Hotchkis & Wiley

STRATEGY PROFILE JUNE 30, 2020

INTERNATIONAL VALUE

DESCRIPTION

The International Value strategy invests in undervalued companies located outside of the United States. The strategy seeks to own durable businesses, led by managers committed to growing shareholder value that are trading at low multiples of normalized earnings.

ABOUT US

Since 1980, Hotchkis & Wiley has focused on discovering undervalued securities through extensive internal research. We manage $25 billion in value equity and high yield assets for institutional and mutual fund investors. The firm is independently owned with a majority interest held by employees.

COMPOSITE PERFORMANCE (%) ANNUALIZED

	QTR	YTD	1 Yr	3 Yr	Inception
H&W International Value (gross)	15.26	-26.93	-18.87	-7.95	-0.52
H&W International Value (net)	15.04	-27.24	-19.54	-8.71	-1.34
MSCI World ex-USA	15.34	-11.49	-5.42	0.84	3.92
MSCI World ex-USA Value	12.35	-19.96	-15.14	-4.42	0.75

Commencement of IV Composite: 1/1/16. Past performance is no guarantee of future performance.

TOP 10 HOLDINGS (%)[1]

	H&W	
Siemens AG	5.2	
Tokio Marine Holdings Inc.	4.2	Top 5 20%
Airbus SE	3.7	
BAE Systems PLC	3.7	
CNH Industrial NV	3.5	
Royal Mail PLC	3.3	
Magna International Inc.	3.2	Top 10 36%
BNP Paribas SA	3.2	
Enstar Group Ltd.	3.1	
Vodafone Group PLC	3.0	

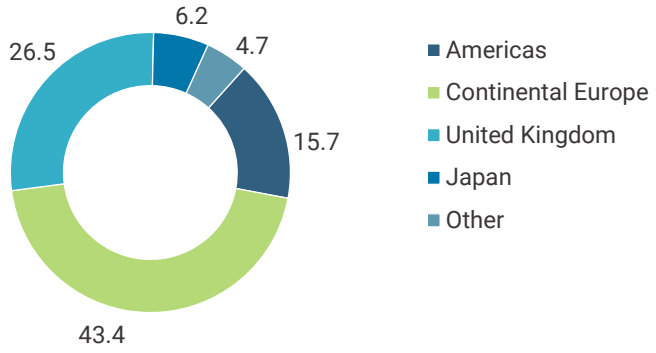
SECTOR ALLOCATION (%)[1]

	H&W	Compared to MSCI World ex-USA
Financials	29.0	11.2
Industrials	21.5	7.4
Energy	10.4	6.0
Consumer Staples	10.6	-0.8
Information Technology	7.7	-0.9
Communication Services	3.7	-1.5
Real Estate	0.0	-2.9
Utilities	0.0	-4.0
Health Care	7.8	-5.4
Consumer Discretionary	4.9	-5.7
Materials	1.0	-6.9

PORTFOLIO CHARACTERISTICS

	H&W	Index
Price/Normal Earnings[2]	5.9x	13.3x
Forward Price/Earnings (FY2)	12.1x	14.7x
Price/Book	0.8x	1.5x
Payout Yield	4.3%	3.8%
Weighted Avg Mkt Cap ($B)	$40.2	$66.2
Number of Securities	50	987
Turnover (3 Yr Avg)	35%	
Active Share (3 Yr Avg)	93	

PORTFOLIO ALLOCATION (%)[1]



H&W representative IV portfolio. See opposite page for important notes.

Important Notes:

[1]% of Total Portfolio; [2]Proprietary or third-party estimates subject to change and cannot be guaranteed. Informational purposes and should not be considered as investment recommendations. Information provided is based on a representative portfolio of the International Value (IV) Strategy. Sector allocation, characteristics and/or holdings may vary due to different restrictions, cash flows, and other relevant considerations. Securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients, and may not be indicative of current or future holdings or trading activity. Securities shown in aggregate represent only a limited portion of an account's portfolio holdings. No assumptions should be made that companies identified, or all investment decisions were, or will be profitable. Portfolio holdings are subject to change without notice; a complete list of holdings is available upon request, subject to the firm's portfolio holdings disclosure policy. Active share is the extent to which the portfolio differs from the designated Index. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services, LLC ("S&P") and is licensed for use by Hotchkis & Wiley ("H&W"). All rights reserved. Neither S&P nor MSCI is liable for any errors or delays in this report, or for any actions taken in reliance on any information contained herein. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. See www.hwcm.com / *Index definitions* for full disclaimer. The strategy invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Investing in value stocks presents the risk that value stocks may fall out of favor with investors and underperform growth stocks during given periods. All investments contain risk and may lose value. The strategy used in managing the accounts in the Composite may prevent or limit investment in major stocks in the MSCI World ex-USA Value and returns may not be correlated to the index. Data source: H&W, MSCI, Bloomberg

Market Disruption: The recent global coronavirus pandemic has caused and continues to cause disruption in the global economy, unprecedented business and travel disruption and extreme fluctuations in global capital and financial markets. H&W is unable to predict the consequences of the upheaval caused by coronavirus pandemic, which, depending on the severity and the length of the outbreak, has the potential to negatively impact the firm's investment strategies and reduce available investment opportunities.

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, 2019. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The International Value Composite has been examined for the periods January 1, 2016 through December 31, 2019. 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, capital gains, and are net of withholding taxes. 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 International Value management fee schedule is 65 basis points on the first $25 million, 55 basis points on the next $75 million and 40 basis points thereafter. Internal dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the Composite for the entire year. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is no guarantee of future performance.

Composite: The Composite includes all International Value discretionary accounts. The International Value investment strategy seeks capital appreciation by investing primarily in non-U.S. companies, which may include companies located or operating in established or emerging markets. The strategy will be based on bottom-up investment research and valuation, but will have an awareness of geographic, industry and currency exposures. (Composite creation: 2016)

Indexes: The MSCI World ex-USA Index ("MSCIWxUSA") is a free float-adjusted weighted index capturing large and mid cap representation across 22 of 23 Developed Markets (DM) countries, excluding the United States. The MSCI World ex-USA Value Index ("MSCIWxUSAVal") is a free float-adjusted weighted index capturing large and mid cap representation, exhibiting overall value style characteristics, across 22 of 23 Developed Markets (DM) countries, excluding the United States. Effective March 31, 2020, the MSCI World ex-USA Value Index was added as a secondary benchmark to provide a comparable value-oriented index to the international strategy. The indexes assume reinvestment of dividends and capital gains (net foreign withholding taxes), and assume no management, custody, transaction or other expenses. The strategy used in managing the accounts in the Composite may prevent or limit investment in major stocks in the MSCIWxUSA and MSCIWxUSAVal. Additionally, the Composite strategy allows for investments in emerging markets stocks, which are not included in the MSCIWxUSA and MSCIWxUSAVal. These differences may lead to returns that are not correlated to the returns of the indexes. 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. As of December 31, 2017, the Composite did not have a 3-year track record.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return MSCIW xUSA	% Total Return MSCIW xUSAVal	No. of Accts	Internal Dispersion (%)	Comp. Assets ($M)	Total Firm Assets ($M)
2019	21.1	20.1	22.5	17.0	<6	n/m	3	33,623
2018	-17.9	-18.5	-14.1	-15.1	<6	n/m	2	27,191
2017	19.5	18.5	24.2	21.0	<6	n/m	3	32,037
2016	12.4	11.5	2.7	7.4	<6	n/m	2	29,952

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

3-Year Annualized Standard Deviation (%)

	Composite	MSCIW xUSA	MSCIW xUSAVal
2019	13.0	10.8	11.6
2018	12.2	11.1	11.9

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