DIVERSIFIED VALUE FUND
Commentary
First Quarter 2017

Hotchkis & Wiley

Manager Review and Economic Outlook

Market Commentary

The S&P 500 Index increased +6.07% in the first quarter of 2017, continuing a nearly unbroken string of quarterly gains since the beginning of 2013. The rise in equities has triggered debate about the US equity market's current valuation. Most traditional valuation measures are above historical averages; however, these metrics are below historical averages after adjusting for the low interest rate environment. Our general view is that the broad market, as defined by the S&P 500, is fully valued. Often overlooked, however, is that some market segments contain bargains while others are richly valued. Finding such opportunities has become more difficult in recent years but we continue to observe a large valuation discrepancy between cyclical market segments and those viewed as bond surrogates. Today's popular stocks are those that have relatively stable earnings and high dividend payouts, like REITs, consumer staples, and regulated utilities. While the underlying businesses are stable, these are mature, slow-growing market segments, and paying 20-25x earnings is a risky proposition in our view. Investing in passive ETFs that track common equity indices is the other preferred strategy of the day, pouring still more investor capital into overvalued stocks and exacerbating the situation. Meanwhile, some market segments that have been shunned trade for half the valuation levels of the more favored areas of the market, and in select circumstances, even trade at a discount to the replacement cost of the business.

As an example, we own several banks and insurers that trade at discounts to tangible book value; it would cost more to replicate the asset base than to simply buy the company. These businesses continue to have a stigma from the financial crisis, which is in part why current valuations remain attractive, in our opinion. The fact remains, however, that these companies provide essential services to the economy (low obsolescence risk) and have capital ratios/liquidity metrics at the highest levels since the 1930s. Regulatory uncertainty always represents a risk, but this also acts as a barrier to entry as leading franchises are difficult and costly to displace—an often overlooked benefit. We believe Technology is another sector that offers attractive valuation opportunities for the risks at hand. We own a mix of attractively-valued software, hardware, and equipment companies with businesses that we view as more predictable than most technology companies. These businesses have relatively sticky customers, strong balance sheets, and are prudent capital stewards.

Because we have identified attractive pockets of opportunity within a fully valued market, the portfolio trades at a large discount to the market. The portfolio trades at 1.5x book value and 9.7x normal earnings compared to 2.0x and 14.7x, respectively, for the Russell 1000 Value. Compared to the S&P 500, the portfolio's valuation discount is even more pronounced, as the broad index trades 3.0x book value and 17.3x normal earnings.

Attribution: 1Q 2017

The Hotchkis & Wiley Diversified Value Fund (Class I) outperformed the Russell 1000 Value Index in the first quarter of 2017. Each sector in the portfolio increased in the quarter, with the lone exception of Energy due to the decline in oil prices. Relative to the benchmark, the portfolio benefitted from strong stock selection in Industrials, Telecom and Healthcare. This was partly offset by stock selection in Energy, Consumer Staples and Financials. The largest individual contributors to relative performance were NRG, Ericsson, Oracle, Anthem, and Corning; the largest detractors were Hess, Marathon, AIG, Calpine, and Cobalt.

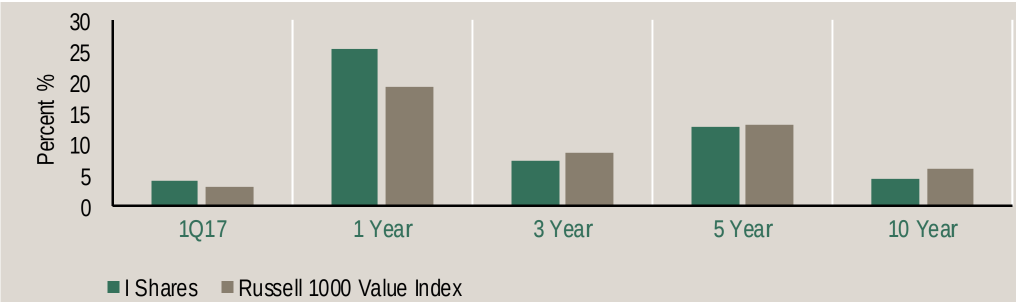
Portfolio Activity: 1Q 2017

The majority of turnover in the quarter was due to adding and trimming around existing positions as valuation changes dictated. We added three new positions and fully exited two during the quarter, closing with 67 holdings. We increased the weight in Technology, primarily by adding to the existing position in Hewlett-Packard Enterprise ("HPE") which became the portfolio's largest weight by quarter-end. To become a large position, a stock must be attractively valued, have a strong balance sheet, possess a predictable business model, exercise prudent capital allocation, and be liquid. HPE scores well on each of these traits. The company is divesting its software and enterprise services businesses. After adjusting for these transactions the remaining hardware business trades between 5 and 6 times earnings. Financials was the largest sector decrease.

Mutual fund investing involves risk. Principal loss is possible. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund may invest in American Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs") which may be subject to some of the same risks as direct investment in foreign companies.

Fund holdings and/or sector allocations are subject to change and are not buy/sell recommendations. Current and future portfolio holdings are subject to risk. Certain information presented based on proprietary or third-party estimates are subject to change and cannot be guaranteed. Portfolio managers' opinions and data included in this commentary are as of 3/31/17 and are subject to change without notice. Any forecasts made cannot be guaranteed. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness. Past performance is no guarantee of future results. Diversification does not assure a profit nor protect against loss in a declining market.

Performance as of March 31, 2017



	1Q17	1 Year	3 Year	5 Year	10 Year	Since 8/30/04
I Shares	4.19%	25.32%	7.39%	12.89%	4.57%	7.08%
A Shares without sales charge	4.18	25.05	7.14	12.63	4.31	6.81
A Shares	-1.28	18.47	5.23	11.41	3.75	6.36
C Shares without CDSC	3.97	24.08	6.33	11.78	3.56	6.03
C Shares	2.97	23.08	6.33	11.78	3.56	6.03
Russell 1000 Value Index	3.27	19.22	8.67	13.13	5.93	8.09

The Fund's total annual operating gross expense ratio as of the most current prospectus is 1.03% for I Shares, 1.28% for A Shares and 2.03% for C Shares. The net expense ratio is 0.95% for I Shares, 1.20% for A Shares and 1.95% for C Shares. The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through April 30, 2018.

The performance shown represents past performance. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end, access our website at www.hwcm.com.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. This and other important information is contained in the Fund's summary prospectus and prospectus, which can be obtained by calling 1-800-796-5606 or visiting our website at www.hwcm.com. Read carefully before you invest.

(Inception date: I , A and C Shares-8/30/04). Returns shown for A Shares and C Shares without sales charge do not reflect the maximum sales load of 5.25% or the Contingent Deferred Sales Charge (CDSC) of 1.00% for the first year; if reflected, performance would be lower than shown. Returns for A and C shares reflect the deduction of the current maximum initial sales charges of 5.25% and 1.00% CDSC. C Shares convert automatically to A Shares approximately eight years after purchase. A Shares are subject to lower annual expenses than C Shares. Class I shares sold to a limited group of investors. Periods over one year are average annual total return. Average annual total returns include reinvestment of dividends and capital gains. Expense limitations may have increased the Fund's total return.

The **Russell 1000® Value Index** measures the performance of those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth values. The **S&P 500® Index** is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The indices do not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. The Fund's value disciplines may prevent or restrict investment in major stocks in the benchmark indices. It is not possible to invest directly in an index. The Fund's returns may not correlate with the returns of their benchmark indices. REITS stands for Real Estate Investment Trusts. ETFs stands for Exchange-traded Funds. Book value is the net asset value of a company, calculated by subtracting total liabilities from total assets. Dividend payout ratio is the percentage of earnings paid to shareholders in dividends. Top ten holdings as of 3/31/17 as a % of the Fund's net assets: Hewlett Packard Enterprise 5.2%, American Int'l Group Inc. 5.0%, Citigroup Inc. 4.8%, Microsoft Corp. 3.9%, Oracle Corp. 3.6%, Marathon Oil Corp. 3.4%, Bank of America Corp. 3.3%, Corning Inc. 2.7%, Discovery Communications 2.7%, and Anthem Inc. 2.7%. Fund holdings are subject to change and are not recommendations to buy or sell any security.

Contributors to Performance

Top Five	% of Total Portfolio[1]
Oracle Corp.	3.6%
NRG Energy Inc.	0.5
Ericsson	2.7
Anthem Inc.	2.7
Corning Inc.	2.7

Bottom Five	% of Total Portfolio[1]
Cobalt International Energy Inc.	0.1%
American International Group Inc.	5.0
Target Corp.	0.6
Marathon Oil Corp.	3.4
Hess Corp.	1.8

Classes & Tickers

I Shares	HWCIX
A Shares	HWCAX
C Shares	HWCCX

[1]% of total portfolio includes total investments, cash and cash equivalents, and accrued investment income on a trade date basis.

Investing in value stocks presents the risk that value stocks may fall out of favor with investors and underperform other asset types during a given periods. Equities, bonds, and other asset classes have different risk profiles, which should be considered when investing. All investments contain risk and may lose value. Specific securities identified are the largest contributors (or detractors) on a relative basis to the Russell 1000 Value Index. Securities' absolute performance may reflect different results. The Fund may not continue to hold the securities mentioned and the Advisor has no obligation to disclose purchases or sales of these securities. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using daily holding information and does not reflect the payment of transaction costs, fees and expenses of the Fund.

NOT FDIC INSURED
NO BANK GUARANTEE
MAY LOSE VALUE

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