SMID CAP DIVERSIFIED VALUE FUND (ETF)

MANAGER REVIEW & ECONOMIC OUTLOOK

HWSM

Hotchkis & Wiley

PERFORMANCE (%) as of September 30, 2026

	QTR	YTD	1Yr	Since 3/31/25
SMID Cap Diversified Value ETF (NAV)	-3.37	8.91	11.46	14.18
SMID Cap Diversified Value ETF (Market Price)	-3.32	8.91	11.50	14.25
Russell 2500 Value Index	-4.36	18.75	22.49	26.41

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 declined 6.4% in the third quarter of 2026, ending a five-quarter winning streak for small and mid caps, though it remains up 15.0% year-to-date. The Russell 2500 Value Index held up better than the Russell 2500 Growth Index, declining 4.4% vs. 10.3%. This extended value's considerable year-to-date edge, +18.8% vs. +7.3%, respectively. Small and mid 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 and mid 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 2500 Value's energy sector returned +11%, its best-performing sector. Our energy holdings outperformed 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. Predictably, rate-sensitive sectors like utilities and real estate declined. 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. Consumer discretionary stocks performed poorly, declining 10% in the value index.

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 2500 Value fared worse, declining 19%. 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.

Software was one of the better performing industries in the value index, returning +17%. We have long believed that the market overstated the threat AI poses to software companies with mission critical systems of record. The evidence this year—improving bookings, stable to accelerating organic growth, and sizable share repurchases—continues to undermine the so-called "SaaSpocalypse" theory. Even after the rebound, select software companies remain attractively valued. Workday, for example, trades at 14x our estimate of normal earnings, compared to 13x for the Russell 2500 Value Index and 24x for the S&P 500. It also has excellent fundamental risk ratings and is consequently our largest holding.

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.

(continued)

Portfolio managers' opinions and data included in this commentary are as of September 30, 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 – 3Q26

The Hotchkis & Wiley SMID Cap Diversified Value ETF outperformed the Russell 2500 Value Index in the third quarter of 2026, with stock selection accounting for about two-thirds 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, followed by stock selection in communication services.

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 2500 Value to large cap, growth, or both, and then proceeded to decline. We estimate the Russell 2500 Value Index would have performed roughly 3.8 percentage points worse had it not reconstituted, i.e., our relative performance would have been better by this amount. Stock selection in consumer discretionary, materials, and health care detracted, as did the overweight position in utilities.

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 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 **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. 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.

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 by MSCI and S&P.

Top ten holdings as of 9/30/26 as a % of the Fund's net assets: Workday Inc. 2.1%, F5 Inc. 1.9%, GE HealthCare Technologies 1.9%, PPG Industries Inc. 1.6%, Dominion Energy Inc. 1.5%, APA Corp. 1.4%, American Int'l Group Inc. 1.3%, Host Hotels & Resorts Inc. REIT 1.1%, Magna International Inc. 1.0%, and Franklin Resources Inc. 1.0%.

Artificial Intelligence (AI); Basis point (bp) is a unit equal to 1/100th of 1% and is used to denote the change in 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; **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; **Normal Earnings** refers to a company's income that has been adjusted to remove revenue, expenses, or effects of seasonality; and **SaaSpocalypse** is a market term used to describe the sharp sell-off and valuation crash in software-as-a-service (SaaS) and enterprise tech stocks driven by fears of artificial intelligence disruption.

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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