PRINCIPAL RISKS

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As with any investment, the value of a Client Account's investment may go down. Many factors can affect those values. The factors that are most likely to have a material effect on a Client Account as a whole are called "principal risks." The principal risks of investing in one of Hotchkis & Wiley's (H&W) strategies, which could adversely affect its net asset value, yield and total return, are summarized below. Not all risks are relevant to all strategies.

Potential investors in an Investment Company or Private Fund should review such fund's prospectus or offering circular carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. Except as otherwise noted, the risks described below also generally apply to Managed Accounts. A potential client should discuss with H&W's representatives any questions that such person may have before opening an account.

- Active Management Risk. A Client Account is subject to management risk because it is an actively managed investment portfolio. H&W invests in securities that may not necessarily be included in a Client Account's benchmark or hold securities in a different weight than the benchmark. To the extent that H&W invests a Client Account's assets in securities that are not in the Client Account's applicable benchmark index or in different weights, there is a greater risk that the Client Account's performance will deviate from that of the benchmark. H&W does not seek to replicate the performance of any index.

- American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs") Risk. ADRs are certificates that evidence ownership of shares of a foreign issuer and are alternatives to purchasing directly the underlying foreign securities in their national markets and currencies. GDRs are certificates issued by an international bank that generally are traded and denominated in the currencies of countries other than the home country of the issuer of the underlying shares. ADRs and GDRs may be subject to certain of the risks associated with direct investments in the securities of foreign companies, such as currency, political, economic and market risks, because their values depend on the performance of the non-dollar denominated underlying foreign securities.

- Call Risk. Call risk is the risk that an issuer may exercise its right to redeem a fixed income security earlier than its maturity (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security that the Fund has invested in, the Fund may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

- Capitalization Risk. Large cap companies as a group could fall out of favor with the market, causing a Client Account to underperform investments that focus on small or mid cap companies. A Client Account may also invest in the securities of small cap and mid cap companies. Investment in small cap and mid cap companies may involve more risk than investing in larger, more established companies. Small cap and mid cap companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a small number of key personnel. Should a product fail, or if management changes, or if there are other adverse developments, a Client Account's investment in a small cap and mid cap company may lose substantial value.

- Credit Ratings and Unrated Securities Risk. Rating agencies are private services that provide ratings of the credit quality of fixed-income securities, including convertible securities. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates. A Client Account may purchase unrated securities (which are not rated by a rating agency and may be less liquid) if its portfolio manager determines that the security is of comparable quality to a rated security that the Client Account may purchase. To the extent that a Client Account invests in high yield and/or unrated securities, the Client Account's success in achieving its investment objective may depend more heavily on the portfolio managers' creditworthiness analysis than if the Client Account invested exclusively in higher-quality and rated securities.

- Credit Risk. A Client Account could lose money if the issuer or guarantor of a fixed-income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations.

- Currency Risk. If a Client Account invests directly in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, foreign (non-U.S.) currencies, or in derivatives that provide exposure to foreign (non- U.S.) currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. As a result, a Client Account's investments in foreign currency-denominated securities may reduce the returns of the Client Account.

- Derivatives Risk. A derivative is a financial contract with a value that depends on, or is derived from, the value of an underlying asset, reference rate or index. A Client Account typically uses derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks. A Client Account's use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments, such as liquidity risk, interest rate risk, market risk, credit risk and management risk.

- Emerging Market Risk. Foreign (non-U.S.) investment risk may be particularly high to the extent that a Client Account invests in emerging market securities. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries.

- Equity Securities Risk. Equity securities, both common and preferred stocks, generally have greater price volatility than fixed-income securities. The market price of equity securities owned by a Client Account may go down, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting equity securities markets generally or particular industries represented by those markets.

- Geopolitical Conflicts and Risks. As economies and financial markets worldwide become increasingly interconnected, the likelihood increases that geopolitical conflicts in one country or region will adversely impact markets or companies in other countries or regions, including in ways that are difficult to predict or foresee. The impacts of these conflicts or events can be exacerbated by failures of governments and societies to respond adequately to a geopolitical conflict and subsequent emerging events or threats. For example, local or regional armed conflicts have led to significant sanctions by the U.S., EU and other countries against certain countries and persons and companies connected with certain countries. Such armed conflicts and sanctions and other local or regional developments can exacerbate global supply and pricing issues, particularly those related to oil and gas, and result in other adverse developments and circumstances, as well as increased general uncertainty, for markets, economies, Portfolio Companies, businesses, and societies both globally and in specific jurisdictions. Although these types of conflicts have occurred and could also occur in the future, it is difficult to predict when similar conflicts affecting the U.S. or global financial markets and economies will occur, the effects of such events or conditions, potential retaliations in response to sanctions or similar actions, and the duration or ultimate impact of those conflicts. Any such conflicts could have a significant adverse impact on the operations, risk profile, and value of the Funds and their Portfolio Companies (including their underlying portfolio companies), with or without direct exposure to the specific geographies, markets, countries or persons involved in an armed conflict or subject to sanctions. Military actions in Ukraine, Gaza, Venezuela, and Iran have geopolitical uncertainty, including the risk of further conflict, civil unrest, sanctions changes, and disruption to regional energy and capital markets, may increase volatility in global financial markets and adversely affect economic conditions relevant to the Funds' investments.

- Eurozone Risk. A number of countries in the European Union ("EU") have experienced, and may continue to experience, severe economic and financial difficulties. In particular, many EU nations are susceptible to economic risks associated with high levels of debt. As a result, financial markets in the EU have been subject to increased volatility and declines in asset values and liquidity. Responses to these financial problems by European governments, central banks, and others, including austerity measures and reforms, may not work, may result in social unrest, and may limit future growth and economic recovery or have other unintended consequences. The risk of investing in securities in the European markets may also be heightened due to the recent referendum in which the United Kingdom voted to exit the EU (known as "Brexit"). One or more other countries may also abandon the euro and/or withdraw from the EU, placing its currency and banking system in jeopardy. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching. To the extent that a Client Account has exposure to European markets or to transactions tied.

- Fixed-Income Securities Risk. Fixed-income securities, such as bonds, involve credit risk. Credit risk is the risk that the borrower will not make timely payments of principal and interest. The degree of credit risk depends on the issuer's financial condition and on the terms of the securities. Fixed-income securities are also subject to interest rate risk.

- Foreign (Non-U.S.) Investment Risk. A Client Account may invest in foreign (non-U.S.) securities and may experience more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. To the extent that a Client Account invests a significant portion of its assets in a specific geographic region, the Client Account will generally have more exposure to regional economic risks associated with foreign investments.

- High Yield Risk. An investment in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") may subject a Client Account to greater levels of credit and liquidity risk than portfolios that do not invest in such securities. While offering a greater potential opportunity for capital appreciation and higher yields, high yield securities typically entail greater potential price volatility and may be less liquid than higher-rated securities. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a Client Account's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, a Client Account may lose its entire investment.

- Income Risk. The fixed income portfolios are subject to income risk, which is the risk that the portfolio's income will decline during periods of falling interest rates or when the portfolio experiences defaults on debt securities it holds. The portfolio's income declines when interest rates fall because, as the portfolio's higher-yielding debt securities mature or are prepaid, the portfolio must re-invest the proceeds in debt securities that have lower, prevailing interest rates.

- Interest Rate Risk. Interest rate risk is the risk that fixed-income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed-income securities held by a Client Account is likely to decrease. Fixed-income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations.

- Issuer Risk. The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

- Liquidity Risk. To the extent that a security is difficult to trade (whether because the security cannot be traded publicly or because of unusual market conditions), a Client Account may either be forced to accept a lower price for it or may have to continue to hold the security. Either outcome could adversely affect the performance of a Client Account. A Client Account's investments in illiquid securities may reduce the returns of the Client Account because it may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, a Client Account, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector. To the extent that a Client Account's principal investment strategies involve foreign (non-U.S.) securities, derivatives or securities with substantial market and/or credit risk, the Client Account will tend to have increased exposure to liquidity risk.

- Market Risk. Market risk is the risk that the market price of securities owned by a portfolio may go down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets.

- Market Disruption. The recent 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. The pandemic may lead to a decline in business and consumer confidence and spending and presents the risk of an economic recession around the globe. The severity and extent of the impact of the pandemic on the U.S. and global capital and financial markets and economies will depend largely on future developments, including the duration of the spread of the outbreak within the U.S., all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that we are not aware of currently, including impacts on the third party service providers who provide services to us and our Client Accounts. We are 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 our Client Accounts' performance and investment strategy and reduce available investment opportunities.

- Portfolio Turnover Risk. A Client Account may engage in frequent and active trading of portfolio securities to achieve its investment objectives, particularly during periods of volatile market movements. High portfolio turnover (i.e., over 100%) involves correspondingly greater expenses to a Client Account, including dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at ordinary income tax rates). The trading costs and tax effects associated with portfolio turnover may adversely affect a Client Account's performance.

- Security Selection Risk. H&W may misjudge the risk and/or return potential of a security, which can result in a loss.

- Short Sale Risk. A Client Account may enter into a short sale, which involves the sale of a security that is borrowed from a broker or other institution to complete the sale. A Client Account may also enter into a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then a Client Account will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to the third party. Therefore, short sales involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the Client Account. Short sales expose a Client Account to the risk that it will be required to acquire, convert or exchange securities to replace the borrowed securities (also known as "covering" the short position) at a time when the securities sold short have appreciated in value, thus resulting in a loss to a Client Account.

- Style Risk. H&W follows an investing style that favors value investments. Historically, value investments have performed best during periods of economic recovery. Therefore, the value investing style may over time go in and out of favor. At times when the value investing style is out of favor, a Client Account may underperform other portfolios that use different investing styles.

- Cybersecurity Risks. Although H&W employs various computer security measures, there can be no guarantee that it would be successful in fending off cybersecurity attacks from viruses, malware, computer hackers or other malicious corruption of its information technology systems. Cybersecurity breaches of the systems of H&W or its service providers (including accountants, custodians, transfer agents and administrators) may cause disruptions to business operations, cause losses due to theft or other reasons, interfere with Client Accounts' net asset value calculations, impede trading, or lead to violations of applicable privacy and other laws, regulatory fines and penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. H&W cannot control the cybersecurity plans and systems put in place by its service providers and the issuers in which it invests. Any cybersecurity breach could materially and adversely affect H&W and Client Accounts.

- Data Privacy. Many jurisdictions in which H&W operates have laws and regulations relating to data privacy and protection of personal information, including the General Data Protection Regulation (GDPR) in the European Union and the California Consumer Privacy Act (CCPA). These laws and regulations require companies to notify individuals of data security breaches involving certain types of personal data, which may be costly to implement and often leads to negative publicity, and loss of investor confidence. New and existing laws and regulations may impose other privacy related obligations on companies and regulators' interpretations and approaches to enforcement of these laws and regulations continue to evolve over time.

- Systemic Risk. Risk to the operations and performance of a Client Account may arise from a default by one of several institutions that are dependent on one another to meet their liquidity or operational needs. A default by one institution may cause a series of defaults by other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges, with which Client Accounts interact. A systemic failure could have material adverse consequences for Client Accounts and for the markets for the instruments in which Client Accounts seek to invest.

- Sustainable Investing Risk. Applying sustainability and ESG criteria to the investment process may exclude or reduce exposure to securities of certain issuers for sustainability reasons and, therefore, a portfolio may forgo some market opportunities available to funds that do not use sustainability criteria. Securities of companies with sustainable practices may shift into and out of favor depending on market and economic conditions, and a portfolio's performance may at times be better or worse than the performance of accounts that do not use sustainability criteria.

- Additional Risks Relating to the Private Funds:
    - The Private Funds each have a limited operating history on which prospective clients and investors may evaluate their performance.
    - H&W may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. H&W is not obligated to hedge the Private Funds' portfolio positions.
    - H&W may use leverage by borrowing on margin, selling securities short and trading futures and derivatives, which increases volatility and risk of loss. These instruments can be difficult to value. An incorrect valuation of these instruments could result in losses.
    - The Private Funds may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
    - The Private Funds do not intend to make distributions and intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income without a cash distribution to pay the related taxes.

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