

STRATEGY DESCRIPTION Our High Yield strategy invests in undervalued debt securities of companies with durable business models, asset coverage and the ability and goal to delever over time. We combine our research team's expertise in small/mid-caps and fallen angels with a bias toward senior securities to maximize risk adjusted returns.

ABOUT US Since 1980, Hotchkis & Wiley has focused on discovering undervalued securities through extensive internal research. We manage \$30 billion in value equity and high yield assets for institutional and mutual fund investors. The firm is independently owned with a majority interest held by employees.

COMPOSITE PERFORMANCE (%) ANNUALIZED

	QTR	YTD	1 Yr	3 Yr	5 Yr	7 Yr	Inception
H&W High Yield (gross)	6.3	6.3	3.9	8.7	4.5	6.6	10.1
H&W High Yield (net)	6.2	6.2	3.4	8.2	3.9	6.1	9.6
ICE BofAML BB-B U.S. High Yield Constrained	7.3	7.3	6.3	7.8	4.7	6.1	9.2
ICE BofAML U.S. High Yield	7.4	7.4	5.9	8.7	4.7	6.3	10.1

Commencement of HY Composite: 5/1/09. Past performance is no guarantee of future performance.

BOND PORTFOLIO CHARACTERISTICS

	H&W	Index ²
Current Yield	6.6%	6.1%
Yield-to-Worst	7.1%	5.8%
Modified Duration	3.4 years	3.7 years
Spread over Treasuries	462 bps	334 bps
Average Coupon Rate	6.5%	6.1%
Number of Active Issuers ³	141	701

CREDIT QUALITY (%)¹

	H&W	Index ²
Investment Grade	3.7	9.9
BB	42.6	59.2
B	41.8	30.9
CCC+ or Lower	4.7	0.0
Non-Rated	3.6	0.0
Cash & Equivalents	3.6	0.0
Credit Default Swap Index	0.0	0.0

SECTOR ALLOCATIONS (%)¹

	H&W	Compared to Index ²
Matls & Constr – Industries	8.5	4.2
Forest & Paper – Industries	4.7	2.1
Automotive	3.8	1.3
Transportation	2.1	1.0
Retail	5.0	0.9
Energy	15.7	0.7
Chemicals – Industries	3.4	0.4
Consumer & Capital Goods	9.4	0.3
Metals & Mining – Industries	4.6	0.2
Healthcare	9.1	-0.1
Technology & Electronics	6.1	-0.9
Insurance	0.0	-0.9
Leisure & Services	8.7	-1.0
Media	10.8	-1.4
Real Estate	0.0	-2.0
Utility	0.5	-3.3
Satl & Wireless – Telecom	0.8	-4.7
Banking & Finance	3.1	-4.8
Wireline & Srvc - Telecom	0.0	-4.8

Important Notes:

¹% of Total Portfolio (Basic Industry-Industries and Telecom sectors disclosed at industry level); ²ICE BofAML BB-B U.S. High Yield Constrained Index ; ³Number of Active Issuers excludes calls, tenders, and restructured issuers that are being liquidated (143 total issuers). Informational purposes and should not be considered as investment recommendations. Information provided is based on a representative portfolio of the High Yield (HY) Strategy. Sector allocation, characteristics and/or credit quality may vary due to different restrictions, cash flows, and other relevant considerations. Portfolio holdings are subject to change without notice; a complete list of holdings is available upon request, subject to the firm’s portfolio holdings disclosure policy. Credit Quality weights by rating were derived from the highest bond rating as determined by S&P, Moody’s or Fitch. In limited situations when none of the three rating agencies have issued a formal rating, the Advisor will determine an internal rating. Credit default swaps use bond-equivalent prices to calculate portfolio weights. Investing in high yield securities is subject to certain risks, including market, credit, liquidity, issuer, interest-rate, inflation, and derivatives risks. Lower-rated and non-rated securities involve greater risk than higher-rated securities. The ICE BofAML index data referenced is the property of ICE Data Indices, LLC (“ICE BofAML”) and/or its licensors and has been licensed for use by Hotchkis & Wiley. ICE BofAML and its licensors accept no liability in connection with its use. See www.hwcm.com/definitions for full disclaimer. All investments contain risk and may lose value. Data sources: H&W, FactSet

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, 2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The High Yield Composite has been examined for the periods May 1, 2009 through December 31, 2017. 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 under 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 High Yield Bond management fee schedule is 50 basis points on the first \$50 million, 45 basis points on the next \$50 million and 40

basis points thereafter. Internal dispersion is calculated using the equal-weighted standard deviation of all portfolios that were included in the Composite for the entire year. A list of composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is no guarantee of future performance.

Composite: The Composite includes all High Yield discretionary accounts. The High Yield strategy seeks high current income combined with the opportunity for capital appreciation to maximize total return primarily through investments in high yield securities and investment grade fixed income instruments. (Composite creation: 2009)

Indexes: The ICE BofAML BB-B U.S. High Yield Constrained Index (“ICE BofAML BB-B”) contains all securities in the ICE BofAML U.S. High Yield Index rated BB+ through B- by S&P (or equivalent as rated by Moody’s or Fitch), but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. The ICE BofAML U.S. High Yield Index (“ICE BofAML HY”) tracks the performance of below investment grade, but not in default, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody’s and S&P. The indexes assume reinvestment of dividends and capital gains, and assumes no management, custody, transaction or other expenses. The strategy used in managing the accounts in the Composite may prevent or limit investment in major bonds in the ICE BofAML BB-B and ICE BofAML HY and returns may not be correlated to the indexes. It is not possible to invest directly in 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. As of December 31, 2011, the Composite did not have a 3-year track record.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return ICE BofAML BB-B	% Total Return ICE BofAML HY	No. of Accts	Internal Dispersion (%)	Comp. Assets (\$M)	Total Firm Assets (\$M)	3-Year Annualized Standard Deviation (%)			
									Composite	ICE BofAML BB-B	ICE BofAML HY	
2018	-2.8	-3.3	-2.0	-2.3	8	0.2	3,451	27,191				
2017	8.9	8.4	7.0	7.5	8	0.4	3,940	32,037				
2016	16.4	15.8	14.7	17.5	8	0.3	3,613	29,952	2018	4.9	4.0	4.6
2015	-3.7	-4.2	-2.8	-4.6	7	n/m	2,740	28,367	2017	5.6	5.0	5.6
2014	1.7	1.2	3.5	2.5	<6	n/m	2,549	32,190	2016	5.9	5.4	6.0
2013	9.7	9.1	6.3	7.4	<6	n/m	1,670	25,962	2015	5.0	5.0	5.3
2012	19.2	18.7	14.6	15.6	<6	n/m	1,052	18,781	2014	4.4	4.3	4.4
2011	3.1	2.7	5.4	4.4	<6	n/m	671	16,171	2013	7.2	5.8	6.4
2010	20.0	19.4	14.3	15.2	<6	n/m	467	18,148	2012	8.2	6.2	7.0
2009 ⁽¹⁾	25.7	25.3	26.0	34.6	<6	n/a	65	14,494				

⁽¹⁾ Period from May 1, 2009 (composite inception) through December 31, 2009.

n/a – not applicable for periods less than one year.

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