

## LARGE CAP DISCIPLINED VALUE

## COMPOSITE PERFORMANCE (%) ANNUALIZED

|   | QTR  | YTD  | 1 Yr  | 3 Yr  | 5 Yr  | 10 Yr | Inception |
|---|------|------|-------|-------|-------|-------|-----------|
| H&W Large Cap Disciplined Value (gross) | 0.24 | 0.24 | 15.46 | 15.60 | 11.36 | 12.69 | 9.64      |
| H&W Large Cap Disciplined Value (net)   | 0.07 | 0.07 | 15.14 | 15.42 | 11.20 | 12.54 | 9.41      |
| Russell 1000 Value Index                | 2.10 | 2.10 | 15.87 | 14.31 | 9.43  | 10.58 | 7.75      |

Commencement of LCDV Composite: 4/1/00. Net performance results are presented after actual management fees (including performance-based fees if applicable) and all trading expenses but before custodial fees; the composite includes all Large Cap Disciplined Value discretionary accounts. Additional disclosures provided in GIPS Report.

## MARKET COMMENTARY

The S&P 500 Index declined -4.4% 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, and the portfolio's overweight position provided an effective hedge. More than 20% of global crude oil supply flows through the Strait, much of it destined for Asia. 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 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). Given the inflationary nature of supply shocks, futures markets now anticipate no rate cuts for the remainder of the year. The Fed held rates steady at 3.75% (upper bound) at its mid-March meeting.

Value stocks outperformed growth in the quarter, with the Russell 1000 Value Index returning +2.1% versus -9.8% for the Russell 1000 Growth Index. The technology sector underperformed. It comprises about half of the large growth index but just 12% 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 enterprise software businesses. For example, software stocks sold off following Anthropic's introduction of legal and finance automation tools for its Claude platform. We believe this reaction is overstated and presents opportunity rather than risk. Notably, consensus earnings estimates for our enterprise software holdings have moved higher, not lower, suggesting the selloff reflects concerns about long-term profit durability rather than near-term fundamentals. We do not share this view. Companies such as Workday and Salesforce continue to report strong customer retention (97% and 92% gross

retention, respectively) and expanding product capabilities. 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 are well positioned 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 discounting 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.

As noted, energy was the primary 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.

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 above.

*(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.

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## ATTRIBUTION ANALYSIS – 1Q26

The Large Cap Disciplined Value portfolio underperformed the Russell 1000 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, the portfolio's overweight and positive stock selection in energy was the primary contributor to performance, with energy holdings collectively returning +49%<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.

Ovintiv (OVV) is an independent E&P with leading positions in the Permian and Montney basins that trades at a discount despite high-quality, long-life unconventional assets. We own Ovintiv for exposure to an energy market generating significant free cash flow, with assets positioned favorably on the global cost curve. Ovintiv outperformed in the first quarter as oil prices surged following the Strait of Hormuz closure, with Brent crude peaking near \$127. The company's Permian and Montney assets benefited from the geopolitical risk premium, while its disciplined capital allocation and shareholder return framework resonated with investors seeking cash flow generation.

FedEx (FDX) is one of the largest providers of parcel delivery and freight services globally, whose shares trade below intrinsic value due to transitory headwinds – including unfavorable mix shift and integration challenges – that we expect to resolve as integration improves and new leadership drives cost discipline and shareholder returns. Q1 performance was strong, driven by a well-received Investor Day where management outlined a path to strong earnings growth, margin expansion, and improved free cash flow generation. Our long-term thesis remains intact as FedEx continues to make meaningful progress on its key initiatives.

## 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.

Elevance Health (ELV) is one of the largest health insurers, yet it trades at a discount to the broader market despite being a high-quality business that grows faster than GDP and returns a significant portion of its cash to shareholders. Q1 performance was weak, driven by disappointing FY26 guidance amid declining Medicaid enrollment and flat Medicare reimbursement rates proposed by the Trump administration. We view these pressures as medium-term noise and believe Elevance has the ability to improve margins over time through benefit adjustments and/or higher premiums.

<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.

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## 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 Large Cap Disciplined 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 Large Cap Disciplined Value strategy may prevent or limit investment in major stocks in the Russell 1000 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 Russell 1000® Value Index measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000® Growth Index measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. 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. 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.

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.

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 (GICS) by MSCI and S&P.

**LNG**-Liquefied natural gas; **E&P**-Exploration and Production; and **Earnings before interest and taxes (EBIT)** measures a company's net income before income tax and interest expenses are deducted.

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, Russell, S&P, Bloomberg

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## 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 Large Cap Disciplined Value Composite has had a performance examination for the periods April 1, 2000 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, and capital gains. Gross performance results are presented before management and custodial fees but after all trading expenses. Net performance results are presented after actual management fees (including performance-based fees if applicable) 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

Large Cap Disciplined Value management fee schedule is 65 basis points on the first \$25 million, 50 basis points on the next \$75 million and 35 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 Large Cap Disciplined Value discretionary accounts. The Large Cap Disciplined Value strategy seeks capital appreciation primarily through investments in equity securities of large capitalization companies and may invest in foreign (non-U.S.) securities. The typical market cap range of the strategy is consistent with the market cap range of the Russell 1000® Index. Accounts with significant cash flows (≥ 10% of beginning of the month assets for the period January 1, 2006 through December 31, 2010, and ≥ 25% effective January 1, 2011) are excluded from the respective month’s composite calculation and included in the subsequent month. (Composite creation & inception date: 4/1/2000)

**Index:** The Russell 1000® Value Index (“R1000V”) measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. The index assumes reinvestment of dividends and capital gains, and assumes no management, custody, transaction or other expenses. The value disciplines used in managing the accounts in the Composite may prevent or limit investment in major stocks in the R1000V and returns may not be correlated to the index. 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 returns over the preceding 36-month period ended.

|      | % Total<br>Return<br>Gross of<br>Fees | % Total<br>Return<br>Net of<br>Fees | % Total<br>Return<br>R1000V | No. of<br>Accts | Internal<br>Dispersion<br>(%) | Comp.<br>Assets<br>(\$M) | Total<br>Firm<br>Assets<br>(\$M) |
|------|---------------------------------------|-------------------------------------|-----------------------------|-----------------|-------------------------------|--------------------------|----------------------------------|
| 2025 | 17.6                                  | 17.4                                | 15.9                        | 17              | 0.2                           | 19,529                   | 36,906                           |
| 2024 | 13.5                                  | 13.4                                | 14.4                        | 20              | 0.2                           | 17,014                   | 33,144                           |
| 2023 | 19.8                                  | 19.7                                | 11.5                        | 20              | 0.6                           | 15,507                   | 31,220                           |
| 2022 | -3.7                                  | -3.8                                | -7.5                        | 19              | 0.3                           | 13,923                   | 28,330                           |
| 2021 | 32.6                                  | 32.5                                | 25.2                        | 17              | 0.5                           | 16,727                   | 34,902                           |
| 2020 | 1.8                                   | 1.7                                 | 2.8                         | 18              | 0.6                           | 13,969                   | 31,687                           |
| 2019 | 29.5                                  | 29.4                                | 26.5                        | 17              | 0.4                           | 13,375                   | 33,623                           |
| 2018 | -13.9                                 | -14.0                               | -8.3                        | 19              | 0.2                           | 9,409                    | 27,191                           |
| 2017 | 19.2                                  | 19.0                                | 13.7                        | 20              | 0.4                           | 11,620                   | 32,037                           |
| 2016 | 19.0                                  | 18.8                                | 17.3                        | 19              | 0.3                           | 10,634                   | 29,952                           |

|      | 3-Year Annualized<br>Standard Deviation (%) |        | As of December 31, 2025 (%)                                     |      |       |      |
|------|---|--------|---|------|-------|------|
|      | Composite                                   | R1000V | 1 Yr  | 5 Yr | 10 Yr |      |
| 2025 | 13.8  | 12.4   | Composite - Gross   | 17.6 | 15.3  | 12.6 |
| 2024 | 20.3  | 16.7   | Composite - Net   | 17.4 | 15.2  | 12.5 |
| 2023 | 21.1  | 16.5   | R1000V  | 15.9 | 11.3  | 10.5 |
| 2022 | 28.7  | 21.3   | Average annual total returns for periods greater than one year. |      |       |      |
| 2021 | 26.3  | 19.1   |   |      |       |      |
| 2020 | 26.8  | 19.6   |   |      |       |      |
| 2019 | 15.9  | 11.8   |   |      |       |      |
| 2018 | 14.7  | 10.8   |   |      |       |      |
| 2017 | 13.8  | 10.2   |   |      |       |      |
| 2016 | 14.3  | 10.8   |   |      |       |      |