VALUE OPPORTUNITIES FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWAIX | HWAAX | HWACX | HWAZX

Hotchkis & Wiley

PERFORMANCE (%) as of December 31, 2024

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 12/31/02
Value Opportunities Fund – I Shares	-0.15	11.61	11.61	9.20	13.03	10.48	12.34
Russell 3000 Value Index	-1.94	13.98	13.98	5.41	8.60	8.40	9.20

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.

MARKET COMMENTARY

The Russell 3000 Index increased +2.6% in the fourth quarter of 2024. The Russell 3000 Growth Index outperformed for the quarter, returning +6.8% vs. -1.9% for the Russell 3000 Value Index. The positive fourth quarter extended the Russell 3000 calendar year 2024 return to +23.8%. Consumer discretionary was the top performing sector, delivering a return of +12.1%. Communication services, financials, and technology were the other sectors that posted positive returns for the quarter. In contrast, materials, healthcare and real estate each declined by -7% or more.

As in 2023, value stocks lagged behind their growth counterparts for the full year. In fact, 2024 marked the eighth occurrence in the past ten years that the Russell 3000 Value Index trailed the Russell 3000 Growth Index. All eleven Russell 3000 GICS (Global Industry Classification Standard) sectors delivered positive returns for the year, led by communication services (+39.5%), technology (+35.4%), financials (+30.3%), and consumer discretionary (+27.3%). Materials, healthcare, real estate, and energy were the only sectors to deliver sub-double-digit returns for the year.

The major development this quarter was the outcome of the U.S. Presidential election. At first glance, the new president's "America First" policy appears promising for U.S. stocks, particularly those at the lower end of the market cap spectrum. If implemented successfully and without significant unintended consequences, this policy could enhance economic prospects for smaller U.S.-centric businesses, to which we have some exposure. Key potential benefits include favorable business tax rates, tariffs promoting reshoring and domestically produced goods, reduced regulations, and a broadly pro-business agenda. However, certain policies, such as tariffs and stricter immigration controls, could lead to unintended inflation. Consumers could face higher prices for imported goods, and businesses may encounter a tighter labor market. Additionally, the resulting rise in the U.S. dollar could negatively affect foreign-domiciled investments, to which we also have some exposure. Initially, the equity market reacted positively, with the Russell 3000 Index surging over 6% following the election. However, some of these gains were reversed as inflation concerns dampened expectations for lower interest rates.

We made modest changes during the quarter that slightly impacted sector weightings at quarter-end. Technology remains the largest overweight sector in our portfolio. We view the businesses in this sector as less cyclical than generally perceived and offering attractive diversification to complement other cyclical positions. We remain confident in our technology holdings' ability to drive economic growth and deliver strong returns. Communication services represents the portfolio's second largest overweight, due in large part to our media exposure. Energy represents our third largest overweight, with a broad mix of energy equipment & services and oil, gas & consumable fuels holdings. Our largest sector underweights are financials, healthcare, and real estate. We are generally underweight in real estate and healthcare due to a limited number of attractive relative valuation opportunities. However, we have identified new ideas within healthcare providers & services over the past couple of years. Our current underweight in financials largely reflects broad industry underweights as of the end of December.

While the overall equity market appears fully valued compared to history, we believe the valuation disparities across the market create an investment environment highly conducive to long-term focused active management, particularly in relative terms. The spread between the growth

(continued)

Portfolio managers' opinions and data included in this commentary are as of December 31, 2024 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.**

and value indices is wide across the market cap spectrum, suggesting a promising outlook for value. The spread between the portfolio and the value index is also wide, suggesting a promising outlook for the portfolio. The portfolio's considerable valuation advantage relative to the benchmark, combined with good underlying businesses and healthy balance sheets leaves us confident about the portfolio's prospects, particularly compared to passive alternatives.

ATTRIBUTION ANALYSIS – 4Q24 & 2024

The Hotchkis & Wiley Value Opportunities Fund outperformed the Russell 3000 Value Index in the fourth quarter of 2024. On a sector basis, the largest contributor to relative performance during the quarter was security selection and the overweight position in technology. Security selection in consumer discretionary, financials, and energy also contributed positively during the period. Conversely, security selection in healthcare detracted the most from relative performance. The underweight position in financials and miscellaneous put positions also detracted, as did security selection in industrials.

The Fund underperformed the benchmark for the calendar year 2024. The combination of security selection and overweight positions in energy and materials detracted the most from relative performance over the year. The underweight in financials also detracted, as did security selection in healthcare and miscellaneous put positions. Conversely, security selection in technology was the largest contributor to relative performance. Security selection in financials and consumer discretionary also contributed positively, as did the underweight positions in healthcare, real estate, and industrials.

LARGEST INDIVIDUAL CONTRIBUTORS – 4Q24

F5 (FFIV) sells application networking and security software, as well as data center appliances. The company's stock price rebounded sharply in the second half of the year after reporting a growing pipeline and better close rates in subscription software sales. F5 has no debt, trades at an attractive valuation, and is benefiting from an improving gross margin and lower operating expenses.

Ericsson (ERIC) is one of the largest vendors of hardware and software needed to operate wireless networks outside of China. Ericsson's margins have been modestly below normal as management turns around its mismanaged Cloud Software & Services segment. Valuation is attractive even if Ericsson's competitors do not lose market share, but we believe there is a growing opportunity to benefit from problems facing its key competitors. Ericsson's stock outperformed as Q3 results were modestly stronger than consensus as it gains market share and the North American market is showing signs of recovering from a cyclical downturn.

Workday (WDAY) is a leader in cloud application software for back-office business functions including human capital management and financial management. The company's shares moved higher in the quarter following Q3 financial results that exceeded expectations. Workday's formidable competitive differentiators lead to compelling unit economics (98% gross retention, 35% normal EBIT margin, high-teens subscription revenue growth). Additionally, its back-office software markets are both large and exhibit low cloud-penetration.

LARGEST INDIVIDUAL DETRACTORS – 4Q24

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 Q3 results due to the significant impact from Hurricane Beryl and weaker-than-expected Q4 guidance. Despite trough operating conditions, longer-term dynamics in the business appear promising. 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.

Elevance Health (ELV) is a large health insurer, and one of the largest commercial insurers. The company's shares came under pressure in the quarter following disappointing earnings and guidance as well as a broader negative turn in investor sentiment towards the group. Our overall thesis remains unchanged. We believe the company is undervalued due to skepticism around margins and growth. Higher medical spending is a long-term positive for the company.

CVS Health Corp. (CVS) is a diversified healthcare company operating a Pharmacy Benefits Manager, health insurer, and retail stores and pharmacies. CVS underperformed in Q4 largely because of underperformance in the Aetna business due to unexpectedly higher costs, as well as the aforementioned decline in valuations across the peer group. Health insurance is a business that reprices yearly. In our opinion, CVS should be able to recover its higher costs and restore margins within a year or two.

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.

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.

Top 10 holdings as of 12/31/24 as a % of the Fund's net assets: Siemens AG 6.9%, F5 Inc. 6.8%, Ericsson 6.7%, Workday Inc. 4.6%, Philip Morris Int'l 3.4%, U-Haul Holding Co. 3.0%, Microsoft Corp. 2.9%, Elevance Health Inc. 2.9%, NOV Inc. 2.8%, and Stagwell Inc. 2.7%. **Forward price-to-earnings (P/E)** ratio divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company; **Free cash flow** represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets; A **put option** grants the right to the owner to sell some amount of the underlying security at a specified price, on or before the option expires.

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.