FOCUSED GLOBAL VALUE

MARKET COMMENTARY

Following strong relative performance in 2022, value stocks significantly underperformed growth stocks in the first quarter of 2023. The MSCI World Growth Index increased 15%, led by technology stocks up 23% in the quarter. The MSCI World Value Index increased 1%, hurt by relative underperformance in financials and energy stocks (down -4% and -6%, respectively). As a result of this divergent performance, value spreads widened over the course of the quarter, with the growth index P/E ratio now sitting 10 multiple points higher than the value index.

Equity markets outside of the U.S. have demonstrated resilience despite recent volatility within the banking industry. Performance was quite strong across most of the developed world in the first quarter of 2023, with many countries across Western Europe experiencing double-digit returns, led by Netherlands (+16.6%), Spain (+15.6%), Italy (+15.5%), and Germany (+15.2%). By comparison, the United Kingdom returned +6.7%, Japan returned 6.3%, Canada returned +4.5%, and Australia was up a more modest +2.5%.

We remain partial to financials, with banks representing the largest absolute and relative weight in our portfolio. The banking industry has been in the crosshairs of skeptics since the early March failure of Silicon Valley Bank ("SVB") and Swiss government-backed takeover of Credit Suisse by UBS. While these events were unexpected, they were also, in our opinion, the result of unique challenges faced by those two institutions. We do not believe the banks we own face similar risks. Nonetheless, these well-capitalized, well-managed banks sold off in sympathy, and now trade at attractive valuations for the risks at hand. The portfolio's bank exposure trades at just over 6x normal earnings and under 0.8x book value, uncommonly attractive levels. We have thoroughly assessed widespread bank concerns about declining deposits, an impending recession, and potential regulatory changes. We conclude that these valuations more than compensate us for those risks. Our portfolio of banks is also well diversified across 8 different companies each with a different business mix and therefore different risks.

Technology is the portfolio's second-largest sector weight and here again we are overweight relative to the index. We own some quality businesses in technology, and as a result are willing to pay higher valuation multiples. The portfolio's aggregate technology positions trade at less than 12x normal earnings, which we view as a bargain considering the quality of the businesses. Common traits among our tech holdings are excellent balance sheets, sticky customers that generate recurring/predictable cash flow, and promising prospects for growth. We view these businesses as less cyclical than generally understood and prefer this exposure to other non-cyclical parts of the market that trade at rich valuations and grow modestly, e.g., consumer staples, utilities. This exposure is much different than the exposure to energy and financials, thus acting as an effective offset/complement.

ATTRIBUTION – 1Q23

The Hotchkis & Wiley Focused Global Value portfolio (gross and net of management fees) underperformed the MSCI World Index but outperformed the MSCI World Value Index in the first quarter of 2023. Relative to the broad index, stock selection in Information Technology was the largest detractor from relative performance. The overweight positions in Financials and Energy also detracted, as did stock selection in Health Care. Conversely, stock selection in Industrials and Communication services contributed positively to performance. The underweight positions in Health Care and Consumer Staples also worked well. The largest positive contributors to relative performance in the quarter were General Electric, UniCredit SpA, Accor, Warner Bros Discovery, and FedEx; the largest detractors were AIG, CVS Health, Wells Fargo, APA Corp., and Tokio Marine Holdings.

LARGEST NEW PURCHASES – 1Q23

APA Corp. is an independent E&P company that operates offshore in the North Sea, onshore in Egypt, and in the Permian Basin (USA). APA's conventional Egypt and North Sea assets are less sensitive to oil prices, which results in more predictable cash flows when prices are low. At the same time, APA also has the ability to invest at high incremental returns in offshore Suriname.

Comcast is one of the largest consumer telecom service provider in the U.S., serving over 30 million customers and passing nearly 60 million homes and small businesses. The company also owns the NBCU media conglomerate and Sky European Pay TV business. We believe the stock does not fully reflect the growth it should produce as it continues to take share of the broadband and wireless markets. Comcast's potential to grow at the expense of technologically inferior competitors and its strong record of returning cash to shareholders should drive strong forecasted EPS growth.

US Bancorp ("USB") is the 5th largest bank in the US by assets, primarily operating in the West and Midwest. Following its acquisition of Union Bank, USB has total assets of nearly $700 billion and $550 billion in deposits. In addition to its core retail and banking operations, the company has a leading payments business that contributes about 25% of overall profits and a wealth and investment services business that accounts for another 15% of profits. Over its long history, USB has produced among the highest returns on assets and equity in the banking sector. Over the last several years, relatively weak revenue growth and increasing expenses have pressured performance. We believe USB remains attractive and will be further improved by its recent acquisition of Union Bank due to cost synergies and increasing market share in its core Western US markets. Recent underperformance, following the failure of two large regional banks, has presented the opportunity to buy a very high-quality franchise at an unusually attractive valuation

Past performance is no guarantee of future results

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Net of fee composite performance as of 3/31/23: -3.1% and 25.0% for 1-year and Since Inception, respectively. Net performance results are presented after management fees and all trading expenses but before custodial fees. **Past performance is no guarantee of future results.**

Portfolio managers' opinions and data included in this commentary are as of March 31, 2023, and subject to change without notice. Information based on forecasts, proprietary or third-party estimates cannot be guaranteed and are subject to change. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness.

Portfolio characteristics and attribution are based on a representative Focused Global Value portfolio. Attribution is an analysis of the portfolio's return relative to the index, is calculated using daily holdings information and does not reflect management fees and other transaction costs and expenses; interaction effect is combined with stock selection. Returns can differ from certain client portfolio(s) due to data differences, cash flows, trading, and other activity. Specific securities identified are the largest contributors (or detractors) to the portfolio's performance relative to the index. Other securities may have been the best and worst performers on an absolute basis.

The value discipline used in managing accounts in the Focused Global Value strategy may prevent or limit investment in major stocks in the MSCI World, MSCI World Value and MSCI World Growth and returns may not be correlated to the indexes. Composite performance is available at www.hwcm.com, located on the strategy's Performance tab along with important disclosures included in the strategy's GIPS Report; quarterly characteristics and portfolio holdings are located on the Portfolio and Literature tabs. For a list showing every holding's contribution to the overall account's performance and portfolio activity for a given time period, contact H&W at hotchkisandwiley@hwcm.com. Portfolio information is subject to the firm's portfolio holdings disclosure policy.

The securities reflected herein are intended for illustrative purposes only and not a recommendation to buy or sell specific securities. Securities identified do not represent all of the securities purchased or sold for advisory clients and are not indicative of current or future holdings or trading activity. H&W has no obligation to disclose purchases or sales of the securities. There is no assurance that the securities discussed will remain in the portfolio or that securities sold have not been repurchased. The securities discussed do not represent the entire portfolio, may only represent a small portion of the portfolio and should not assume the securities discussed were or will be profitable or that recommendations made in the future will be profitable or will equal the performance of the securities discussed. H&W's opinions regarding these securities are subject to change at any time, for any reason, without notice. Certain client portfolio(s) may or may not hold the securities discussed due to each account's guideline restrictions and other relevant considerations.

The "Largest New Purchases" section includes the three largest new security positions during the quarter/year based on the security's quarter/year-end weight adjusted for its relative return contribution; does not include any security received as a result of a corporate action. If fewer than three new security positions during the quarter/year, all new security positions are included.

The MSCI World Index is a free float-adjusted weighted index capturing large and mid cap stocks. The MSCI World Value and MSCI World Growth Indices are free float-adjusted weighted indexes capturing large and mid cap stocks, exhibiting overall value or growth style characteristics, respectively. The MSCI indices represent stocks across 23 Developed Markets (DM) countries and include reinvestment of dividends, net foreign withholding taxes. GICS was developed by and is the exclusive property and a service mark of MSCI and S&P and is licensed for use by H&W. All rights reserved. Neither S&P nor MSCI is liable for any errors or delays in this report, or for any actions taken in reliance on any information contained herein. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. See www.hwcm.com for full disclaimer.

Equity securities may have greater risks and price volatility than U.S. Treasuries and bonds, where the price of these securities may decline due to various company, industry and market factors. The strategy invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The strategy may be viewed as a non-diversified strategy, which may concentrate its assets in fewer individual holdings. The strategy may be exposed to more individual stock volatility than a more diversified strategy.

Style Risk: 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.

Market Disruption: The global coronavirus pandemic has caused disruption in the global economy and extreme fluctuations in global capital and financial markets. H&W is unable to predict the impact caused by coronavirus pandemic, which has the potential to negatively impact the firm's investment strategies and investment opportunities.

All investments contain risk and may lose value. The commentary is for information purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product.