MANAGER REVIEW & ECONOMIC OUTLOOK

SEPTEMBER 30, 2026

LARGE CAP FUNDAMENTAL VALUE

COMPOSITE PERFORMANCE (%) ANNUALIZED

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
H&W Fundamental Value (gross)	3.80	10.79	15.90	18.41	12.23	12.85	13.01
H&W Fundamental Value (net)	3.64	10.26	15.25	17.93	11.81	12.45	12.55
Russell 1000 Value Index	2.61	19.27	23.81	20.07	11.92	11.43	11.71

Commencement of LCFV Composite: 7/1/80. 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 Fundamental Value discretionary accounts. Additional disclosures provided in GIPS Report.

MARKET COMMENTARY

The S&P 500 Index returned +2.3% in the third quarter of 2026, bringing its year-to-date return to +12.7%. The Russell 1000 Value Index returned +2.6% compared to +0.9% for the Russell 1000 Growth Index, extending its considerable year-to-date edge: +19.3% vs. +6.3%, respectively. Market leadership continued to be narrow. Only 31% of the Russell 1000 Value's constituents outperformed the index, and the median stock declined 4.7%.

S&P 500 quarterly earnings grew more than 30% year-over-year, an exceptional pace for a non-recessionary recovery. This strength appeared to overshadow renewed conflict in the Middle East and the Federal Reserve's first rate hike in more than three years. The collapse of the US/Iran ceasefire and the subsequent campaign of tanker attacks near the Strait of Hormuz sent oil prices higher. Brent crude rose 45% to $104/barrel in the quarter. Dated Brent, a better proxy than futures for the price of a physical barrel, spiked 68% to $120/barrel. The energy sector of the Russell 1000 Value returned +16% in the quarter, making it the best performing sector. The portfolio benefited from its overweight position, coupled with modest outperformance within the sector.

The Consumer Price Index rose 3.4% year-over-year in its most recent reading, lower than its May peak but still well above the Federal Reserve's target. Accordingly, the Federal Reserve raised the federal funds rate by 25 basis points to 4.0% (upper bound) in September, and the futures market is pricing in another hike of that magnitude before year end. Long-term Treasury yields rose even more. The 10-year climbed from 4.5% to 5.3%, its highest level since 2007, and the 30-year yield ended the quarter at 5.6%, its highest since 2002. Predictably, rate-sensitive sectors like utilities and real estate declined. The 30-year mortgage rate also rose meaningfully, eclipsing 7%. The University of Michigan's Consumer Sentiment Index fell very close to its lowest level in the history of the survey, which dates back to the late 1970s, presumably fueled by the increased cost of living. Consumer discretionary stocks performed poorly, with Amazon.com a notable exception. It comprises more than half of the value index's consumer discretionary weight and returned +5%, while the median stock in the sector declined 10% in the quarter.

After a spectacular run, enthusiasm for all things AI paused. The Philadelphia Semiconductor Index declined 11% in the quarter, and 14% from its late June peak. It was down even more in July before recovering in the latter part of the quarter. Uncertainty about how the AI buildout will be financed appeared to grow. Chair Warsh cited competition for capital from the largest AI data center spenders as one reason for higher long-term yields, and in late September Oracle issued a force majeure notice on a large data center project.

Software was the best performing industry in the Russell 1000 Value[1], returning +34%. We have long believed that the market overstated the threat AI poses to software companies with mission critical systems of record. The evidence this year—improving bookings, stable to accelerating organic growth, and sizable share repurchases—continues to undermine the so-called "SaaSpocalypse" theory. Even after the rebound, select software companies remain attractively valued. Workday, for example, trades at 14x our estimate of normal earnings, compared to 20x for the Russell 1000 Value and 24x for the S&P 500. It also has excellent fundamental risk ratings and is consequently our largest holding.

The quarter also brought a meaningful change in market disposition. In the first half of the year, high beta and high momentum stocks dominated, while value and quality lagged. In the third quarter, this largely reversed, with value and quality coming back into vogue. A single quarter does not mark the end of a speculative cycle, and we expect periods of exuberance to recur. Still, the third quarter was a reminder that valuation and fundamentals eventually matter. We believe our portfolio of high quality, attractively valued, financially sound businesses is well positioned as that reality reasserts itself.

(continued)

[1]Technically, the health care technology industry returned +59%, but it is composed of just 2 stocks with a combined 0.1% index weight.

LARGE CAP FUNDAMENTAL VALUE

ATTRIBUTION ANALYSIS – 3Q26

The Large Cap Fundamental Value portfolio outperformed the Russell 1000 Value Index in the third quarter of 2026 (gross and net of fees). Stock selection in information technology was the largest positive contributor, led by our enterprise software holdings, Workday and Salesforce. An overweight position in energy and favorable stock selection in industrials also helped, as did underweight positions in real estate and utilities, both of which declined. Among the largest headwinds were large benchmark-only stocks that we did not own performing well, and the index reconstitution, although these two things are somewhat redundant. Microsoft and Apple were both added to the value index at its June reconstitution. They were the two largest individual detractors by way of not owning them. Similarly, semiconductors put up remarkable returns in the first half of the year, then declined once they left the value index. The timing of the reconstitution was fortunate for passive value investors but dampened our relative performance. We estimate that the portfolio would have outperformed by more than it did had the index remained unchanged. The reconstitution had no effect, of course, on our absolute return.

LARGEST INDIVIDUAL CONTRIBUTORS – 3Q26

Workday is a leader in cloud software for back-office business functions, spanning human capital management, financial management, and adjacent Enterprise Resource Planning (ERP) products, with 60% of the Fortune 500 as human capital management customers. Its formidable competitive advantages produce best-in-class unit economics — 97% gross retention, a 38% normal EBIT margin, and low-teens subscription revenue growth — and its ERP markets are both the largest and least cloud-penetrated in application software, providing a long runway to invest at high returns at an attractive valuation. In mid-August, Reuters reported Silver Lake was in talks to acquire Workday, which boosted its stock price. We trimmed the position on strong performance.

APA is an independent oil and gas exploration and production operating in the Midland and Delaware basins in the Permian and Egypt. APA offers strong free cash flow generation driven by favorable natural gas price differentials and underappreciated reinvestment opportunities in Suriname, Egypt, and potentially Alaska. The stock outperformed during Q3 after August results highlighted Permian efficiency, and strong free cash flow supporting debt paydown and buybacks, with management guiding to substantial additional share repurchases through year-end. We believe structural cost improvements and favorable pipeline and liquefied natural gas contracts support continued cash generation, while progress in Alaska increases its potential contribution to normal earnings. Our investment thesis remains intact.

Salesforce is the fourth largest global software company, 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. The stock outperformed as concerns about AI disruption to application software eased during the quarter. The fundamentals remain strong, with net new bookings hitting their highest level in four years and Agentforce gaining meaningful traction with customers.

LARGEST INDIVIDUAL DETRACTORS – 3Q26

Microsoft (MSFT) and Apple (AAPL) were the two largest detractors, because we did not own them and they returned +38% and +15%, respectively, as constituents of our benchmark. Below are the largest detractors held in the portfolio.

Ericsson is the largest vendor of the hardware and software needed to operate wireless networks outside China. We own it because earnings are below normal as the Enterprise business continues to lose money and market share gains in Japan have yet to convert to material revenue. Valuation remains attractive even if Ericsson does not gain market share, with substantial upside if they materialize. The stock underperformed as quarterly results raised concerns that higher component costs could pressure 2027 margins in its core Network business. We believe this surge in input cost is manageable. Our investment thesis remains intact.

PPG Industries is a global leader in paints and coatings. The company is geographically diversified with 45% of sales in the US and Canada, 30% in EMEA, and the remainder from Asia and Latin America. Shares were pressured by renewed concerns that higher oil prices would increase input costs for its products. While demand remains uneven, the quarter supports the view that PPG's pricing power, cost actions, and mix improvement should help protect earnings through the cycle.

Aptiv is a leading global auto supplier that designs and manufactures the software, hardware, and electrical architecture that serve as the “brain” and “nervous system” of modern vehicles. Shares fell following second-quarter results, and consensus earnings estimates for the year were cut. We took advantage of the decline to add to our position in a company whose growing mix of software and systems content should drive growth well above underlying vehicle production, despite near-term cyclicality.

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.

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Endnotes:

Portfolio managers' opinions and data included in this commentary are as of September 30, 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 Fundamental 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 Fundamental 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, 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. 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 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 Consumer Price Index measures the overall change in consumer prices based on a representative basket of goods and services over time. The University of Michigan's Consumer Sentiment Index (MCSI) is a monthly economic survey that measures how optimistic or pessimistic American consumers feel about their personal finances and the overall U.S. economy. The Philadelphia Semiconductor Index, is the global benchmark index tracking the performance of the semiconductor industry.

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.

Artificial Intelligence (AI); Basis point (bp) is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument; **Beta** is a measure of a stock's volatility in relation to the overall market; **Brent Crude** oil is a major light, sweet crude oil extracted from offshore fields in the North Sea; **Earnings Before Interest and Taxes (EBIT)** measures a company's net income before income tax and interest expenses are deducted; **Dated Brent** is the daily physical spot price assessment for physical cargoes of North Sea crude oil that have been assigned a specific loading-date window for delivery; **Free cash flow** represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets; **Normal Earnings** refers to a company's income that has been adjusted to remove revenue, expenses, or effects of seasonality; and **SaaSpocalypse** is a market term used to describe the sharp sell-off and valuation crash in software-as-a-service (SaaS) and enterprise tech stocks driven by fears of artificial intelligence disruption.

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).

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 Fundamental Value Composite has had a performance examination for the periods July 1, 1980 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 Fundamental Value management fee schedule is 65 basis points on the first $25 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 Large Cap Fundamental Value discretionary accounts ($10 million minimum market value prior to 2011; $5 million prior to 1985). The Large Cap Fundamental Value strategy seeks current income and long-term growth of income, as well as capital appreciation, primarily through investments in equity securities of large capitalization companies and may invest in foreign (non-U.S.) securities. Prior to November 2001, the Composite included equity segments of balanced accounts, with its appropriate cash allocation. Cash is allocated to the carve-out segment returns on a pro rata basis depending on the proportion of equity assets to total portfolio assets based on beginning-of-period market values. 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 periods 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: 7/1/1980)

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 Return Gross of Fees	% Total Return Net of Fees	% Total Return R1000V	No. of Accts	Internal Dispersion (%)	Comp. Assets ($M)	Total Firm Assets ($M)
2025	18.8	18.4	15.9	18	0.4	6,726	36,906
2024	13.5	13.1	14.4	21	0.5	6,065	33,144
2023	17.9	17.5	11.5	21	0.2	6,289	31,220
2022	-4.4	-4.7	-7.5	23	0.3	6,640	28,330
2021	30.1	29.7	25.2	25	0.4	9,364	34,902
2020	2.2	1.9	2.8	28	0.6	10,365	31,687
2019	30.8	30.4	26.5	29	0.5	9,167	33,623
2018	-13.5	-13.8	-8.3	29	0.3	8,380	27,191
2017	19.7	19.3	13.7	28	0.3	9,302	32,037
2016	21.0	20.5	17.3	30	0.5	8,549	29,952

3-Year Annualized Standard Deviation (%)		
	Composite	R1000V
2025	14.3	12.4
2024	20.8	16.7
2023	21.5	16.5
2022	28.7	21.3
2021	26.0	19.1
2020	26.6	19.6
2019	15.7	11.8
2018	14.8	10.8
2017	13.8	10.2
2016	14.3	10.8

As of December 31, 2025 (%)

	1 Yr	5 Yr	10 Yr
Composite - Gross	18.8	14.6	12.7
Composite - Net	18.4	14.2	12.3
R1000V	15.9	11.3	10.5

Average annual total returns for periods greater than one year.

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