MID-CAP VALUE

COMPOSITE PERFORMANCE (%) ANNUALIZED

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
H&W Mid-Cap Value (gross)	4.93	12.27	24.46	14.19	11.15	10.99	12.23
H&W Mid-Cap Value (net)	4.74	11.86	23.54	13.34	10.38	10.27	11.41
Russell Mid-Cap Value Index	13.40	17.58	26.62	16.51	9.48	10.63	10.42

Commencement of MCV Composite: 1/1/97. Net performance results are presented after actual management fees and all trading expenses but before custodial fees; the composite includes all Mid-Cap Value discretionary accounts. Additional disclosures provided in GIPS Report.

MARKET COMMENTARY

The Russell Midcap Index gained +13.8% in the second quarter of 2026, and the Russell Midcap Value Index returned +13.4%. 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—particularly hardware and storage—recorded returns in excess of 100%. In the Russell Midcap Value, the hardware and storage group alone carried an average weight of roughly 10% and returned +84% for the quarter, with names such as SanDisk and Western Digital more than doubling.

By nearly any measure, this was a speculative, risk-on rally that produced the kind of dichotomy we rarely observe. 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%. 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 figure. 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 quality businesses with attractive valuations, largely because we believe the market overstates the threat AI poses to them. As is common in highly speculative, momentum-driven markets, defensive market segments have also been left behind and overlooked. We have increased the portfolio's exposure to non-cyclicals—including areas like health care and consumer staples—amid the improvement in their relative valuations.

We remain focused on quality businesses with strong balance sheets that are managed in a shareholder-friendly manner, and we continue to believe that price matters—that attractive valuations provide a margin of safety should events fail to unfold flawlessly. 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.

(continued)

Past performance is no guarantee of future results.

MID-CAP VALUE

ATTRIBUTION ANALYSIS – 2Q26

The Midcap Value portfolio underperformed the Russell Midcap Value Index in the second quarter of 2026 (gross and net of fees). Technology and energy explain all of the underperformance. The strategy did not own the technology hardware and semiconductors that led the index: the hardware and storage group, a roughly 10% benchmark weight, returned +84% and the semiconductor group, a 3% weight, returned +51%. Our overweight in energy detracted as oil retreated sharply. Stock selection in healthcare was the largest positive contributor in the quarter.

LARGEST INDIVIDUAL DETRACTORS – 2Q26

SanDisk was among the largest detractors because we did not own it and returned well over +100% as a constituent of our benchmark. Below are the largest detractors held in the portfolio.

Kosmos Energy Ltd. (KOS) is an independent offshore E&P company with producing assets in the US Gulf of Mexico and Ghana. We own it because its offshore operating expertise, quality assets, attractive reinvestment economics, and compelling valuation create a favorable risk/reward profile. The stock declined during Q2 due to broader crude oil price weakness following the reopening of the Strait of Hormuz. We believe oil undersupply could continue for months and that prices could remain above normal levels, even if the reopening progresses smoothly. Given the company's strong assets, high returns on investment, attractive valuation, and reduced liquidity concerns, our investment thesis remains intact.

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.

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 could drive a pricing and volume recovery—and as the swing producer in the region, Olin could capture more than its share of that improvement, with shareholder-friendly capital allocation and an investment-grade balance sheet commitment reinforcing the case. 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.

LARGEST INDIVIDUAL CONTRIBUTORS – 2Q26

Centene Corp. (CNC) is a managed care organization focused on the Medicaid market, with approximately 28 million at-risk enrollees and one of the largest Medicaid market share among publicly traded peers. It is a capital-light business well positioned to potentially benefit as the U.S. continues shifting healthcare toward government-funded, cost-controlled programs. Centene outperformed sharply this quarter as adjusted EPS beat consensus by 48%, management raised full-year guidance, and investors gained confidence that the Medicaid margin recovery and ACA membership reset were both tracking ahead of plan.

Humana Inc. (HUM) is one of the largest pure Medicare Advantage (MA) health insurer in the United States. Performance over the quarter was strong following news that the US agreed to increase 2027 payments for private MA plans above its initial proposal earlier in the year. The company's stock has been undervalued due to higher utilization by enrollees and uncertainty regarding reimbursement rates. We view these issues as temporary because the company reprices its business every year, which could lead to a recovery in margins.

Marriott Vacations Worldwide (VAC) is one of the largest timeshare operators in the US, building, selling, financing, and managing upper-upscale and luxury resorts under the Marriott, Westin, Ritz-Carlton, and Hyatt brands, alongside a high-margin exchange business. We view it as a misunderstood, good-quality company whose branded network, affluent customer base with ~$1.5 million average net worth, and recurring financing and fee streams help insulate it from the cyclicality of travel. The stock outperformed this quarter as results topped low Street expectations, management maintained full-year guidance while raising its contract-sales outlook, and free cash flow generation remained strong.

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.

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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 Mid-Cap Value 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. Other securities may have been the best and worst performers on an absolute basis. 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 Mid-Cap Value strategy may prevent or limit investment in major stocks in the Russell Midcap 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 color@hwcm.com. Portfolio information is subject to the firm's portfolio holdings disclosure policy.

The Russell Midcap® Index, an unmanaged index, measures the performance of the 800 smallest companies in the Russell 1000® Index. The Russell Midcap® Value Index measures the performance of those Russell Midcap® companies with lower price-to-book value ratios and lower forecasted growth values.

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); 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**; Exchange-Traded Fund (ETF)** pools a group of securities into a fund and can be traded like an individual stock on an exchange; and **Free cash flow** represents the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets.

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. 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

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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 Mid-Cap Value Composite has had a performance examination for the periods January 1, 1997 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 Mid-Cap Value management fee schedule is 75 basis points on the first $15 million, 70 basis points on the next $35 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 Mid-Cap Value discretionary accounts. The Mid-Cap Value strategy seeks capital appreciation primarily through investments in equity securities of mid-cap companies and may invest in the securities of small capitalization companies and in foreign (non-U.S.) securities. The typical market cap range of the strategy is consistent with the market cap range of the Russell Midcap® Index. Accounts with significant cash flows (≥ 10% of beginning of the month assets for the periods January 1, 2006 through December 31, 2010, and ≥ 25% effective January 1, 2011) are excluded from the respective month's composite calculation and included in the subsequent month. (Composite creation & inception date: 1/1/1997)

Index: The Russell Midcap® Value Index ("RMidcapV") measures the performance of those Russell Midcap® companies with lower price-to-book value ratios and lower forecasted growth values. 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 RMidcapV 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 returns over the preceding 36-month period ended.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return RMidcapV	No. of Accts	Internal Dispersion (%)	Comp. Assets ($M)	Total Firm Assets ($M)
2025	9.0	8.1	11.0	<6	n/m	379	36,906
2024	4.7	3.9	13.1	<6	n/m	417	33,144
2023	21.1	20.2	12.7	<6	n/m	491	31,220
2022	2.6	1.9	-12.0	<6	n/m	491	28,330
2021	40.6	39.9	28.3	<6	n/m	993	34,902
2020	0.7	0.2	5.0	<6	n/m	746	31,687
2019	14.0	13.3	27.1	7	0.4	1,578	33,623
2018	-18.4	-18.9	-12.3	10	0.2	2,093	27,191
2017	8.9	8.2	13.3	13	0.2	3,235	32,037
2016	22.2	21.4	20.0	15	0.2	3,633	29,952

	3-Year Annualized Standard Deviation (%)	
	Composite	RMidcapV
2025	17.6	15.3
2024	23.1	19.8
2023	23.2	19.3
2022	35.3	24.4
2021	34.8	22.0
2020	35.5	22.6
2019	20.7	12.8
2018	19.0	12.0
2017	17.0	10.3
2016	17.3	11.3

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

As of December 31, 2025 (%)	1 Yr	5 Yr	10 Yr
Composite - Gross	9.0	14.8	9.5
Composite - Net	8.1	14.0	8.8
RMidcapV	11.0	9.8	9.8

Average annual total returns for periods greater than one year.