

## FOCUSED GLOBAL VALUE

## COMPOSITE PERFORMANCE (%) ANNUALIZED

	QTR	YTD	1 Yr	3 Yr	5 Yr	Inception
H&W Focused Global Value (gross)	-4.72	-4.72	8.96	15.84	11.16	20.77
H&W Focused Global Value (net)	-4.90	-4.90	8.61	15.38	10.56	20.09
MSCI World Value Index	1.18	1.18	16.60	14.61	9.59	15.25
MSCI World Index	-3.57	-3.57	18.90	16.77	10.27	16.59

Commencement of FGV Composite: 4/1/20. Net performance results are presented after management fees and all trading expenses but before custodial fees; the composite includes all Focused Global Value discretionary accounts. Additional disclosures provided in GIPS Report.

## MARKET COMMENTARY

The MSCI World Index declined -3.6% in the first quarter of 2026. Geopolitical turmoil and AI-driven investment themes were the primary market drivers. Brent crude oil rose more than 100% to \$127/bbl<sup>1</sup> following U.S.-Israel strikes on Iran and the subsequent closure of the Strait of Hormuz. As a result, the energy sector outperformed by a wide margin. More than 20% of global crude oil supply flows through the Strait, much of it destined for Asia. The impact varied meaningfully by region. US gasoline prices rose above \$4 per gallon for the first time since 2022, but the shock was more severe abroad. Beyond oil, the disruption has created supply shocks across several key commodities, including natural gas, nitrogen-based fertilizer, helium, and aluminum. Despite these meaningful disruptions, the equity market reaction has been relatively muted—the S&P 500 Index is down only about 5% since the initial strikes. The VIX Index, a gauge of expected S&P 500 volatility, peaked at 31 in late March, above its 25-year median (~18) but well below levels seen during prior shocks such as Trump-era tariffs (52), the Russia/Ukraine war (36), COVID (83), and the Global Financial Crisis (81). Europe's VIX equivalent, the VSTOXX Index, was similar in both direction and magnitude.

International equities outperformed US equities slightly, with modest dispersion by region. Japan was the best-performing major developed market in the quarter, with the TOPIX Index returning +3.6% in local currency. Prime Minister Takaichi's landslide re-election was well-received given her pro-business stance. UK equities outperformed Continental Europe, largely due to its energy heavy composition.

Value stocks outperformed growth in the quarter, with the MSCI World Value Index returning +1.2% versus -8.4% for the MSCI World Growth Index. The technology sector underperformed. It comprises about 45% of the growth index but just 9% of the large value index. Within technology, software was particularly weak, and our overweight position detracted from relative performance. Recent AI product releases have raised concerns about potential disruption to virtually all enterprise software businesses. Consensus earnings estimates for our enterprise software holdings have moved higher, not lower, suggesting the selloff

reflects concerns about long-term profit durability. We are more optimistic, and believe that AI creates opportunity rather than risk for some well-positioned software businesses. Companies such as Workday and Salesforce continue to report strong customer retention (97% and 92% gross retention, respectively) and expanding product capabilities. SAP does not disclose gross retention but it is widely believed to be 98-99%. Their competitive advantages are rooted in domain expertise, deep integrations, mission-critical workflows, and years of embedded customization—not simply underlying code. We believe these businesses will be able to monetize AI through enhanced offerings rather than be displaced by it.

Health insurers also underperformed during the quarter, and our overweight detracted from performance. Stocks declined amid policy uncertainty around Medicare Advantage reimbursement rates, and higher than expected utilization rates. Unlike software, near-term earnings estimates for insurers have fallen roughly in line with share price declines. The market appears to be treating these earnings pressures as structural rather than temporary, which we believe is incorrect. Management teams remain focused on margin recovery through pricing adjustments and benefit optimization. Importantly, the structure of the market remains unchanged, with repricing occurring annually.

Energy was a bright spot. While we did not anticipate the Iran conflict, our positioning reflected the view that select energy companies offered free cash flow yields more attractive than other major market segment. More broadly, we believe the global crude market faces a risk of structural undersupply in the coming years, supporting higher oil prices over time. Additionally, a significant portion of global supply originates from geopolitically unstable regions, and we believed this disruption risk had been underappreciated. We are roughly equal weight the benchmark, but our exposure is centered on upstream energy companies that are sensitive to the commodity price. These stocks performed well.

(continued)

<sup>1</sup>Based on current crude prices, rather than prices for future delivery which are also frequently quoted. Based on the latter, Brent prices rose ~95% closing at ~\$118/bbl.

# FOCUSED GLOBAL VALUE

The Hotchkis & Wiley team remains disciplined and long-term focused. We often find the most lucrative investment ideas in market segments surrounded by near-term controversy that we believe is overstated or misunderstood. The portfolio remains appropriately diversified but also reflects our strong conviction in some of the attractive themes described on previous page.

## ATTRIBUTION ANALYSIS – 1Q26

The Focused Global Value portfolio underperformed the MSCI World Value Index in the first quarter of 2026 (gross and net of fees). An overweight position in software was the largest detractor by a wide margin, followed by exposure to health insurers. In contrast, positive stock selection in energy was the primary contributor to performance, with energy holdings collectively returning +48%<sup>2</sup>.

## LARGEST INDIVIDUAL CONTRIBUTORS – 1Q26

APA (APA) is an independent E&P operating in the Midland and Delaware basins of the Permian and onshore Egypt, with exploration potential in Suriname, that trades at a discount despite lucrative natural gas financial contracts. We own APA for exposure to an energy market generating significant free cash flow in a perennially undersupplied environment. APA outperformed in the first quarter as oil prices surged following the Strait of Hormuz closure and the US-Israel conflict with Iran, with Brent crude peaking near \$127. The company's natural gas financial contracts—which capture differentials between Waha, the Houston Ship Channel, Henry Hub, and global LNG—became significantly more valuable as supply disruptions drove wider basis differentials.

PPG (PPG) is one of the global leaders in the paints and coatings industry. After a sharp decline from its post Covid peak in 2021, PPG shares look attractively valued given strong FRRs and below normal demand across most product lines, with meaningful upside as volumes recover and management executes on cost savings following the divestiture of the underperforming North American paints business. The business should remain resilient through the cycle given its variable heavy cost structure, limited capital intensity, and strong balance sheet, while capital allocation continues to improve under CEO Tim Knavish. Shares rose as the company's Q4 results demonstrated solid underlying business momentum. Organic revenue grew ahead of industry trends, volume and pricing were both positive, and most product lines gained market share. While EPS missed consensus due to transitory cost headwinds, the core operating business performed well. Management's full-year guidance, combined with continued buybacks, reassured investors that our long-term thesis remains intact.

Ericsson (ERIC) is one of the largest vendors of hardware and software for wireless networks outside China, serving edge radio, cloud software and services, and enterprise markets. Ericsson's earnings are below normal as demand for wireless equipment is low in Japan and India, management turns around its mismanaged Cloud Software & Services business, and the Enterprise business loses money even with gross margins above 50%. We own Ericsson for its attractive valuation even if competitors do not lose market share due to political or scale problems, with substantial additional upside if these possible outcomes occur. Ericsson outperformed in the first quarter following strong Q4 2025 earnings that beat estimates on 6% organic sales growth and the announcement of its first-ever share buyback of up to SEK 15 billion. The rally continued in March as AT&T announced over \$250 billion in five-year US infrastructure spending, which benefits Ericsson as a major supplier.

## LARGEST INDIVIDUAL DETRACTORS – 1Q26

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). Workday's formidable competitive advantages lead to compelling unit economics (97% gross retention, 38% normal EBIT margin, low-teens subscription revenue growth) and its ERP software markets are both the largest and least cloud-penetrated in the application software universe. This provides Workday with a long runway to invest at high returns while trading at a valuation that is attractive for an established franchise. Workday posted a good Q4 that slightly beat expectations. However, continued market concerns that AI agents will displace traditional software have pressured the stock, despite switching costs and compliance risks making displacement scenarios unrealistic.

Salesforce (CRM) is among the top five largest global software companies, with a broad portfolio that includes Sales, Service, Marketing & Commerce Clouds, Slack, MuleSoft, Tableau, and the Data & AI Cloud. Its products are deeply embedded across a large enterprise customer base, creating a long runway for growth through seat expansions, cross selling, and pricing, and supporting strong revenue growth for many years. Combined with sticky recurring revenue, high gross margins, and limited capital reinvestment needs, this creates a resilient business model with meaningful downside mitigation. Salesforce posted a good Q4 that matched growth expectations, however, market concerns that AI agents could displace traditional software have continued to pressure the stock, leaving the shares trading at an attractive valuation for an established franchise.

*(continued)*

<sup>2</sup> Gross return without the deduction of fees and expenses. Total strategy gross and net performance shown on previous page.

The specific investments shown are for informational purposes only and represent the top contributors and detractors for the relevant performance time period. The selection criteria used to determine the top contributors and detractors remains the same across performance measurement periods; additional disclosures provided in Endnotes.

# FOCUSED GLOBAL VALUE

---

Accor (AC FP) is a globally diversified, asset-light hotel manager and franchisor with a broad brand portfolio that generates primarily fee-based revenues, high incremental margins, and limited capital intensity. We believe its improving cost discipline, shareholder-friendly capital returns, and portfolio optionality support durable high-single-digit earnings growth and justify a premium multiple over time. Accor stock dropped after Grizzly Research alleged child exploitation at its hotels, though the company denied the claims and launched an investigation. We continue to own it as the allegations remain unverified and the underlying thesis is intact – raised EBITDA guidance, ongoing buybacks, and improving RevPAR support our view of sustainable earnings growth.

The specific investments shown are for informational purposes only and represent the top contributors and detractors for the relevant performance time period. The selection criteria used to determine the top contributors and detractors remains the same across performance measurement periods; additional disclosures provided in Endnotes.

---

Past performance is no guarantee of future results.

---

# FOCUSED GLOBAL VALUE

## Endnotes:

Portfolio managers' opinions and data included in this commentary are as of March 31, 2026. Any discussion or view of a security, an asset class/segment, industry/sector and/or investment type are not investment recommendations, should not be assumed to be profitable, and are subject to change without notice. All investments contain risk and may lose value.

Portfolio characteristics and attribution are based on a representative Focused Global Value portfolio. The representative portfolio is used for informational purposes only, does not predict future portfolio characteristics, and may differ from other portfolios in the strategy due to asset size, client guidelines, and other variables. H&W selected the representative portfolio based on non-performance criteria. The portfolio reflects the management style of the strategy, is part of the strategy's composite, and has the longest continuous duration under the Adviser's discretion. Selection of the representative portfolio considers one or more of the following factors, such as the portfolio's investment guidelines/restrictions, cash flow activity, or continuous duration under the Adviser's discretion. Based on the selection factors, the representative portfolio may change over the period shown.

Attribution is an analysis of a portfolio's gross of fee returns (without the deduction of fees and expenses) relative to the Index. Bloomberg calculates returns using daily holdings information. Returns calculated using this buy-and-hold methodology can differ from actual client portfolio returns due to data differences, cash flows, trading, and other activity (report is generated at a point in time and will not include any adjustments thereafter). Sector performance only covers the subset of investments specific to that sector. Analysis for different time periods and/or market environments can result in significantly different results.

Specific securities identified are the three 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. 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 value discipline used in managing accounts in the Focused Global Value strategy may prevent or limit investment in major stocks in the MSCI World Value and returns may not be correlated to the index. Composite performance is available at [www.hwcm.com](http://www.hwcm.com), located on the strategy's Performance tab; 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](mailto:hotchkisandwiley@hwcm.com). Portfolio information is subject to the firm's portfolio holdings disclosure policy.

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 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 Tokyo Price Index (TOPIX) is a capitalization-weighted stock market index that tracks the performance of all large firms listed in the first section of the Tokyo Stock Exchange. The VSTOXX Index (EURO STOXX 50 Volatility Index) measures real-time options prices and is designed to reflect the market expectations of near-term up to long-term volatility by measuring the square root of the implied variance across all options of a given time to expiration. The CBOE Volatility Index (VIX) measures the stock market's expectation of volatility over the next 30 days based on S&P 500 index option prices. Any indices and other financial benchmarks shown are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of advisory fees. It is not possible to invest directly in an index.

The Global Industry Classification Standard was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services, LLC ("S&P") and is licensed for use by Hotchkis & Wiley ("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](http://www.hwcm.com) for full disclaimer.

**E&P - Exploration and Production; Earnings before interest and taxes (EBIT)** measures a company's net income before income tax and interest expenses are deducted; **Free cash flow yield** measures the financial performance of a company by comparing its free cash flow per share to its market price per share; **Earnings per share (EPS)** is a measure of a company's profitability that indicates how much profit each outstanding share of common stock has earned; **Earnings before interest, taxes, depreciation, and amortization (EBITDA)** uses EBIT without depreciation and amortization expenses when calculating profitability; **FRRs - Federal Reserve Regulatory Service**; and **Revenue per available room (RevPAR)** is a crucial metric in the hospitality industry, reflecting a property's ability to fill its rooms at an average rate.

Information contained in this material may represent or be based on forward-looking statements. Due to various risks and uncertainties, actual events/results or performance of the strategy may differ materially from those reflected or contemplated in such forward-looking statements. 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.

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](http://www.hwcm.com/wp-content/uploads/HW-Principal-Risks.pdf)).

Data source: H&W, MSCI, Bloomberg

Past performance is no guarantee of future results.



# FOCUSED GLOBAL VALUE

## GIPS Report:

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 Focused Global Value Composite has had a performance examination for the periods April 1, 2020 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 management fees and all trading expenses but before custodial fees; and they are higher than those calculated using the current standard fee schedule. H&W's management fees are described in Part 2A of its Form ADV. The standard Focused Global Value management fee schedule is 75 basis points on the first \$15 million, 65 basis points on the next \$35 million and 50 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 Focused Global Value discretionary accounts. The Focused Global Value strategy seeks capital appreciation primarily through investments in common stocks of a concentrated number of U.S. and 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. Since composite inception through December 31, 2025, there was one non-fee paying account in the composite, which represented 0.8% 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 Index. (Composite creation & inception date: 4/1/2020)

**Indexes:** The MSCI World Index ("MSCIW") is a free float-adjusted weighted index capturing large and mid cap representation across 23 Developed Markets (DM) countries. The MSCI World Value Index ("MSCIWVal") is a free float-adjusted weighted index capturing large and mid cap representation, exhibiting overall value style characteristics, across 23 Developed Markets (DM) countries. The indexes assume reinvestment of dividends and capital gains (net foreign withholding taxes), and assumes 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 MSCIW and MSCIWVal. Additionally, the Composite strategy allows for investments in emerging markets stocks, which are not included in the MSCIW and MSCIWVal. 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 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, 2022, the Composite did not have a 3-year track record.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return MSCIW	% Total Return MSCIW Val	No. of Accts	Internal Dispersion (%)	Comp. Assets (\$M)	Total Firm Assets (\$M)	3-Year Annualized Standard Deviation (%)			As of December 31, 2025 (%)				
									Composite	MSCIW	MSCIW Val	1 Yr	5 Yr	S.I.		
2025	21.9	21.7	21.1	20.8	<6	n/m	313	36,906	2025	12.9	11.3	11.2	Composite - Gross	21.9	15.2	22.8
2024	11.6	11.1	18.7	11.5	<6	n/m	282	33,144	2024	19.1	16.6	15.4	Composite - Net	21.7	14.7	22.1
2023	29.0	28.2	23.8	11.5	<6	n/m	253	31,220	2023	20.9	16.7	15.6	MSCIW	21.1	12.1	18.1
2022	-7.7	-8.4	-18.1	-6.5	<6	n/m	1	28,330					MSCIWVal	20.8	11.3	15.7
2021	25.4	24.5	21.8	21.9	<6	n/m	3	34,902					Average annual total returns for periods greater than one year.			
2020 <sup>(1)</sup>	60.2	59.4	46.8	35.3	<6	n/a	2	31,687								

<sup>(1)</sup> Period from April 1, 2020 (composite inception) through December 31, 2020.

n/a – not applicable for periods less than one year.

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