

Strategy Description

The Fundamental 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 invest in 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: \$8.9 billion
- Inception Date: 1980
- Number of Stocks: 40 – 60
- Capitalization Range: >\$3 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	10.1x	15.3x
Price/Book	1.5x	2.0x
Price/Sales	1.3x	1.6x
Dividend Yield	2.2%	2.4%
Payout Yield	5.8%	4.4%
Wtd Avg Mkt Capitalization (mm)	\$101,602	\$113,069
Median Mkt Capitalization (mm)	\$25,836	\$8,997
Number of Holdings	55	716

Top Ten Stocks¹

American International Group Inc.	4.8%
Hewlett Packard Enterprise	4.8
Citigroup Inc.	4.5
Microsoft Corp.	3.9
Wells Fargo & Co.	3.7
Oracle Corp.	3.6
Bank of America Corp.	3.2
Capital One Financial Corp.	2.9
Cummins Inc.	2.8
Corning Inc.	2.8

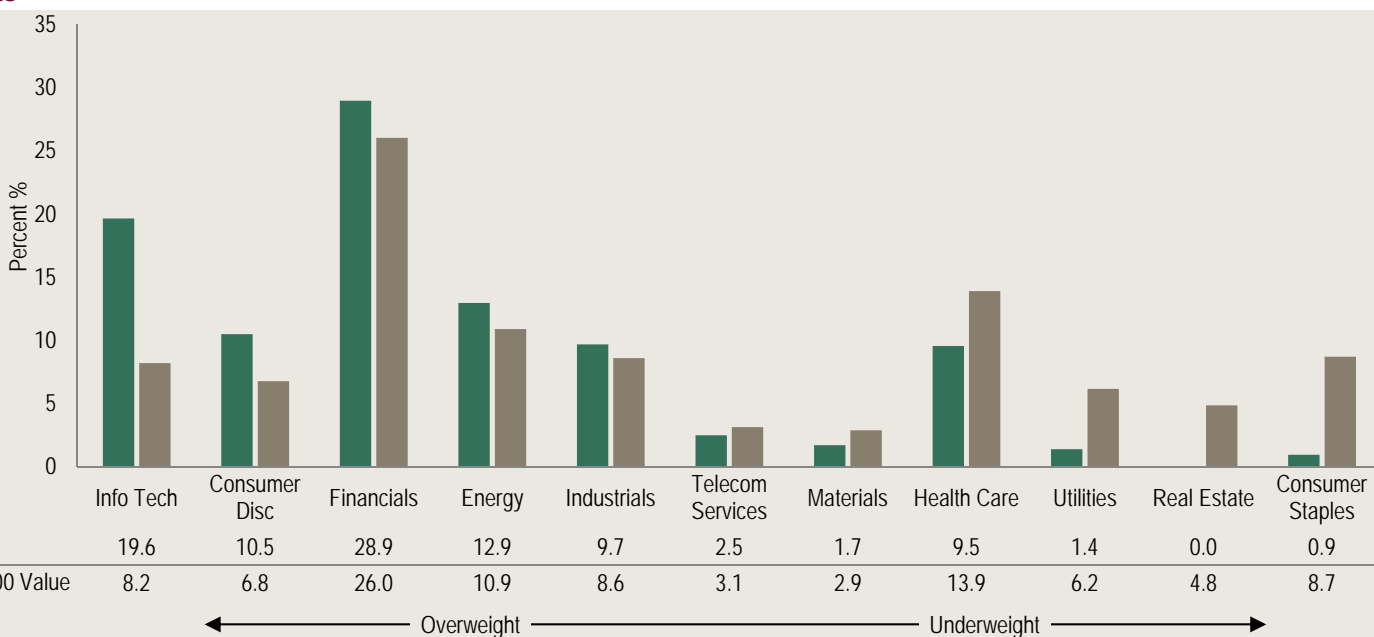
Firm Facts

- ▶ 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
- ▶ High payout yield
- ▶ Distinct from benchmark
- ▶ Fully Invested

Sector Weights¹



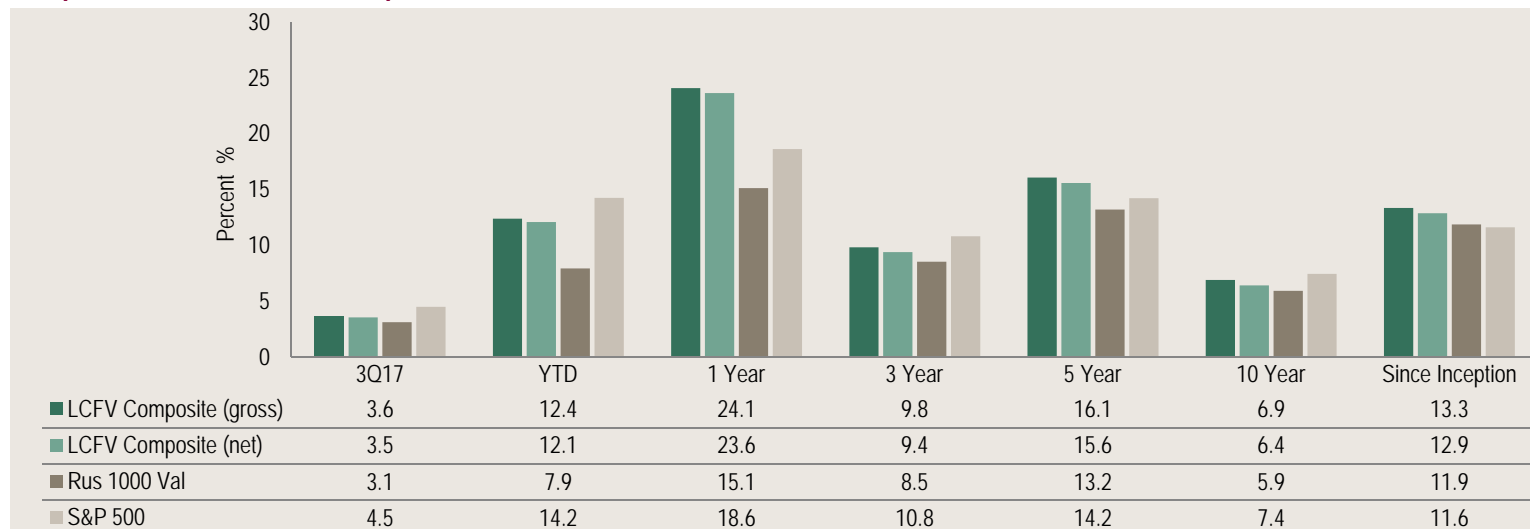
¹ % of Total Portfolio

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 Fundamental 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.

LARGE CAP FUNDAMENTAL VALUE

Composite Performance as of September 30, 2017



Commencement of Large Cap Fundamental Value (LCFV) Composite: 7/1/80. 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 Fundamental Value Composite has been examined for the periods July 1, 1980 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 Fundamental Value management fee schedule is 75 basis points on the first \$15 million and 50 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 S&P	% Total Return R1000V	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
2016	21.0	20.5	12.0	17.3	30	0.5	8,549	29,952
2015	-7.2	-7.6	1.4	-3.8	32	0.3	7,804	28,367
2014	14.5	14.0	13.7	13.5	34	0.1	8,825	32,190
2013	40.9	40.4	32.4	32.5	33	0.9	8,162	25,962
2012	19.7	19.2	16.0	17.5	34	1.0	7,172	18,781
2011	-2.8	-3.3	2.1	0.4	33	0.3	5,953	16,171
2010	20.8	20.3	15.1	15.5	29	0.2	6,891	18,148
2009	36.3	35.6	26.5	19.7	34	0.7	6,290	14,494
2008	-45.6	-46.0	-37.0	-36.9	42	0.8	4,078	10,807
2007	-9.8	-10.3	5.5	-0.2	67	0.3	10,878	27,698

Composite: The Composite includes all Large Cap Fundamental Value discretionary accounts (\$10 million minimum market value prior to 2011; \$5 million prior to 1985). The Large Cap Fundamental Value investment strategy seeks current income and long-term growth of income, as well as capital appreciation, primarily through investments in common stocks of large cap U.S. companies. Prior to November 2001, the Composite included equity segments of balanced accounts, with its appropriate cash allocation. Cash is allocated to the carve-out segment returns on a pro rata basis depending on the proportion of equity assets to total portfolio assets based on beginning-of-period market values. The typical market cap range is over \$3 billion. Accounts with significant cash flows ($\geq 10\%$ of beginning of the month assets for the periods 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: 1980)

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	10.4	9.0	9.2
2013	13.9	11.9	12.7
2012	17.8	15.1	15.5
2011	24.4	18.7	20.7

