

## Strategy Description

The Value Opportunities strategy uses a disciplined, value-oriented investment process to construct a concentrated portfolio of securities across the capital structure, representing what we believe to possess attractive risk reward characteristics.



## Strategy Information

- Asset Class: Opportunistic Multi-Cap
- Benchmark: S&P 500 Index
- Strategy Assets: \$614 million
- Inception Date: 2002
- Number of Holdings: 40 – 75
- Capitalization Range: Micro – Mega
- Open to new investors
- Separate Account Minimum: \$15 million

### Portfolio Characteristics

	Portfolio	S&P 500
Projected P/E (FY2)	12.0x	17.2x
Price/Normal Earnings	8.3x	18.1x
Price/Book	1.2x	3.1x
Price/Sales	1.1x	2.1x
Dividend Yield	1.3%	1.9%
Yield (including bonds)	1.5%	--
Payout Yield	4.8%	3.9%
Wtd Avg Mkt Capitalization (mm)	\$88,798	\$174,861
Median Mkt Capitalization (mm)	\$5,343	\$21,094
Number of Issuers	57	500

### Top Ten Holdings<sup>1</sup>

Hewlett Packard Enterprise	5.8%
American International Group Inc.	5.4
Wells Fargo & Co.	5.3
Seritage Growth Properties	4.5
Microsoft Corp.	4.3
Bank of America Corp.	4.1
Ericsson	3.9
WestJet Airlines	3.6
Oracle Corp.	3.6
Masonite International Corp.	3.0

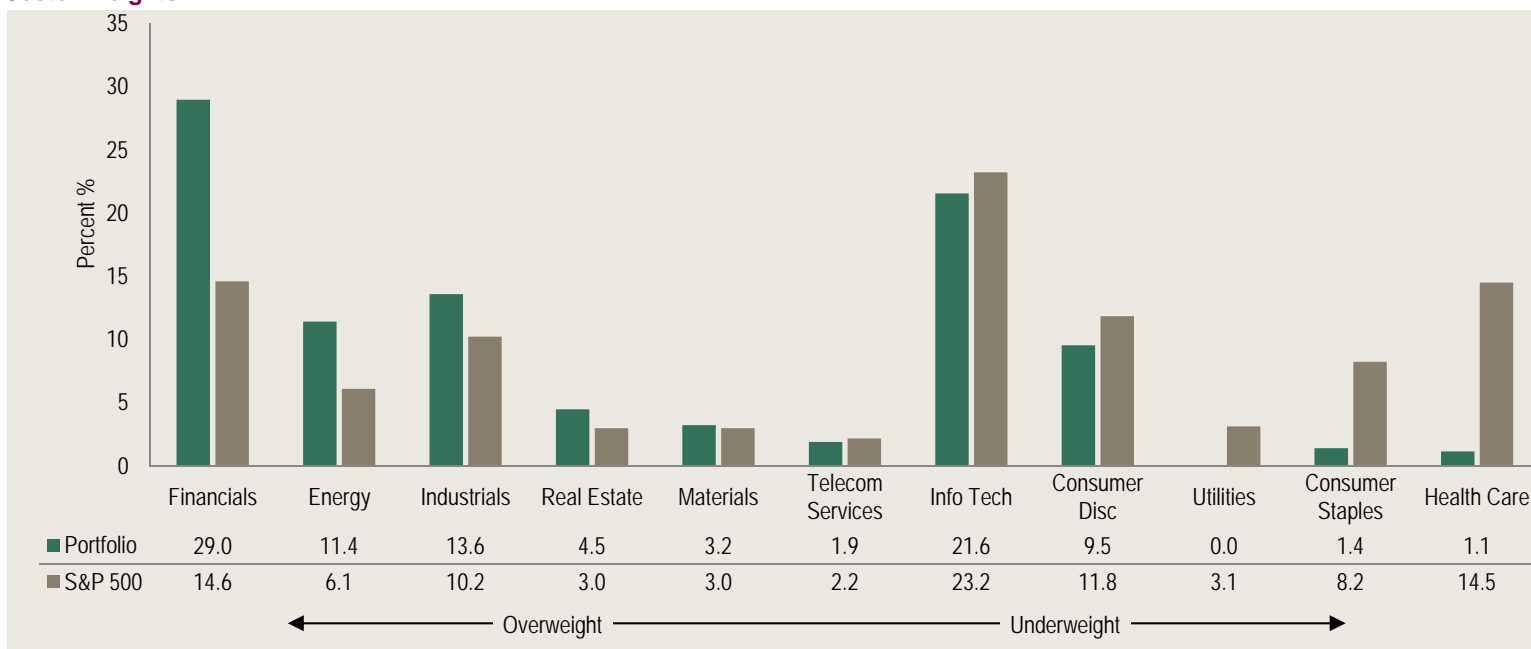
### Firm Facts

- ▶ 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 Weights<sup>1</sup>

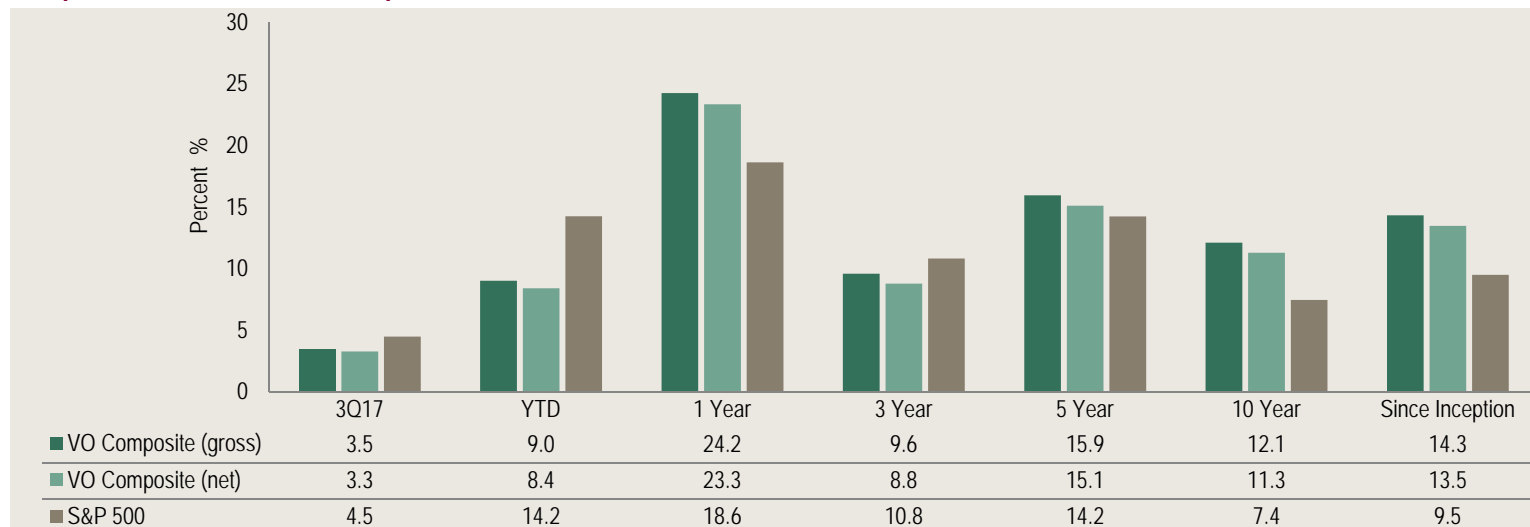


<sup>1</sup> % of Total Portfolio

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 Value Opportunities 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. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services, LLC ("S&P") and is licensed for use by Hotchkis & Wiley ("H&W"). All rights reserved. Neither S&P nor MSCI is liable for any errors or delays in this report, or for any actions taken in reliance on any information contained herein. The Value Opportunities strategy may be viewed as a non-diversified strategy, which may concentrate its assets in fewer individual holdings. The strategy may be exposed to more individual stock volatility than a more diversified strategy and may also invest in smaller and/or medium-sized companies, foreign securities, and debt securities. Information supplemental to strategy's composite presentation provided in accompanying performance schedule.

**Composite Performance as of September 30, 2017**



Commencement of Value Opportunities (VO) Composite: 11/1/02. Periods over one year are average annualized total return. Past performance is no guarantee of future performance.

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 Value Opportunities Composite has been examined for the periods November 1, 2002 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 Value Opportunities management fee schedule is 90 basis points on the first \$25 million and 75 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 Value Opportunities discretionary accounts. The Value Opportunities strategy seeks capital appreciation primarily through investments in companies that H&W believes have strong capital appreciation potential, with no market capitalization restrictions. The typical market cap range is Micro to Mega. For the periods January 1, 2006 through May 31, 2009, accounts with significant cash flows (≥ 10% of beginning of the month assets) were excluded from the respective month's composite calculation and included in the subsequent month. There were four non-fee paying accounts in the Composite which represented 13% of the Composite assets as of December 31, 2003 and 10% as of December 31, 2004. Thereafter, the four accounts are fee paying. (Composite creation: 2002)

**Index:** 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 Index assumes reinvestment of dividends and capital gains, and assumes 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 returns may not be correlated to the index. Effective June 30, 2013, the Russell 3000® Index and Russell 3000® Value Index were deleted. The S&P 500® Index is a more representative benchmark. 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:

	% Total Return Gross of Fees	% Total Return Net of Fees	% Total Return S&P	# of Accts	Internal Dispersion (%)	Comp. Assets (\$mm)	Total Firm Assets (\$mm)
2016	20.8	19.9	12.0	<6	n/m	566	29,952
2015	-3.2	-3.9	1.4	<6	n/m	655	28,367
2014	11.3	10.5	13.7	<6	n/m	745	32,190
2013	39.0	38.1	32.4	<6	n/m	541	25,962
2012	31.0	30.0	16.0	<6	n/m	114	18,781
2011	-6.0	-6.7	2.1	<6	n/m	69	16,171
2010	36.4	35.4	15.1	<6	n/m	61	18,148
2009	67.8	66.6	26.5	<6	n/m	44	14,494
2008	-40.2	-40.7	-37.0	<6	n/m	41	10,807
2007	-10.7	-11.4	5.5	<6	n/m	16	27,698

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

	3-Year Annualized Standard Deviation (%)	
	Composite	S&P
2016	14.0	10.6
2015	11.5	10.5
2014	10.9	9.0
2013	16.0	11.9
2012	20.5	15.1
2011	27.5	18.7

