SMALL CAP DIVERSIFIED VALUE

COMPOSITE PERFORMANCE (%) ANNUALIZED

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
H&W Small Cap Div Value (gross)	-3.40	16.32	18.75	13.16	8.23	10.61	9.37
H&W Small Cap Div Value (net)	-3.54	15.82	18.10	12.60	7.70	10.09	8.58
Russell 2000 Value Index	-4.91	16.96	20.77	17.93	7.80	9.40	7.93

Commencement of SCDV Composite: 7/1/05. 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 Small Cap Diversified Value discretionary accounts. Additional disclosures provided in GIPS Report.

MARKET COMMENTARY

The Russell 2000 Index declined 7.2% in the third quarter of 2026, ending a five-quarter winning streak for small caps, though it remains up 13.7% year-to-date. The Russell 2000 Value Index held up better than the Russell 2000 Growth Index, declining 4.9% vs. 9.4%, respectively. This extended value's considerable year-to-date edge, +17.0% vs. +10.7%, respectively. Small caps lagged large caps by a wide margin, as the Russell 1000 Index returned +1.8%. Large cap's outperformance was largely attributable to its exposure to mega cap tech and greater insulation from the considerable rise in interest rates.

The quarter marked a sharp reversal from the speculative, low-quality small cap rally of the second quarter. This quarter, value and quality factors outperformed, while high beta, high leverage, and high momentum stocks lagged. Money-losing companies underperformed profitable companies. We believe this represents a much more conducive environment for our investment approach.

The collapse of the US/Iran ceasefire and the subsequent campaign of tanker attacks near the Strait of Hormuz sent oil prices sharply higher. Brent crude rose 45% to $104/barrel in the quarter, while Dated Brent, a better proxy for the price of a physical barrel, spiked 68% to $120/barrel. The Russell 2000 Value's energy sector returned +15%, its best-performing sector by a wide margin. The portfolio benefited from its overweight position in the sector.

The Consumer Price Index rose 3.4% year-over-year in its most recent reading, still well above the Federal Reserve's target. The Fed raised the federal funds rate by 25 basis points to 4.0% (upper bound) in September, its first hike in more than three years, and the futures market is pricing in another increase before year end. The 10-year Treasury yield 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. 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. Predictably, consumer discretionary was the Russell 2000 Value's worst performing sector, declining 12%.

After a spectacular run, enthusiasm for all things AI paused, and in some areas reversed, as investors reassessed valuations and rising capital intensity. The Philadelphia Semiconductor Index declined 11% in the quarter and 14% from its late June peak. Semiconductor stocks in the Russell 2000 Value fared worse, declining 21%. Uncertainty about how the AI buildout will be financed also appeared to grow. Federal Reserve 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.

A single quarter does not mark the end of a speculative cycle, and periods of exuberance will likely recur. Still, the third quarter was a reminder that valuations and fundamentals eventually matter. We believe our portfolio of high quality, attractively valued, financially sound businesses is well positioned as that reality reasserts itself.

ATTRIBUTION ANALYSIS – 3Q26

The Small Cap Diversified Value portfolio outperformed the Russell 2000 Value Index in the third quarter of 2026 (gross and net of fees), with stock selection accounting for about three-fourths of the outperformance. The outperformance of quality and value over momentum and high beta represented a favorable environment for the way we invest. Stock selection in industrials and information technology were large positive contributors, along with the overweight position in energy.

A notable performance detractor was the index reconstitution. The late June reconstitution closely coincided with the peak of semiconductors and other AI spending beneficiaries, many of which transferred from the Russell 2000 Value to large cap, growth, or both, and then proceeded to decline. We estimate the Russell 2000 Value Index would have performed roughly 2.7 percentage points worse had it not reconstituted, i.e., our relative performance would have been better by this amount. Stock selection in materials was another detractor, as was the overweight position in consumer discretionary and the underweight position in healthcare.

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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 Small Cap Diversified 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.

The value discipline used in managing accounts in the Small Cap Diversified Value strategy may prevent or limit investment in major stocks in the Russell 2000 Value Index 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 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Russell 2000® Value Index measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000® Growth Index measures the performance of those Russell 2000® Index companies higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index, an unmanaged index, measures the performance of the 1,000 largest companies in the Russell 3000® Index. 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 (BPS) is used to indicate changes in the interest rates of 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; and **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.

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. Investing in smaller, medium-sized and/or newer companies involves greater risks not associated with investing in large company stocks, such as business risk, significant stock price fluctuations and illiquidity. 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 Small Cap Diversified Value Composite has had a performance examination for the periods July 1, 2005 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. Effective January 1, 2006 net performance results are presented after actual management fees (including performance-based fees if applicable) and all trading expenses but before custodial fees. H&W's management fees are described in Part 2A of its Form ADV. The standard Small Cap Diversified Value management fee schedule is 55 basis points on the first $15 million, 50 basis points on the next $35 million and 45 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 Small Cap Diversified Value discretionary accounts. The Small Cap Diversified Value strategy seeks capital appreciation primarily through investments in equity securities of small capitalization companies and may invest in foreign (non-U.S.) securities. Under normal conditions, it typically will hold equity securities of approximately 300 to 400 different companies. The typical market cap range of the strategy is consistent with the market cap range of the Russell 2000® Index. Beginning May 1, 2020, accounts with significant cash flows (≥ 25% of beginning of the month assets and ≥ $10 million in asset size) are excluded from the respective month's composite calculation and included in the subsequent month. (Composite creation & inception date: 7/1/2005)

Index: The Russell 2000® Value Index ("R2000V") measures the performance of those Russell 2000® 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 R2000V 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 R2000V	No. of Accts	Internal Dispersion (%)	Comp. Assets ($M)	Total Firm Assets ($M)
2025	3.8	3.3	12.6	20	0.3	3,188	36,906
2024	5.2	4.7	8.1	20	0.2	2,864	33,144
2023	17.0	16.5	14.6	19	0.3	3,017	31,220
2022	-5.8	-6.2	-14.5	15	0.3	2,257	28,330
2021	36.6	36.0	28.3	16	0.5	2,381	34,902
2020	0.9	0.4	4.6	13	0.6	1,757	31,687
2019	23.2	22.7	22.4	11	0.2	1,781	33,623
2018	-13.5	-13.8	-12.9	7	0.1	835	27,191
2017	14.9	14.2	7.8	6	n/m	418	32,037
2016	35.4	34.5	31.7	<6	n/m	19	29,952

	3-Year Annualized Standard Deviation (%)	
	Composite	R2000V
2025	20.5	19.9
2024	23.6	23.4
2023	22.6	21.8
2022	30.2	27.3
2021	29.1	25.0
2020	29.7	26.1
2019	17.7	15.7
2018	16.7	15.8
2017	14.9	14.0
2016	15.9	15.5

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

As of December 31, 2025 (%)

	1 Yr	5 Yr	10 Yr
Composite - Gross	3.8	10.5	10.7
Composite - Net	3.3	10.0	10.1
R2000V	12.6	8.9	9.3

Average annual total returns for periods greater than one year.

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