

Focus: Total Return, Asset Coverage/Valuation, Opportunistic

Why Hotchkis and Wiley High Yield?

Boutique Firm	Fosters agility, creativity, and aligns our interests with clients'	<ul style="list-style-type: none"> ◆ 37-year history ◆ Employee owned ◆ Performance (vs. AUM) focused
Experienced Research Team	Average experience of 22 years and average tenure of 14 years	<ul style="list-style-type: none"> ◆ Senior PMs worked together since 1996 ◆ Proprietary research ◆ Asset valuation experts
Focused Strategy	Disciplined strategy centered on asset coverage to avoid defaults	<ul style="list-style-type: none"> ◆ Bottom-up, opportunistic value process ◆ Focused on senior portion of capital structure ◆ Expertise in small & mid cap credits and fallen angels

Investment Philosophy

- ◆ Exploit our proprietary research expertise in small & mid cap credits
- ◆ Capitalize on our valuation expertise in fallen angels
- ◆ Concentrate on the senior portion of the capital structure
- ◆ Limit AUM to protect the strategy's integrity

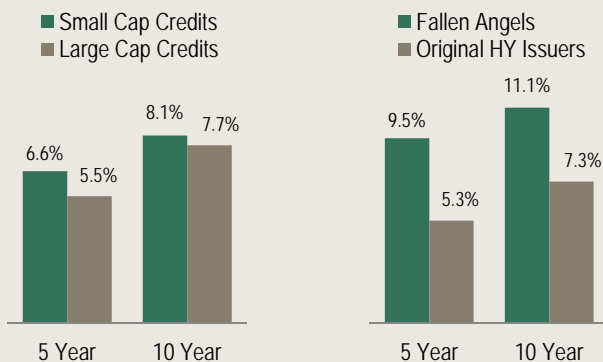
Formal Risk Controls

- ◆ 25% industry maximum
- ◆ 5% single issuer maximum

Small Caps and Fallen Angels

- ◆ Nearly 600 issuers with less than \$1.2 billion in debt
- ◆ More than 200 fallen angel issuers

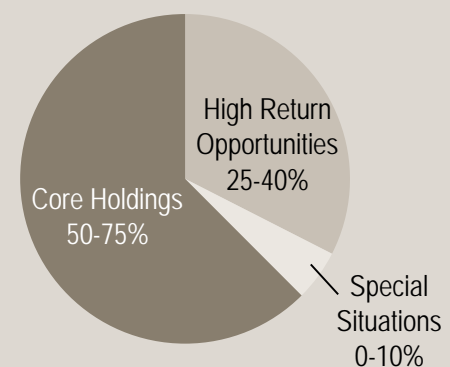
Annualized Performance (12/31/2017)



ICE BofAML U.S. Small Cap (by par), Large Cap (by par), Fallen Angel & Original Issue HY Indices

Internal Risk Classifications

- Core Holdings** – Fundamentally improving, defensive credits
- High Return Opportunities** – Turnaround, rapidly improving
- Special Situations** – Temporary price dislocations



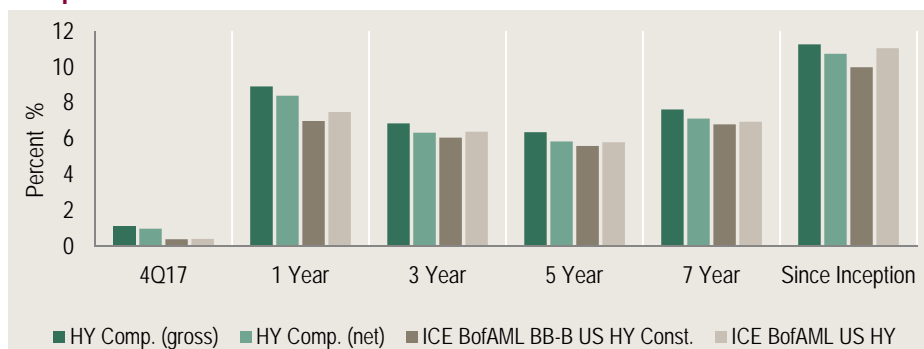
Research Team

- ◆ 28-person team covering value equity & high yield strategies
- ◆ 4 PMs, 18 Analysts, 6 Research Associates
 - **Mark Hudoff**, 31 years' exp. & former head of PIMCO HY
 - **Ray Kennedy**, 32 years' exp. & former head of PIMCO HY
 - **Richard Mak**, 17 years' exp. & former PM of PIMCO HY
 - **Patrick Meegan**, 19 years' exp. on H&W investment team

What to Expect...

- ◆ Target 125 thoroughly-researched high yield credits
- ◆ Fallen angel and small cap credit focus
- ◆ Low defaults and high recoveries
- ◆ Opportunistic exposure to bank loans, convertible bonds, and preferred stock

Composite Performance



	4Q17	1 Year	3 Year	5 Year	7 Year	Since Inception
HY Composite (gross)	1.1%	8.9%	6.9%	6.4%	7.6%	11.3%
HY Composite (net)	1.0	8.4	6.3	5.8	7.1	10.7
ICE BofAML BB-B US HY Const. Index	0.4	7.0	6.1	5.6	6.8	10.0
ICE BofAML US High Yield Index	0.4	7.5	6.4	5.8	6.9	11.0

Commencement of High Yield (HY) Composite: 5/1/09

Periods over one year are average annual total returns. **Past performance is no guarantee of future performance.**

¹ 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.

Characteristics based on representative High Yield portfolio. Client portfolio holdings may vary due to different restrictions, cash flows, and other relevant considerations. Information is subject to change and may not be representative of the strategy's current holdings. # of Active Issuers excludes calls, tenders, and restructured issuers that are being liquidated (149 total issuers).

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, 2016. 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, 2016. 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 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.

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return ICE BofAML BB-B	% Total Return ICE BofAML HY	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
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
2015	-3.7	-4.2	-2.8	-4.6	7	n/m	2,740	28,367
2014	1.7	1.2	3.5	2.5	<6	n/m	2,549	32,190
2013	9.7	9.1	6.3	7.4	<6	n/m	1,670	25,962
2012	19.2	18.7	14.6	15.6	<6	n/m	1,052	18,781
2011	3.1	2.7	5.4	4.4	<6	n/m	671	16,171
2010	20.0	19.4	14.3	15.2	<6	n/m	467	18,148
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.

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Portfolio Characteristics

	Portfolio	ICE BofAML US High Yield
Yield-to-Worst	5.8%	5.8%
Spread over Treasuries	409 bps	363 bps
Current Yield	6.7%	6.4%
Average Coupon Rate	6.8%	6.4%
Modified Duration	3.3 years	3.8 years
Number of Active Issuers	144	881

Credit Quality¹

	Portfolio	ICE BofAML US High Yield
Cash & Equivalents	2.9%	0.0%
Investment Grade	2.1	8.6
BB	43.5	51.6
B	42.3	31.8
CCC+ or lower	7.2	8.1
Non-Rated	3.7	0.0
Credit Default Swap Index	-1.7	0.0

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)

Index: The ICE BofAML BB-B US High Yield Constrained Index ("ICE BofAMLBB-B") contains all securities in the ICE BofAML US 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 US High Yield Index ("ICE BofAMLHY") 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 assumes 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 BofAMLBB-B and ICE BofAMLHY and returns may not be correlated to the indexes. It is not possible to invest directly in the index. The ICE BofAML Indices were known as the BofA Merrill Lynch Indices prior to October 23, 2017. 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.

	3-Year Annualized Standard Deviation (%)		
	Composite	ICE BofAML BB-B	ICE BofAML HY
2017	5.6	5.0	5.6
2016	5.9	5.4	6.0
2015	5.0	5.0	5.3
2014	4.4	4.3	4.4
2013	7.2	5.8	6.4
2012	8.2	6.2	7.0

