracts. The company's stock outperformed on prospects of increased defense spending in Europe as leaders grew increasingly concerned about a pullback by the US. The company increased guidance, and current earnings estimates are now in line with our normal estimates, making it increasingly clear that its turnaround is behind the company.

LARGEST INDIVIDUAL DETRACTORS – 1Q25

Workday (WDAY) is a leader in cloud application software for back-office business functions including human capital management, financials management, and ERP (enterprise resource planning). Stock price was negatively impacted by a reduction in 2025 revenue guidance. Management noted the pressure on current year sales is macro-related. We believe Workday has a formidable competitive advantage that trades at an attractive valuation for a company with premier franchise potential.

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 earnings results due to low operating rates, weak commodity prices, and continued destocking in the Winchester business. Chlorine derivative and caustic soda prices should increase over time as the North American chlor alkali industry faces a tightening 5+ year supply/demand outlook. As the swing producer in North America, Olin should capture more than its share of the industry's volume improvement off the trough. 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.

Ecovyst (ECVT) is a U.S. based catalyst producer that generates two thirds of sales from the ecoservices segment while one third of sales comes from catalyst technologies. Ecovyst reported an OK quarter, with strength in regeneration services offsetting timing related weakness in hydrocracking catalysts. FY 2025 EBITDA (Earnings Before Interest and Taxation, Depreciation and Amortization) is expected to be ~$248m at the midpoint (4% growth year-over-year), below 2025 consensus estimates of $260m and our estimate of normal earnings. ECVT has pruned its once sprawling portfolio and has used proceeds to pay down debt and issue special dividends. ECVT's two remaining businesses, catalysts and ecoservices, grow organically ~MSD (mid-single digit) and earn sustainable, mid-30s EBITDA margins.

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The fund is non-diversified and may invest in foreign securities, junk bonds, derivatives, or small/mid cap 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. Specific securities (excludes Puts) identified are the largest contributors (or detractors) on a relative basis to the Russell 3000 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.

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 Standard &Poor's.

The **Russell 3000® Index** tracks the performance of the 3,000 largest U.S.-traded stocks. The **Russell 3000® Value Index** includes stocks from the Russell 3000® Index with lower price-to-book ratios and lower expected growth rates. The **Russell 3000® Growth Index** includes companies that display signs of above average growth. The index is used to provide a gauge of the performance of growth stocks in the U.S. 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.

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.

The **30-day SEC Yield** represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. The SEC Yield should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, the income paid to a shareholder's account, or the income reported in the fund's financial statements.

Top 10 holdings as of 3/31/25 as a % of the Fund's net assets: F5 Inc. 8.2%, Workday Inc. 7.0%, Ericsson 6.0%, Microsoft Corp. 4.8%, Dominion Energy Inc. 4.7%, U-Haul Holding Co. 3.4%, NOV Inc. 3.4%, Elevance Health Inc. 3.1%, Shell PLC 2.5%, and Siemens AG 2.3%. **Earnings yield** is a financial ratio that measures the rate of return a company generates for each dollar invested; **Earnings Before Interest and Taxation, Depreciation and Amortization (EBITDA)** is a measure of a company's earnings before considering the financing of that company (the share of equity capital and debt employed), and disregarding potential depreciation and amortization policies, which can be very different; **Global Industry Classification Standard (GICS)** is a system for categorizing every public company by economic sector and industry group; **Return on equity (ROE)** is a measure of financial performance calculated by dividing net income by shareholders' equity; **Fundamental Risk Ratings** are part of the firm's internal risk evaluation process, where as the risk profile of a security is discussed and scored; **Magnificent Seven** represents Meta, Alphabet, Tesla, Nvidia, Apple, Amazon, and Microsoft.

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.

This material must be preceded or accompanied by a summary prospectus or prospectus of the Hotchkis & Wiley Value Opportunities Fund

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