A Case for International Value Equities

U.S. equities have attracted a disproportionate share of global investor attention and capital. Attractive non-U.S. businesses may be less widely owned and attractively valued.

THE OVERLOOKED OPPORTUNITY ABROAD

The U.S. now represents more than 70% of the developed-market equity universe, and concentration is elevated — a small number of companies driven much of recent returns. Many good businesses have been left behind simply because of their domicile, and valuation dispersion has widened.

That opportunity set offers distinct economic exposures and potential structural catalysts — the case for international value as both a source of diversification and an opportunity for active security selection.

GENUINE DIVERSIFICATION

International value can complement core U.S. equity investments by providing exposure to a broader collection of industries beyond large cap information technology and communication services relative to the S&P 500 Index. A potential result is diversification in the underlying sources of portfolio earnings, and the economies from which those earnings are generated.

DEVELOPING TAILWINDS

On top of a resilient economic foundation, real tailwinds are now forming. Europe is coordinating more seriously than it has in years around growth and self-reliance. Japan's corporate governance reform continues to drive real change in capital productivity and focus on returns. These markets are becoming more attractive destinations for global capital.

SECURITY SELECTION IS CRITICAL

In our experience there is wide variation in companies' business and governance quality in the international markets. This dispersion creates investment opportunity, but it takes real expertise to tell the difference between a business that's temporarily out of favor and one with a structural problem. We believe that's where Hotchkis & Wiley excels.

A DIFFERENTIATED APPROACH TO INTERNATIONAL VALUE

H&W International Value is a high active-share portfolio featuring some of the most attractively valued companies located outside of the U.S. The managers focus on identifying durable businesses, led by shareholder-oriented management teams, that are trading at attractive valuations relative to their long-run normalized earnings.

GLOBAL TEAM

A single global research team applies one consistent fundamental approach across markets — the same value discipline H&W has practiced since 1980.

RISK FRAMEWORK

Each company is evaluated using H&W's Fundamental Risk Ratings framework, which reviews business quality, balance sheet strength and governance. The objective is to consider expected return alongside an explicit assessment of fundamental downside risk.

LONG-TERM PERSPECTIVE

Security selection only works with patience. H&W's research process is built for the reality that value is created over years, not quarters.

Past performance is no guarantee of future results.

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LONG-TERM RESULTS HELP PROVIDE EVIDENCE OF SECURITY-SELECTION VALUE ADDED

H&W International Value is supported by the same global research platform and fundamental discipline that underpin the firm's broader value investment process. The framework is designed to take advantage of behavioral biases that can lead to mispricings. The Strategy's long-term results have historically exceeded both the value and broad international benchmarks.

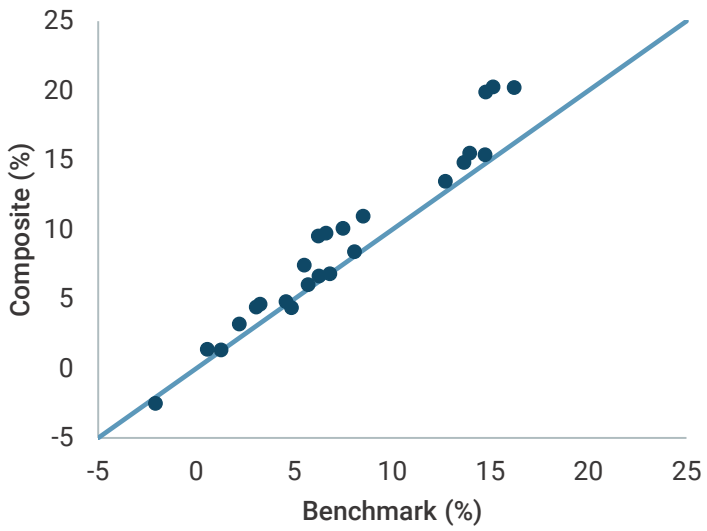
COMPOSITE PERFORMANCE (%) – as of September 30, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
H&W International Value (gross)	2.12	15.09	23.03	24.00	16.22	11.79	11.55
H&W International Value (net)	**1.97**	**14.61**	**22.35**	**23.17**	**15.39**	**10.94**	**10.70**
MSCI World ex-USA Value Index	3.71	14.96	24.33	23.71	14.72	10.40	9.91
MSCI World ex-USA Index	0.89	10.16	15.89	18.89	9.66	9.27	8.91

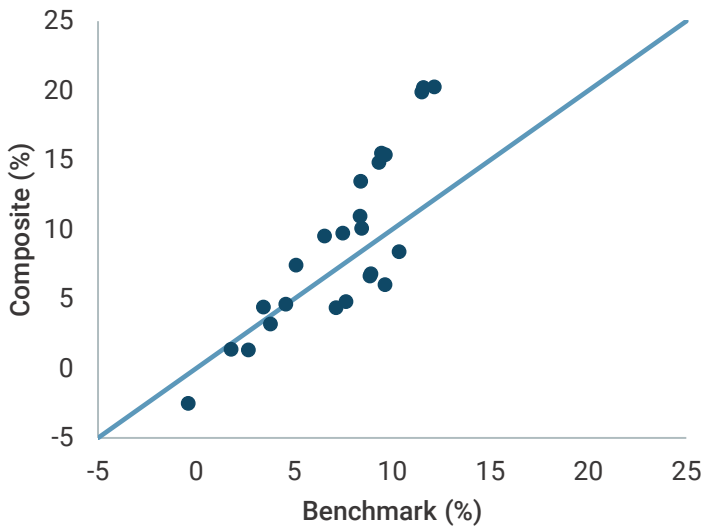
Commencement of H&W International Value Composite: 1/1/16. Periods greater than one year are annualized. Net performance results are presented after actual management fees and all trading expenses but before custodial fees.

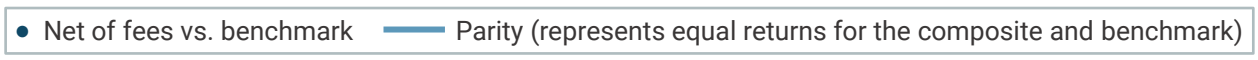
The Strategy has historically outperformed the value benchmark over the 3-, 5-, and 10-year periods, while also capturing upside relative to the broad international benchmark.

H&W vs. MSCI World ex-USA Value Index Rolling 5 Years



H&W vs. MSCI World ex-USA Index Rolling 5 Years





Source: H&W

STANDALONE INTERNATIONAL ALLOCATION

H&W offers a concentrated, high active-share value portfolio with a long-term record that can be evaluated against both value and broad international benchmarks.

COMPLEMENT TO BROAD OR GROWTH

H&W provides a differentiated source of return that can complement a broad or growth-oriented manager and help reduce dependence on a single style of market leadership.

Past performance is no guarantee of future results. See next page for Endnotes and GIPS Report.

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Endnotes and GIPS Report:

All investments contain risk and may lose value. Investing in foreign as well as emerging markets involves additional risk such as greater volatility, political, economic, and currency risks and differences in accounting methods. 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. Principal Risks Disclosure for the firm's strategies are described in Part 2A of Form ADV of H&W (www.hwcm.com/wp-content/uploads/HW-Principal-Risks.pdf). Data source: H&W, MSCI

Hotchkis and Wiley Capital Management, LLC (the "Firm" or "H&W") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. H&W has been independently verified for the periods October 9, 2001 through December 31, 2024. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The International Value Composite has had a performance examination for the periods January 1, 2016 through December 31, 2024. The verification and performance examination reports are available upon request.

H&W is an independent investment management firm registered with the U.S. Securities and Exchange Commission and manages value equity and high yield assets for institutional and mutual fund investors. Its predecessor firm was established in 1980. The equity team of the predecessor firm established H&W in October 2001.

H&W refers to itself as a "registered investment adviser" in materials distributed to current and prospective clients. As a registered investment adviser with the SEC, H&W is subject to the rules and regulations adopted by the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an investment adviser is not an indication that H&W or its directors, officers, employees or representatives have attained a particular level of skill or ability.

Valuations and returns are stated in U.S. dollars. Investment returns include reinvestment of dividends, interest, capital gains, and are net of withholding taxes. Gross performance results are presented before management and custodial fees but after all trading expenses. Net performance results are presented after actual management fees and all trading expenses but before custodial fees. H&W's management fees are described in Part 2A of its Form ADV. The standard International Value management fee schedule is 65 basis points on the first $25 million, 55 basis points on the next $75 million and 40 basis points thereafter. Internal dispersion is calculated using the equal-weighted standard deviation of all portfolios (gross returns) that were included in the Composite for the entire year. A list of composite and broad distribution pooled fund descriptions and policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is no guarantee of future performance. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Composite: The Composite includes all International Value discretionary accounts. The International Value strategy seeks capital appreciation primarily through investments in common stocks of non-U.S. companies, which may include companies located or operating in established or emerging markets. The strategy will be based on bottom-up investment research and valuation, but will have an awareness of geographic, industry and currency exposures. As of December 31, 2025, there was one non-fee paying account in the composite, which represented 17% of composite assets. Applied standard fee schedule to calculate net of fee returns. The typical market cap range of the strategy is consistent with the market cap range of the MSCI World ex-USA Index. (Composite creation & inception date: 1/1/2016)

Indexes: The MSCI World ex-USA Index ("MSCIWxUSA") is a free float-adjusted weighted index capturing large and mid cap representation across 22 of 23 Developed Markets (DM) countries, excluding the United States. The MSCI World ex-USA Value Index ("MSCIWxUSAVal") is a free float-adjusted weighted index capturing large and mid cap representation, exhibiting overall value style characteristics, across 22 of 23 Developed Markets (DM) countries, excluding the United States. The indexes assume reinvestment of dividends and capital gains (net foreign withholding taxes), and assume no management, custody, transaction or other expenses. The strategy used in managing the accounts in the Composite may prevent or limit investment in major stocks in the MSCIWxUSA and MSCIWxUSAVal. Additionally, the Composite strategy allows for investments in emerging markets stocks, which are not included in the MSCIWxUSA and MSCIWxUSAVal. These differences may lead to returns that are not correlated to the returns of the indexes. Benchmark returns are not covered by the report of independent verifiers. The S&P 500 Index is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general.

The 3-year annualized standard deviation measures the variability of the composite (using gross returns) and the benchmark(s) returns over the preceding 36-month period. As of December 31, 2017, the Composite did not have a 3-year track record.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return MSCIW xUSA	% Total Return MSCIW xUSAVal	No. of Accts	Internal Dispersion (%)	Comp. Assets ($M)	Total Firm Assets ($M)
2025	41.3	40.4	31.9	42.2	<6	n/m	5	36,906
2024	7.2	6.4	4.7	6.6	<6	n/m	4	33,144
2023	23.9	22.9	17.9	18.5	<6	n/m	4	31,220
2022	-4.5	-5.2	-14.3	-5.6	<6	n/m	3	28,330
2021	19.0	18.1	12.6	13.3	<6	n/m	3	34,902
2020	-1.4	-2.2	7.6	-3.2	<6	n/m	3	31,687
2019	21.1	20.1	22.5	17.0	<6	n/m	3	33,623
2018	-17.9	-18.5	-14.1	-15.1	<6	n/m	2	27,191
2017	19.5	18.5	24.2	21.0	<6	n/m	3	32,037
2016	12.4	11.5	2.7	7.4	<6	n/m	2	29,952

n/m – not considered meaningful for composites with five accounts or less for the full year.

3-Year Annualized Standard Deviation (%)

	Composite	MSCIW xUSA	MSCIW xUSAVal
2025	13.4	12.0	11.9
2024	19.8	16.6	15.9
2023	21.0	16.6	16.2
2022	29.7	20.1	22.1
2021	26.8	17.2	20.4
2020	26.6	18.1	20.9
2019	13.0	10.8	11.6
2018	12.2	11.1	11.9

As of December 31, 2025 (%)

	1 Yr	5 Yr	10 Yr
Composite - Gross	41.3	16.4	10.9
Composite - Net	40.4	15.5	10.0
MSCIWxUSA	31.9	9.5	8.5
MSCIWxUSAVal	42.2	13.9	9.2

Average annual total returns for periods greater than one year.

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