

MARKET COMMENTARY

The MSCI World ex-USA Index rose +4.0% in the first quarter of 2021. The acceleration of vaccine availability in the UK prompted investor optimism, though certain areas in Continental Europe experienced some delays. Brent crude oil prices rose 33% in the quarter, closing the quarter at \$64/barrel after peaking at nearly \$70 in early March. Corporate earnings were strong, as 72% of MSCI World ex-USA companies exceeded consensus earnings expectations during the quarter. The signs of near-term recovery coupled with supportive fiscal policies seemingly point to increased inflation. In response to increased growth and inflation expectations, the yield on most medium/long duration government bonds increased.

International value stocks outperformed international growth stocks for the second consecutive quarter; the MSCI World ex-USA Value Index returned +8.3% while the MSCI World ex-USA Growth Index returned -0.4%. Over the past six months, the value index has outperformed the growth index by 17 percentage points (+29.2% vs. +12.2%). In a trend we believe likely to endure, the continued reopening of global economies and the prospect for higher inflation and interest rates has benefited value stocks relative to growth stocks. Despite value's recent outperformance, the valuation gap between growth and value remains considerably wider than historical norms based on any common valuation metric, which highlights the extreme levels reached in 2020.

Price-to-normal earnings ("P/NE") is one of our preferred metrics because it adjusts for the peaks and troughs of business cycles. The P/NE of the portfolio is 8.3x, which is a substantial discount to the MSCI World ex-USA Index at 15.1x. This highlights that despite some richly valued international stocks, we have been able to identify interesting risk-adjusted opportunities trading at attractive valuations not only on a relative basis but also on an absolute basis. The portfolio exhibits somewhat of a cyclical tilt—this is where value opportunities disproportionately reside—but this is offset by investing in good businesses that are well-capitalized and prudently managed, i.e., companies that can endure cyclical downturns. As we look forward, we believe our clients can continue to benefit from this simple and time-tested combination.

ATTRIBUTION – 1Q21

The Hotchkis & Wiley International Value Fund outperformed the MSCI World ex-USA Index in the first quarter of 2021 by a wide margin. The portfolio's value focus helped relative performance in the quarter as international value stocks outperformed international growth stocks considerably. Positive stock selection in industrials, financials, and technology contributed to relative performance, along with the overweight exposure to energy and financials—the two top-performing sectors during the quarter. The underweight exposure to the Japanese Yen also helped relative performance as the Yen depreciated by more than 7% relative to the US Dollar. Stock selection in energy and the overweight exposure to consumer staples were modest performance detractors. The largest positive contributors to relative performance in the quarter were Royal Mail, ING Groep, Frank's International, CNH Industrial, and Magna International; the largest detractors were Credit Suisse, Cairn Energy, Tokio Marine, Heineken, and Babcock International Group.

LARGEST NEW PURCHASES – 1Q21

Points International provides sponsors of customer loyalty programs such as American Airlines' frequent flyer program a technology platform to manage the purchase and redemption of loyalty points/miles with third parties such as hotels and rental cars. Points enjoys strong relationships with virtually all the major global airlines and has experienced renewal rates over 90%. Its business was significantly impacted by the slowdown in global air travel, providing an attractive valuation, which should recover once the pandemic resides.

Portfolio managers' opinions and data included in this commentary are as of March 31, 2021 and are subject to change without notice. Any forecasts made cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. Fund holdings and/or sector allocations are subject to change and are not buy/sell recommendations. Current and future portfolio holdings are subject to risk. Certain information presented based on proprietary or third-party estimates are subject to change and cannot be guaranteed. **Past performance is no guarantee of future results. Diversification does not assure a profit nor protect against loss in a declining market.**

INTERNATIONAL VALUE FUND

MANAGER REVIEW & ECONOMIC OUTLOOK

HWNIX

MARCH 31, 2021

PERFORMANCE (%) as of March 31, 2021

	QTR	YTD	1 Yr	3 Yr	5 Yr	Since 12/31/15
International Value Fund – I Shares	10.92	10.92	71.32	2.06	6.59	6.43
MSCI World ex-USA	4.04	4.04	45.86	6.34	8.92	8.07
MSCI World ex-USA Value	8.33	8.33	47.17	2.25	6.81	5.95

The performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end, access our website at www.hwcm.com.

The Fund's total annual operating gross expense ratio as of the most current prospectus is 6.10% for I Shares; 0.95% net expense ratio. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 31, 2021. Expense ratios shown are gross of any fee waivers or expense reimbursements. I Shares sold to a limited group of investors. Periods over one year are average annual total return. Average annual total returns include reinvestment of dividends and capital gains. Expense limitations may have increased the Fund's total return.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. This and other important information is contained in the Fund's summary prospectus and prospectus, which can be obtained by calling 1-800-796-5606 or visiting our website at www.hwcm.com. Read carefully before you invest.

The Fund may invest in foreign and emerging markets securities, which subjects the Fund to increased risk. Please read the fund prospectus for a full list of fund risks. Equities, bonds, and other asset classes have different risk profiles, which should be considered when investing. All investments contain risk and may lose value. Specific securities identified are the largest contributors (or detractors) on a relative basis to the MSCI World ex-USA Index. Securities' absolute performance may reflect different results. The Fund may not continue to hold the securities mentioned and the Advisor has no obligation to disclose purchases or sales of these securities. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holding information and does not reflect the payment of transaction costs, fees and expenses of the Fund. The "Largest New Purchases" section includes the three largest new security positions during the quarter/year based on the security's quarter/year-end weight adjusted for its relative return contribution; does not include any security received as a result of a corporate action; if fewer than three new security positions during the quarter/year, all new security positions are included.

Style Risk: 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

whole or from other types of stocks and may be out of favor with investors and underperform growth stocks for varying periods of time. Growth investing tends to work well during speculative, momentum-driven markets, while value investing tends to work well following recessionary periods. Past recessions and recoveries cannot predict future performance due to different factors and circumstances, including differences in US and international financial markets.

Market Disruption: The 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.

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The MSCI World ex-USA Index is a free float-adjusted weighted index capturing large and mid cap stocks. The MSCI World ex-USA Value and MSCI World ex-USA Growth Indices are free float-adjusted weighted indices capturing large and mid cap stocks, exhibiting overall value or growth style characteristics, respectively. The MSCI indices represent stocks across 22 of 23 Developed Markets (DM) countries, excluding the United States and include reinvestment of dividends, net foreign withholding taxes. The indices do not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. The Fund's value disciplines may prevent or restrict investment in major stocks in the benchmark indices. It is not possible to invest directly in an index. Top ten holdings as of 3/31/21 as a % of the Fund's net assets: Royal Mail PLC 4.6%, CNH Industrial NV 3.6%, Accor SA 3.5%, ING Groep NV 3.4%, Enstar Group Ltd. 3.3%, Airbus SE 3.3%, BNP Paribas SA 3.3%, BAE Systems PLC 3.1%, Heineken Hldg 3.1%, and Tokio Marine Hldgs Inc. 3.0%. Price-to-Normal Earnings is the current market price per share divided by normalized earnings per share.

Mutual fund investing involves risk. Principal loss is possible.
NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE
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