OPPORTUNITIES FUND

MANAGER REVIEW & ECONOMIC OUTLOOK *(formerly Value Opportunities Fund)*

HWAIX | HWAAX | HWACX | HWAZX

Hotchkis & Wiley

PERFORMANCE (%) as of June 30, 2026

	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Since 12/31/02
Opportunities Fund – I Shares	6.37	6.29	13.72	15.40	11.14	13.38	12.45
Russell 3000 Value Index	14.02	16.56	27.78	17.81	10.97	11.48	9.97

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 0.97% for I Shares. Expense ratio shown is 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.

MARKET COMMENTARY

The S&P 500 Index gained +15.2% in the second quarter of 2026 and is now up +10.2% since the beginning of the year. The Russell 1000 Value Index returned +13.9%, lagging the broad index modestly. 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, such as hardware and storage, recorded returns in excess of 100%. Micron, Intel, and SanDisk—which together comprised a Russell 3000 Value Index weight of more than 4%—each more than tripled during the quarter.

By nearly any measure, this was a speculative, risk-on rally that produced the kind of dichotomy we rarely observe. Within the S&P 500 Index, for example, the highest beta quintile returned +38%, compared to +0% for the low volatility quintile. Momentum stocks performed similarly well. 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%[1]. 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[2]. 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 high-quality businesses with attractive valuations, largely because we believe the market overstates the threat AI poses to them.

Today, select enterprise software companies represent an uncommon opportunity, particularly in such a frothy market. The consensus view among investors is that AI could prove to be a significant headwind to incumbent software vendors. While we believe AI could be a threat to many software vendors, we also believe that mission critical systems of record are different. We see the AI fears as overstated and have observed no supporting evidence in retention rates, margins, or subscription growth.

(continued)

[1] Source: Empirical Research Partners

[2] The big spenders are Alphabet, Amazon, Meta, Microsoft, Oracle, CoreWeave, Nebius, and SpaceX. The largest revenue generating AI developers are Anthropic and OpenAI.

In our view, the disruption thesis significantly underestimates enterprise switching costs and other moats that make these companies durable. Replacing a core system with any new alternative introduces meaningful compliance, security, and operational risks that far exceed potential savings.

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, high quality, well capitalized, and prudently managed—are well positioned for that reversion.

ATTRIBUTION ANALYSIS – 2Q26

The Hotchkis & Wiley Opportunities Fund underperformed the Russell 3000 Value Index in the second quarter of 2026. This underperformance was driven more by what the portfolio did not own than by what it did. The semiconductor industry group comprised an average weight of 8% in the Russell 3000 Value Index and returned +138% for the quarter; the hardware/storage group comprised an average weight of 2% and returned +145%. The portfolio's lack of exposure to these exceptionally strong performers accounts for all of its underperformance in the quarter. Beyond this, an overweight and unfavorable security selection in software detracted from performance, while favorable security selection in materials, industrials, communication services, and financials contributed positively.

LARGEST INDIVIDUAL DETRACTORS – 2Q26

Micron was the largest detractor, because we did not own it, and it returned more than +200% as constituents of our benchmark. Below are the largest detractors held in the portfolio.

Workday Inc. (WDAY) is a leader in cloud software for back-office business functions, spanning human capital management (HCM), financial management, and adjacent ERP (enterprise resource planning) products, with 60% of the Fortune 500 as HCM customers. Shares declined over the period, pressured by investor concerns that AI could disrupt application software vendors. The most recent quarter, however, did not show evidence of this. Subscription revenue grew 14%, 12-month backlog grew 16%, retention remained industry leading, margins expanded, and management reiterated full-year subscription revenue guidance while raising operating margin guidance. AI adoption also appears to be progressing, with Workday-developed agents now used by more than 4,000 customers and Recruiting Agent activity up sharply year over year. We continue to believe the disruption thesis significantly underestimates enterprise switching costs and the non-code moat that makes Workday durable.

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 should drive a pricing and volume recovery—as the swing producer in the region, Olin should capture more than its share of that improvement, with shareholder-friendly capital allocation and an investment-grade balance sheet. The stock's decline reflects an easing of tensions in the Middle East which could 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.

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.

LARGEST INDIVIDUAL CONTRIBUTORS – 2Q26

Fuso Chemical (4368 JP) based in Osaka, Japan, has 90%+ market share in ultra-pure silica used as an abrasive particle in semiconductor polishing applications, as well as ~30% share of the global market for malic acid, a food additive. Fuso's businesses are monopolies and oligopolies selling niche, high-value products into end markets with attractive growth outlooks. Despite a benign competitive environment and high single digit long-term EBIT growth outlook. Fuso posted a strong quarter and announced a new medium-term plan which targets 14% compounded annual EBITDA growth through 2031.

F5 Inc. (FFIV) sells application networking and security software as well as data center appliances. The company's stock rose after it posted good quarterly results and raised both its revenue and earnings per share guidance. The company is misunderstood and gets incorrectly classified as a legacy IT hardware vendor, resulting in an attractive valuation for a company with better-than-average fundamental risk ratings. F5 has over 50% market share in traditional ADCs (application delivery controllers), along with various multi-cloud networking and application security products.

Elevance Health Inc. (ELV) is the second largest health insurer, and one of the largest commercial insurers in the United States. Shares rose during the quarter after the company reported quarterly earnings that beat consensus estimates. It was further supported by news that the US agreed to increase 2027 payments for private Medicare Advantage plans above the initial proposal. The company is priced at a discount to the market, driven by skepticism surrounding margins and growth, despite being a superior business that grows above gross domestic product while returning most of its cash to shareholders.

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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 is non-diversified and may invest in foreign securities, junk bonds, derivatives, or small/mid cap companies. Please read the fund prospectus for a full list of fund risks. All investments contain risk and may lose value. Equities, bonds, and other asset classes have different risk profiles, which should be considered when investing.

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. Specific securities (excludes Puts) identified are the largest contributors (or detractors) on a relative basis to the Russell 3000 Value 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 **Russell 3000® Value Index** includes stocks from the Russell 3000® Index with lower price-to-book ratios and lower expected growth rates. The **Russell 1000®** Value Index measures the performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values. 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. 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.

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Top 10 holdings as of 6/30/26 as a % of the Fund's net assets: Workday Inc. 11.7%, Fuso Chemical Co. NPV 5.2%, PPG Industries Inc. 4.9%, Ericsson 4.2%, SLM Corp. 3.8%, F5 Inc. 3.6%, Microsoft Corp. 3.1%, Olin Corp. 2.9%, Stagwell Inc. 2.7%, and Dominion Energy Inc. 2.4%.

Artificial Intelligence (AI); Basis Point (BPS) is used to indicate changes in the interest rates of a financial instrument; **Beta** is a measure of a stock's volatility in relation to the overall market; **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**; Earnings per share** is a measure of a company's profitability that indicates how much profit each outstanding share of common stock has earned**; Earnings before interest and taxes (EBIT)** measures a company's net income before income tax and interest expenses are deducted; **Earnings before interest, taxes, depreciation, and amortization (EBITDA)** uses EBIT without depreciation and amortization expenses when calculating profitability; **Exchange-Traded Fund (ETF)** pools a group of securities into a fund and can be traded like an individual stock on an exchange; and **Hawkish** describes a monetary policy stance focused on keeping inflation in check, primarily by maintaining or raising interest rates, even at the risk of slowing economic growth or increasing unemployment.

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. Earnngs growth is not a measure of the Fund's future performance.

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.

As of 7/1/26, the name of the fund changed from Value Opportunities Fund to Opportunities Fund. There were no changes to the objectives, strategy, or fees.

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