

Strategy Description

The Large Cap Diversified Value strategy exploits market mispricing by employing a consistent investment process centered on a balanced assessment of risk and return. Using rigorous, independent research, we create a diversified portfolio of large cap companies that have sustainable cash flows, strong balance sheets, and are undervalued relative to their tangible assets and long term earnings power.



Strategy Information

- Asset Class: Large Cap Value Equity
- Style Benchmark: Russell 1000 Value Index
- Broad Benchmark: S&P 500 Index
- Strategy Assets: \$11.2 billion
- Inception Date: 2000
- Number of Stocks: 50 – 80
- Capitalization Range: >\$5 billion
- Open to new investors
- Separate Account Minimum: \$15 million

Portfolio Characteristics

| | Portfolio | Russell 1000 Value |
|---------------------------------|-----------|--------------------|
| Projected P/E (FY2) | 13.3x | 15.5x |
| Price/Normal Earnings | 10.2x | 15.3x |
| Price/Book | 1.5x | 2.0x |
| Price/Sales | 1.3x | 1.6x |
| Dividend Yield | 2.1% | 2.4% |
| Payout Yield | 6.0% | 4.4% |
| Wtd Avg Mkt Capitalization (mm) | \$96,690 | \$113,069 |
| Median Mkt Capitalization (mm) | \$25,419 | \$8,997 |
| Number of Holdings | 67 | 716 |

Top Ten Stocks¹

| | |
|-----------------------------------|------|
| Hewlett Packard Enterprise | 4.8% |
| American International Group Inc. | 4.8 |
| Citigroup Inc. | 4.1 |
| Microsoft Corp. | 3.5 |
| Wells Fargo & Co. | 3.4 |
| Oracle Corp. | 3.3 |
| Bank of America Corp. | 3.1 |
| Corning Inc. | 2.7 |
| Ericsson | 2.5 |
| Cummins Inc. | 2.3 |

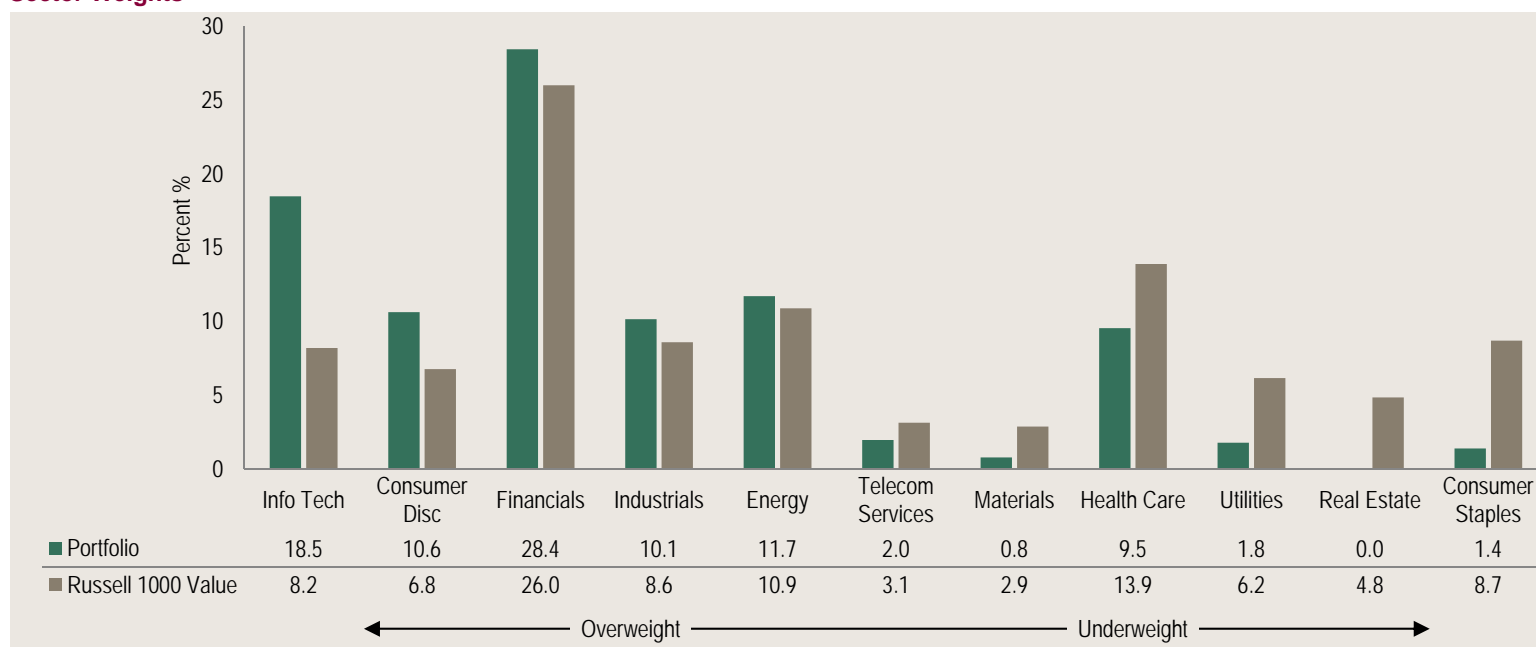
Firm Facts

- ▶ Founded in 1980
- ▶ \$31 billion in assets under management
- ▶ Majority-owned by employees
- ▶ Bottom-up, research-driven approach

What to Expect

- ▶ Consistent style
- ▶ Low price-to-normal earnings
- ▶ Distinct from benchmark
- ▶ Fully Invested

Sector Weights¹

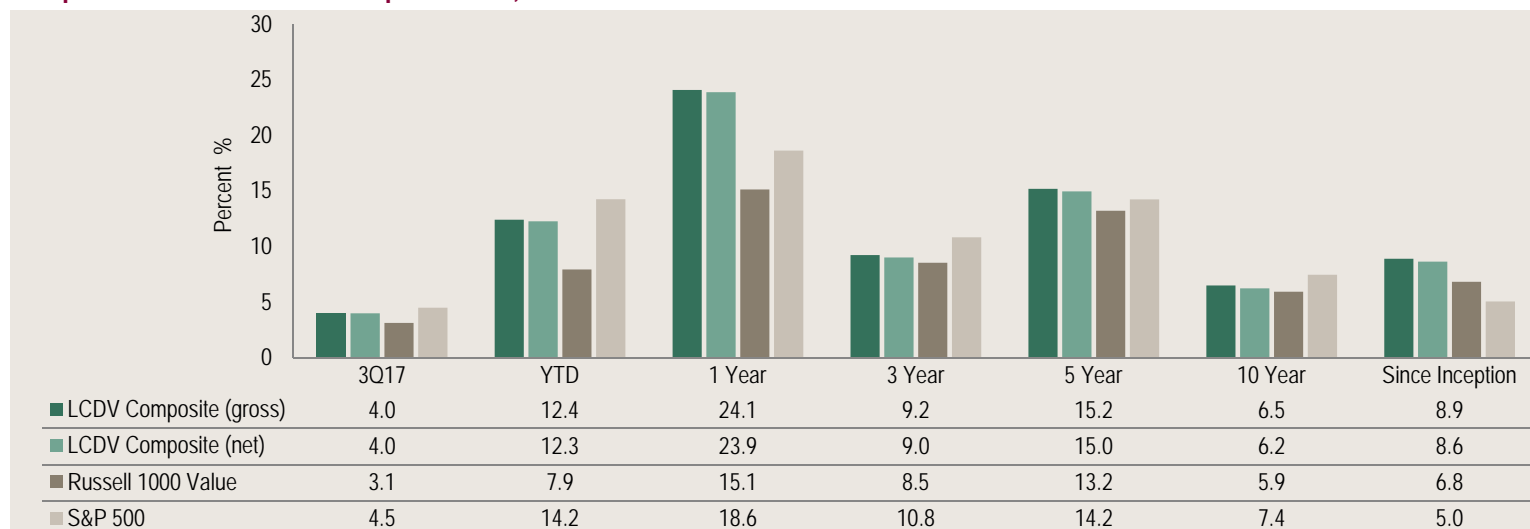


¹ % of Total Portfolio

Data source: H&W, Bloomberg

Informational purposes and should not be considered as investment recommendations. Information provided is based on a representative portfolio of the Large Cap Diversified Value strategy. Sector and/or industry weights, statistics, and holdings may vary due to different restrictions, cash flows, and other relevant considerations. Holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients, and may not be indicative of current or future holdings or trading activity. No assumptions should be made that companies identified, or all investment decisions were, or will be profitable. A complete list of portfolio holdings is available upon request. Statistics presented may be based on proprietary or third-party estimates, which are subject to change and cannot be guaranteed. 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 by MSCI and S&P. Information supplemental to strategy's composite presentation provided in accompanying performance schedule.

Composite Performance as of September 30, 2017



Commencement of Large Cap Diversified Value (LCDV) Composite: 4/1/00. Periods over one year are average annual total returns.

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 Large Cap Diversified Value Composite has been examined for the periods April 1, 2000 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. The performance history of Firm composites prior to October 9, 2001 is comprised of the performance history of the accounts managed by the predecessor firm. There has been no material change in the investment strategy related to these products as a result of the establishment of H&W.

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 (including performance-based fees if applicable) and all trading expenses but before custodial fees. H&W's management fees are described in Part 2A of its Form ADV. The standard Large Cap Diversified Value management fee schedule is 75 basis points on the first \$15 million, 50 basis points on the next \$85 million and 35 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 et of Fees | % Total Return S&P | % Total Return R1000V | # of Accts | Internal Dispersion (%) | Comp. Assets (\$mm) | Total Firm Assets (\$mm) |
|------|------------------------------|---------------------------|--------------------|-----------------------|------------|-------------------------|---------------------|--------------------------|
| 2016 | 19.0 | 18.8 | 12.0 | 17.3 | 19 | 0.3 | 10,634 | 29,952 |
| 2015 | -7.0 | -7.2 | 1.4 | -3.8 | 22 | 0.4 | 10,788 | 28,367 |
| 2014 | 13.7 | 13.5 | 13.7 | 13.5 | 21 | 0.2 | 12,394 | 32,190 |
| 2013 | 38.1 | 37.8 | 32.4 | 32.5 | 21 | 0.3 | 9,401 | 25,962 |
| 2012 | 21.1 | 20.9 | 16.0 | 17.5 | 22 | 0.1 | 7,117 | 18,781 |
| 2011 | -5.0 | -5.2 | 2.1 | 0.4 | 24 | 0.2 | 6,359 | 16,171 |
| 2010 | 20.5 | 20.2 | 15.1 | 15.5 | 21 | 0.2 | 6,568 | 18,148 |
| 2009 | 38.2 | 37.8 | 26.5 | 19.7 | 27 | 1.0 | 4,522 | 14,494 |
| 2008 | -45.3 | -45.5 | -37.0 | -36.9 | 28 | 0.3 | 3,039 | 10,807 |
| 2007 | -10.2 | -10.5 | 5.5 | -0.2 | 42 | 0.3 | 7,421 | 27,698 |

Composite: The Composite includes all Large Cap Diversified Value discretionary accounts. The Large Cap Diversified Value investment strategy seeks capital appreciation primarily through investments in common stocks of large cap U.S. companies. The typical market cap range is over \$5 billion. Accounts with significant cash flows ($\geq 10\%$ of beginning of the month assets for the period January 1, 2006 through December 31, 2010, and $\geq 25\%$ effective January 1, 2011) are excluded from the respective month's composite calculation and included in the subsequent month. (Composite creation: 2000)

Indexes: The S&P 500® Index ("S&P") is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Russell 1000® Value Index ("R1000V") measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. These stock indexes assume reinvestment of dividends and capital gains, and assume 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 S&P and R1000V and returns may not be correlated to the indexes. 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(s) returns over the preceding 36-month period ended:

| | 3-Year Annualized Standard Deviation (%) | | |
|------|--|------|--------|
| | Composite | S&P | R1000V |
| 2016 | 14.3 | 10.6 | 10.8 |
| 2015 | 12.2 | 10.5 | 10.7 |
| 2014 | 10.6 | 9.0 | 9.2 |
| 2013 | 14.5 | 11.9 | 12.7 |
| 2012 | 18.0 | 15.1 | 15.5 |
| 2011 | 24.2 | 18.7 | 20.7 |

