

VALUE OPPORTUNITIES

COMPOSITE PERFORMANCE (%) ANNUALIZED

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
H&W Value Opportunities (gross)	6.53	6.68	14.64	16.46	12.15	14.50	13.75
H&W Value Opportunities (net)	6.33	6.29	13.79	15.60	11.33	13.66	12.91
Russell 3000 Value Index	14.02	16.56	27.78	17.81	10.97	11.48	9.99

Commencement of VO Composite: 11/1/02. Net performance results are presented after actual management fees and all trading expenses but before custodial fees; the composite includes all Value Opportunities discretionary accounts. Additional disclosures provided in GIPS Report.

MARKET COMMENTARY

The S&P 500 Index gained +15.2% in the second quarter of 2026 and is now up +10.2% since the beginning of the year. The Russell 1000 Value Index returned +13.9%, lagging the broad index modestly. Equity markets posted strong returns despite accelerating inflation, an increasingly hawkish Federal Reserve, and an oil shock stemming from the conflict in Iran. Market leadership was exceptionally narrow. Many semiconductor stocks, and other parts of the AI complex, such as hardware and storage, recorded returns in excess of 100%. Micron, Intel, and SanDisk—which together comprised a Russell 3000 Value Index weight of more than 4%—each more than tripled during the quarter.

By nearly any measure, this was a speculative, risk-on rally that produced the kind of dichotomy we rarely observe. Within the S&P 500 Index, for example, the highest beta quintile returned +38%, compared to +0% for the low volatility quintile. Momentum stocks performed similarly well. Since the market bottomed in early April 2025, stocks in the highest momentum quintile outperformed the market by 54%, while the most fundamentally stable quintile underperformed by 32%.¹ Momentum's current advantage sits in the 99th percentile over the past 70 years.

These rare, near-record extremes have been fueled by boundless excitement about the prospects of AI. Investor leverage has spiked, both in the form of margin debt and through other instruments, such as leveraged ETFs. As one example, at least 11 leveraged single stock SpaceX ETFs launched on its first day of trading. Most concerning, in our view, are the valuations now commanded by investor favorites. Select stocks today trade at multiples exceeding those of Cisco at the peak of the dot-com bubble—the quintessential example of overly exuberant valuations.

The popular counterargument is that the highest momentum stocks are also seeing incredible earnings growth that helps justify their valuations. Most of this earnings growth is being driven by the massive investment in AI data centers. Capital expenditures for the largest AI data center spenders are on pace to approach \$850 billion this year, up from roughly \$155 billion in

2022, while revenue generated from these investments remains a small fraction of that figure². Ultimately, we need to see a massive increase in AI related revenues from the likes of Anthropic, OpenAI, and others to justify the current pace of data center capital investment. Market valuations of the highest momentum stocks assume continued growth in AI data center capex going forward. We question, however, whether much of the recent earnings growth in these momentum names is sustainable if the payoff on these data center investments disappoints.

We believe artificial intelligence is already a powerful tool whose efficacy will increase over time. It has changed—and will continue to change—the way we live and work. Historically, however, investments in fast growing technologies like AI, don't always result in great economic reward to the companies investing in the technology. Often markets overbuild, competition is fierce, and the winners are the users of technology and perhaps society overall. Our view is that large pockets of the market overstate, both positively and negatively, the ultimate impact of current investments in artificial intelligence. Accordingly, we have an aversion to perceived beneficiaries whose valuations are excessive and risky. We favor select high-quality businesses with attractive valuations, largely because we believe the market overstates the threat AI poses to them.

Today, select enterprise software companies represent an uncommon opportunity, particularly in such a frothy market. The consensus view among investors is that AI could prove to be a significant headwind to incumbent software vendors. While we believe AI could be a threat to many software vendors, we also believe that mission critical systems of record are different. We see the AI fears as overstated and have observed no supporting evidence in retention rates, margins, or subscription growth. In our view, the disruption thesis significantly underestimates enterprise switching costs and other moats that make these companies durable. Replacing a core system with any new alternative introduces meaningful compliance, security, and operational risks that far exceed potential savings.

(continued)

¹Source: Empirical Research Partners

²The big spenders are Alphabet, Amazon, Meta, Microsoft, Oracle, CoreWeave, Nebius, and SpaceX. The largest revenue generating AI developers are Anthropic and OpenAI.

VALUE OPPORTUNITIES

Quarters like this are rare, but we have been through them before. When the market rewards risk and speculation, our process will struggle to keep pace. History suggests that the mania-driven market will revert when euphoria gives way to rational economic fundamentals and valuation. We believe the businesses we own—attractively valued, quality, well capitalized, and prudently managed—are well positioned for that reversion.

ATTRIBUTION ANALYSIS – 2Q26

The Value Opportunities portfolio underperformed the Russell 3000 Value Index in the second quarter of 2026 (gross and net of fees). This underperformance was driven more by what the strategy did not own than by what it did. The semiconductor industry group comprised an average weight of 8% in the Russell 3000 Value Index and returned +138% for the quarter; the hardware/storage group comprised an average weight of 2% and returned +145%. The portfolio's lack of exposure to these exceptionally strong performers accounts for all of its underperformance in the quarter. Beyond this, an overweight and unfavorable security selection in software detracted from performance, while favorable security selection in materials, industrials, communication services, and financials contributed positively.

LARGEST INDIVIDUAL DETRACTORS – 2Q26

Micron was the largest detractor, because we did not own it, and it returned more than +200% as constituents of our benchmark. Below are the largest detractors held in the portfolio.

Workday Inc. (WDAY) is a leader in cloud software for back-office business functions, spanning human capital management (HCM), financial management, and adjacent ERP (enterprise resource planning) products, with 60% of the Fortune 500 as HCM customers. Shares declined over the period, pressured by investor concerns that AI could disrupt application software vendors. The most recent quarter, however, did not show evidence of this. Subscription revenue grew 14%, 12-month backlog grew 16%, retention remained best-in-class, margins expanded, and management reiterated full-year subscription revenue guidance while raising operating margin guidance. AI adoption also appears to be progressing, with Workday-developed agents now used by more than 4,000 customers and Recruiting Agent activity up sharply year over year. We continue to believe the disruption thesis significantly underestimates enterprise switching costs and the non-code moat that makes Workday durable.

Olin Corp. (OLN) is one of the largest global producers of chlor-alkali chemicals and chlorine derivatives, and also owns the Winchester ammunition brand. It is significantly underearning today due to below-normal commodity prices and demand, but a

tightening five-plus year supply/demand outlook in North American chlor-alkali should drive a pricing and volume recovery—as the swing producer in the region, Olin should capture more than its share of that improvement, with shareholder-friendly capital allocation and an investment-grade balance sheet. The stock's decline reflects an easing of tensions in the Middle East which will lead to a near-term loosening of supply/demand dynamics in commodity chemicals. Olin also announced a merger of equals with Huntsman that we believe is strategically sound and will help reduce risk over the intermediate term due to synergy capture and deleveraging.

APA Corp. (APA) is an independent oil and gas E&P (exploration & production) company operating in the Permian and in Egypt. Quarterly results were in line with expectations and supportive of our investment thesis, but the stock fell as oil retreated due to optimism about a resolution to the conflict in Iran. APA offers strong free cash flow generation driven by favorable natural gas price differentials and underappreciated reinvestment opportunities in Suriname, Egypt, and potentially Alaska. Despite concerns over shorter Permian resource life, APA trades at attractive value metrics relative to its free cash flow yield and remains leveraged to a structurally undersupplied global energy market. The company has an investment grade balance sheet and trades at a valuation discount to its peers.

LARGEST INDIVIDUAL CONTRIBUTORS – 2Q26

Fuso Chemical (4368 JP) based in Osaka, Japan, has 90%+ market share in ultra-pure silica used as an abrasive particle in semiconductor polishing applications, as well as ~30% share of the global market for malic acid, a food additive. Fuso's businesses are monopolies and oligopolies selling niche, high-value products into end markets with attractive growth outlooks. Despite a benign competitive environment and high single digit long-term EBIT growth outlook. Fuso posted a strong quarter and announced a new medium-term plan which targets 14% compounded annual EBITDA growth through 2031.

F5 Inc. (FFIV) sells application networking and security software as well as data center appliances. The company's stock rose after it posted good quarterly results and raised both its revenue and earnings per share guidance. The company is misunderstood and gets incorrectly classified as a legacy IT hardware vendor, resulting in an attractive valuation for a company with better-than-average fundamental risk ratings. F5 has over 50% market share in traditional ADCs (application delivery controllers), along with various multi-cloud networking and application security products.

(continued)

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.

VALUE OPPORTUNITIES

Elevance Health Inc. (ELV) is the second largest health insurer, and one of the largest commercial insurers in the United States. Shares rose during the quarter after the company reported quarterly earnings that beat consensus estimates. It was further supported by news that the US agreed to increase 2027 payments for private Medicare Advantage plans above the initial proposal. The company is priced at a discount to the market, driven by skepticism surrounding margins and growth, despite being a superior business that grows above gross domestic product while returning most of its cash to shareholders.

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.

VALUE OPPORTUNITIES

Endnotes:

Portfolio managers' opinions and data included in this commentary are as of June 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 Value Opportunities 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, for the relevant performance time period. Other securities may have been the best and worst performers on an absolute basis. The selection criteria used to determine the top contributors and detractors remains the same across performance measurement periods. 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 Value Opportunities strategy may prevent or limit investment in major stocks in the Russell 3000 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® Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000® Value Index includes stocks from the Russell 3000® Index with lower price-to-book ratios and lower expected growth rates. 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.

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; **Capital Expenditures (CapEx)** are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits; **Earnings per share** is a measure of a company's profitability that indicates how much profit each outstanding share of common stock has earned; **Earnings before interest and taxes (EBIT)** measures a company's net income before income tax and interest expenses are deducted; **Earnings before interest, taxes, depreciation, and amortization (EBITDA)** uses EBIT without depreciation and amortization expenses when calculating profitability; **Exchange-Traded Fund (ETF)** pools a group of securities into a fund and can be traded like an individual stock on an exchange; and **Hawkish** describes a monetary policy stance focused on keeping inflation in check, primarily by maintaining or raising interest rates, even at the risk of slowing economic growth or increasing unemployment.

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. Investing in debt securities typically decreases in value when interest rates rise. This risk is usually greater for longer-term debt securities. 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, Bloomberg

VALUE OPPORTUNITIES

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 Value Opportunities Composite has had a performance examination for the periods November 1, 2002 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 and all trading expenses but before custodial fees. H&W's management fees are described in Part 2A of its Form ADV. The standard Value Opportunities management fee schedule is 75 basis points on the first \$25 million and 65 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 Value Opportunities discretionary accounts. The Value Opportunities strategy seeks capital appreciation primarily through investments in equity securities, such as common stock, preferred stock and convertible securities, of any size market capitalization, and investment grade and high yield ("junk bonds") fixed income securities. Companies that is believed to have strong capital appreciation potential and may invest in foreign (non-U.S.) securities. It may enter into currency contracts (such as spot, forward and futures) to hedge foreign currency exposure. As of December 31, 2025, there was one non-fee paying account in the composite, which represented 0.2% 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 Russell 3000® Index. (Composite creation & inception date: 11/1/2002)

Index: The Russell 3000® Value Index ("R3000V") includes stocks from the Russell 3000® Index with lower price-to-book ratios and lower expected growth rates. 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 R3000V 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(s) returns over the preceding 36-month period ended.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return R3000V	No. of Accts	Internal Dispersion (%)	Comp. Assets (\$M)	Total Firm Assets (\$M)	3-Year Annualized Standard Deviation (%)			As of December 31, 2025 (%)			
								Composite	R3000V		1 Yr	5 Yr	10 Yr	
2025	15.6	14.7	15.7	<6	n/m	838	36,906	2025	13.2	12.7	Composite - Gross	15.6	16.0	13.5
2024	12.7	11.9	14.0	<6	n/m	689	33,144	2024	20.7	16.9	Composite - Net	14.7	15.2	12.6
2023	27.9	27.0	11.7	<6	n/m	650	31,220	2023	21.2	16.7	R3000V	15.7	11.2	10.5
2022	-7.1	-7.8	-8.0	<6	n/m	508	28,330	2022	27.9	21.5	Average annual total returns for periods greater than one year.			
2021	35.9	34.9	25.4	<6	n/m	602	34,902	2021	24.2	19.3				
2020	6.4	5.6	2.9	<6	n/m	465	31,687	2020	24.9	20.0				
2019	26.8	25.9	26.3	<6	n/m	818	33,623	2019	14.5	12.0				
2018	-10.1	-10.8	-8.6	<6	n/m	599	27,191	2018	14.8	11.1				
2017	14.8	13.9	13.2	<6	n/m	653	32,037	2017	13.5	10.3				
2016	20.8	19.9	18.4	<6	n/m	566	29,952	2016	14.0	11.0				

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