

HIGH YIELD FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWHIX | HWHAX | HWHZX



PERFORMANCE (%) as of December 31, 2025

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 3/31/09
High Yield Fund – I Shares	0.86	7.25	7.25	9.13	4.58	5.61	7.71
ICE BofA BB-B US HY Constrained Index	1.57	8.73	8.73	9.36	4.11	6.05	8.03
ICE BofA US High Yield Index	1.35	8.50	8.50	10.03	4.50	6.45	8.77

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 0.78% for I Shares; 0.70% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2026. 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 ICE BofA US High Yield Index generated a 1.35% total return in the fourth quarter, bringing its calendar year total return to 8.50%. High yield outperformed treasuries, bank loans, and investment grade while underperforming emerging market debt fixed income asset classes in both the fourth quarter and for the 2025 calendar year. The Federal Open Market Committee cut its Fed Funds target rate by 25 bps to 4.00% (upper bound) as labor market conditions remained soft and CPI ticked down 40 bps to 2.60%. The futures market suggests two additional 25 bps Fed Funds target rate cuts in 2026. The 10-Year US Treasury yield increased 2 bps to 4.17% and the yield curve steepened as the short end declined 20 bps and the long end increased 10 bps.

Within the high yield market, yield-to-worst decreased 11 bps to 6.62% and the option adjusted spread widened 1 bps to 281 bps in the fourth quarter. While yields and spreads are below long-term averages, today's high yield market is higher quality and has shorter duration. The last twelve-month high yield default rate, including the impact of distressed exchanges, decreased 10 bps to 1.20%, below its historic average. High yield primary market gross issuance totaled \$65 billion in the fourth quarter, driven primarily by debt refinancing transactions.

Turning to performance, the ICE BofA BB-B US High Yield Constrained Index generated a 1.57% total return in the fourth quarter, outperforming the broader high yield market by 22 bps as the CCC rating cohort produced a -0.52% total return. From a sector perspective gaming, metals, and telecommunications were notable outperformers while packaging/paper, cable and chemicals were notable underperformers.

Our overall assessment of the high yield market remains attractive relative to its history and to other fixed income alternatives. High yield bonds offer higher carry and lower duration compared to investment grade bonds in a stable economic environment and "higher for longer" interest rate backdrop. High yield bonds offer lower current defaults and better total return prospects, in today's easing monetary policy environment compared to bank loans.

We assess the high yield market across three vectors, Fundamentals, Technicals and Valuation, using a 1.0 to 5.0 scale, with 1.0 being bullish and 5.0 being cautious. Fundamentals (2.0) are solid with moderate leverage and coverage ratios, a benign default rate environment and low recession risk. Technicals (2.0) are strong given shrinking supply driven by elevated high yield bond calls/tenders and improved asset classes fund inflows. Valuation (2.5) is modestly attractive, balancing the below average yields and spreads with today's higher quality, shorter duration high yield market composition.

ATTRIBUTION ANALYSIS – 4Q25 & 2025

The Hotchkis & Wiley High Yield Fund underperformed the ICE BofA BB-B US High Yield Constrained Index in the fourth quarter, driven primarily by negative selection effects in lower quality issuers. Credit selection was negative across nine of the nineteen high yield market sectors, most notably in basic industry and retail, partially offset by positive selection in energy and media. From a ratings perspective, our overweight allocation to and security selection within the CCC and nonrated cohorts hurt relative performance.

(continued)

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

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For the calendar year 2025, the Fund underperformed the ICE BofA BB-B US High Yield Constrained Index, driven by the portfolio's cash drag, an overweight allocation to the basic industry sector and negative credit selection. Credit selection was positive across eleven of the nineteen high yield market sectors, most notably in energy, and capital goods, more than offset by negative selection in basic industry and technology & electronics.

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.

Investments in debt securities involve credit risk and typically decrease in value when interest rates rise. Investments in lower rated and nonrated securities involve greater risk. The fund may invest in derivatives, asset backed and mortgage-backed securities, and foreign securities. Please read the fund prospectus for a full list of fund risks.

All investments contain risk and may lose value. Investing in high yield securities is subject to certain risks, including market, credit, liquidity, issuer, interest-rate, inflation, and derivatives risks. Lower-rated and non-rated securities involve greater risk than higher-rated securities. High yield bonds and other asset classes have different risk-return 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. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using trade information and does not reflect the payment of transaction costs, fees and expenses of the Fund.

Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as S&P or Moody's. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. Investment Grade includes credits that are BBB- or above.

The **ICE BofA BB-B US High Yield Constrained Index** contains all securities in the ICE BofA US High Yield Index rated BB+ through B- by S&P (or equivalent as rated by Moody's or Fitch), but caps issuer exposure at 2%. Index constituents are capitalization weighted, based on their current amount outstanding, provided the total allocation to an

individual issuer does not exceed 2%. The **ICE BofA US High Yield Index** tracks the performance of below investment grade, but not in default, US dollar-denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's, Fitch and S&P. The indices do not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. It is not possible to invest directly in an index.

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Federal Open Market Committee directs open market operations in the United States and is made up of 12 members; **Basis point** is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument; **Spread** is the percentage point difference between yields of various classes of bonds compared to treasury bonds; **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates; **Option-adjusted spread** is a measure used to compare the yield of bonds with embedded options against the risk-free rate of return; **Yield-to-worst** is a measure of the lowest possible yield that can be received on a bond with an early retirement provision; and **Consumer Price Index (CPI)** regularly measures the change in the prices paid by consumers in the U.S. for a representative basket of goods and services.

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.

Mutual fund investing involves risk. Principal loss is possible.
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