

SMID CAP DIVERSIFIED VALUE FUND (ETF)

MANAGER REVIEW & ECONOMIC OUTLOOK

HWSM



PERFORMANCE (%) as of March 31, 2026

	QTR	YTD	1Yr	Since 3/31/25
SMID Cap Diversified Value ETF (NAV)	0.79	0.79	12.39	12.93
SMID Cap Diversified Value ETF (Market Price)	0.71	0.71	12.32	12.95
Russell 2500 Value Index	4.77	4.77	25.43	25.44

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. Short-term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. Investment results and principal value of an investment will fluctuate so that an investor's 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 expense ratio as of the most current prospectus is 0.55%. Periods over one year are average annual total return. Average annual total returns include reinvestment of dividends and capital gains.

MARKET COMMENTARY

The Russell 2500 Index returned +2.1% in the first quarter of 2026. Geopolitical turmoil and AI-driven investment themes were the primary market drivers. Brent crude oil rose more than 100% to \$127/bbl¹ following U.S.-Israel strikes on Iran and the subsequent closure of the Strait of Hormuz. As a result, the energy sector outperformed by a wide margin. More than 20% of global crude oil supply flows through the Strait, much of it destined for Asia. Beyond oil, the disruption has created supply shocks across several key commodities, including natural gas, nitrogen-based fertilizer, helium, and aluminum. Despite these meaningful disruptions, the equity market reaction has been relatively muted—the Russell 2500 is down only about 5% since the initial strikes. The VIX Index, a gauge of expected S&P 500 volatility, peaked at 31 in late March, above its 25-year median (~18) but well below levels seen during prior shocks such as Trump-era tariffs (52), the Russia/Ukraine war (36), COVID (83), and the Global Financial Crisis (81). Given the inflationary nature of supply shocks, futures markets now anticipate no rate cuts for the remainder of the year. The Fed held rates steady at 3.75% (upper bound) at its mid-March meeting.

Small and mid caps outperformed large caps in the quarter, with the Russell 2500 Index returning +2.1% compared to -4.2% for the Russell 1000 Index. Smid cap value stocks outperformed smid cap growth in the quarter, with the Russell 2500 Value Index returning +4.8% versus -3.5% for the Russell 2500 Growth Index. Energy was the best-performing sector by a wide margin and represents a larger portion of the value index than the growth index.

Technology was a weak spot for the portfolio in the quarter, both due to what we owned and what we did not own. Within technology, software was particularly weak. Recent AI product releases have raised concerns about potential disruption to enterprise software businesses. For example, software stocks

sold off following Anthropic's introduction of legal and finance automation tools for its Claude platform. We believe this reaction is overstated and presents opportunity rather than risk. Notably, consensus earnings estimates for our enterprise software holdings have moved higher, not lower, suggesting the selloff reflects concerns about long-term profit durability rather than near-term fundamentals. We do not share this view. Our software positions have reported very high gross customer retention and expanding product capabilities. Their competitive advantages are rooted in domain expertise, deep integrations, mission-critical workflows, and years of embedded customization—not simply underlying code. We believe these businesses are well positioned to monetize AI through enhanced offerings rather than be displaced by it.

While we did not anticipate the Iran conflict, our positioning reflected the view that select energy companies offered free cash flow yields more attractive than other major market segment. More broadly, we believe the global crude market faces a risk of structural undersupply in the coming years, supporting higher oil prices over time. Additionally, a significant portion of global supply originates from geopolitically unstable regions, and we believed this disruption risk had been underappreciated. We are about equal weight the benchmark, but our exposure is centered on upstream energy companies that are sensitive to the commodity price. These stocks performed well.

The Hotchkis & Wiley team remains disciplined and long-term focused. We observe nascent signs that the market is once again beginning to pay attention to fundamentals and valuation. We believe this trend is likely to continue, which would present a more conducive environment for our investment approach than we experienced last year.

(continued)

¹Based on current crude prices, rather than prices for future delivery which are also frequently quoted. Based on the latter, Brent prices rose ~95% closing at ~\$118/bbl.

Portfolio managers' opinions and data included in this commentary are as of March 31, 2026 and are subject to change without notice. Any forecasts made cannot be guaranteed. **Diversification does not assure a profit nor protect against loss in a declining market. Past performance is no guarantee of future results.**

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ATTRIBUTION ANALYSIS – 1Q26

The Hotchkis & Wiley SMID Cap Diversified Value ETF underperformed the Russell 2500 Value Index in the first quarter of 2026. Stock selection in technology hurt relative performance in the quarter. The overweight position in financials, along with stock selection in industrials and communication services also hurt. Positive stock selection in utilities and energy helped relative performance.

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the SMID Cap Diversified Value ETF please visit www.hwcm.com OR call 1-800-796-5606. Read the prospectus or summary prospectus carefully before investing.

Investing in smaller and/or newer companies involves greater risks than those associated with investing in larger companies. Please read the prospectus for a full list of fund risks.

ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a premium or discount to its net asset value (NAV), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact an ETF's ability to sell its shares. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund. Brokerage commissions will reduce returns.

New funds have limited operating histories for investors to evaluate and new and smaller funds may not attract sufficient assets to achieve investment and trading efficiencies.

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. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holdings information and does not reflect the payment of transaction costs, fees and expenses of the Fund.

The **Russell 2500[®] Index** measures the performance of the 2,500 smallest companies in the Russell 3000[®] Index. The **Russell 2500[®] Value Index** measures the performance of the small to mid-cap value segment of the US equity universe. The **Russell 2500[®] Growth Index** measures the performance of US SMID cap growth stocks. The **Russell 1000[®] Index**, an

unmanaged index, measures the performance of the 1,000 largest companies in the Russell 3000[®] Index. The **CBOE Volatility Index (VIX)** measures the stock market's expectation of volatility over the next 30 days based on S&P 500 index option prices. 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 indices do not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. It is not possible to invest directly in an index.

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Top ten holdings as of 3/31/26 as a % of the Fund's net assets: PPG Industries Inc. 2.1%, F5 Inc. 2.0%, APA Corp. 2.0%, Ericsson 2.0%, Dominion Energy Inc. 2.0%, GE HealthCare Technologies 1.9%, Workday Inc. 1.8%, American Int'l Group Inc. 1.5%, Lear Corp. 1.1%, and State Street Corp. 1.0%

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.

Certain information presented based on proprietary or third-party estimates are subject to change and cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness.

Investing involves risk. Principal loss is possible.
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