HIGH YIELD FUND
Commentary
First Quarter 2017

Hotchkis & Wiley

Manager Review and Economic Outlook

Market Commentary

The BofA Merrill Lynch US High Yield Index returned +2.71% in the first quarter of 2017. The yield-to-worst fell and spreads tightened, each by about 30 basis points in the quarter; similar duration Treasury yields were essentially unchanged. Lower rated bonds performed best, which is typical in strong positive markets. The CCC-rated portion of the index returned +5.2% and CCC spreads tightened by more than 100 basis points. The top performing sectors, in order, were transportation, healthcare, telecommunications, and utilities. Retail was the lone negative sector, though it declined by less than one percentage point.

The market ended the quarter with a yield-to-worst of 5.9% and spread over treasuries of 391 basis points. With spreads both tight and narrowly distributed, it is not the most compelling environment we have ever observed based on valuations alone. Nonetheless, we believe high yield valuations appear more attractive than fixed income alternatives, even after adjusting for differences in risk. Strong market fundamentals are the primary cause of the tight high yield market. The trailing 12 month default rate has fallen well below average (~2.5%), and is poised to decline further as early-to-mid 2016 defaults roll off. Defaults outside the commodity sectors have been nearly non-existent, persisting at less 1% over the past year. Default increases are most often preceded by revenue and margin declines coupled with increases in financial leverage. Revenues and margins have recently improved; however, and leverage has come down.

We have been able to identify attractive individual opportunities, though it is more difficult than in years past. We believe our penchant for small and mid cap issuers provides a competitive advantage by expanding our investable universe and allowing us to look at an important segment of the high yield market where opportunities abound. In the current environment, we have identified attractive risk-adjusted opportunities in basic industry, energy, and consumer goods credits. Our exposures are predicated on our bottom-up analysis of the individual credits. We believe this approach is a considerable advantage in all markets, but disproportionately so in environments where obvious opportunities are hard to find. The portfolio maintains a notable spread advantage relative to the market without assuming undue risk. Going forward, we will maintain our commitment to this time-tested approach and are optimistic about the long-term risk/return prospects of the portfolio.

Attribution: 1Q 2017

The Hotchkis & Wiley High Yield Fund (Class I) outperformed the BofAML BB-B US High Yield Constrained Index and BofAML US High Yield Index in the quarter. There were no notable themes in terms of quality, size, etc. Our bottom-up credit research worked as designed. Positive credit selection drove all of the outperformance. While consumer goods, media, and energy were particularly strong, the positive credit selection was broadly distributed. In fact, credit selection was positive or neutral in 16 of the 18 Merrill Lynch sectors. The two negative sectors had a combined effect of -7 basis points. The largest performance detractor was the underweight exposure to telecommunications, which was among the best performing sectors in the quarter.

Outlook (Scoring Scale: 1=Very Negative….5=Very Positive)

Fundamentals (4): We increased the fundamentals score from 3 to 4. Revenue growth turned positive and margins have improved, which significantly reduces default risk. The default rate, including distressed exchanges, fell to 2.5%. Excluding commodity sectors the default rate is a benign 0.6%. Leverage has declined and interest coverage has improved. The maturity calendar is well termed; there is no near-term maturity wall that would pressure refinancing. The dollar has been strong which poses a challenge to businesses that generate revenue outside US borders.

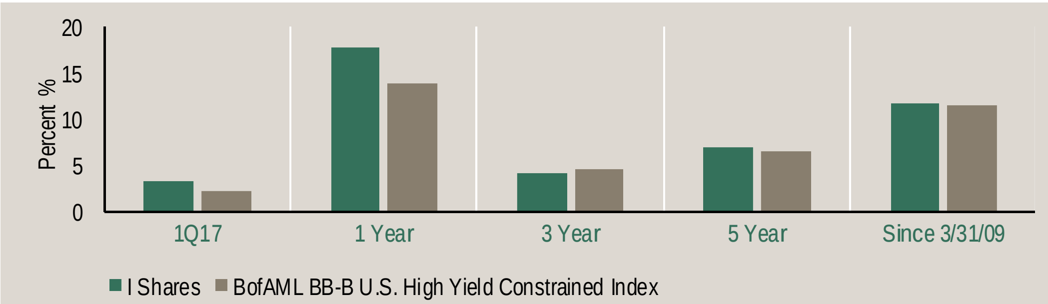
Valuation (2): We maintained the valuation score at 2. The yield-to-worst declined to 5.9% and spreads narrowed to 391 basis points—a tight market. Valuations look more reasonable after adjusting for the low default rate environment. Excess spreads are only moderately below historical levels. The narrowing has been led by commodity sectors, which are only slightly wider than the market average. Other fixed income categories exhibit valuations considerably worse, both in absolute and relative terms.

Technicals (3): We decreased the technicals score from 4 to 3. The new issue calendar is robust and appears to be loosening slightly. Low rated new issuance increased from a 12 year low to average levels. Liquidity across the market has improved over the past year, as bond dealers have increased inventory levels. Also, rating agency upgrades outpace downgrades for the first time in nearly 2 years.

MORNINGSTAR Awards 2016 Nominee

Hotchkis & Wiley High Yield Team Nominated by Morningstar for "2016 Fixed Income Fund Manager of the Year" United States

Performance as of March 31, 2017



	1Q17	1 Year	3 Year	5 Year	Since 3/31/09
I Shares	3.22%	17.66%	4.02%	6.87%	11.60%
A Shares without sales charge	3.17	17.34	3.75	6.59	11.23
A Shares	-0.66	12.92	2.44	5.78	10.70
C Shares without CDSC	2.97	16.71	3.01	5.80	10.49
C Shares	1.97	15.71	3.01	5.80	10.49
BofAML BB-B US High Yield Constrained Index	2.28	13.76	4.66	6.61	11.44
BofAML US High Yield Index	2.71	16.88	4.62	6.85	12.91

Yield	I Shares	A Shares	A Shares (Load)	C Shares
30-Day SEC Yield with expense waiver	5.79%	5.54%	5.33%	4.78%
30-Day SEC Yield without expense waiver	5.74%	5.49%	5.29%	4.74%

The Fund's total annual operating gross expense ratio as of the most current prospectus is 0.74% for I Shares, 0.99% for A Shares and 1.74% for C Shares. The net expense ratio is 0.70% for I Shares, 0.95% for A Shares and 1.70% 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. The High Yield Fund imposes a 2.00% redemption fee on shares held for 90 days or less. Performance data does not reflect the redemption fee. If it had, return would be reduced.

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.

Returns shown for A and C Shares for the periods prior to their inception are derived from the historical performance of I Shares of the Fund during such periods and have been adjusted to reflect the higher total annual operating expenses of each specific Share class (Inception date: I Shares-3/31/09, A Shares-5/29/09, C Shares-12/31/12). Returns shown for A Shares and C Shares without sales charge do not reflect the maximum sales load of 3.75% 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 3.75% 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.

Yield-to-Worst is the lowest possible yield from owning a bond considering all potential call dates prior to maturity. Basis point is a unit equal to 1/100th of 1% and is used to denote the change in a financial instrument. Spread is the percentage point difference between yields of various classes of bonds compared to treasury bonds. Credit Quality weights by rating were derived from the highest bond rating as determined by S&P, Moody's or Fitch. Bond ratings are grades given to bonds that indicate their credit quality as determined by private independent rating services such as Standard & Poor's, Moody's and Fitch. These firms evaluate a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when none of the three rating agencies have issued a formal rating, the Advisor will classify the security as nonrated.

Classes & Tickers

I Shares	HWHIX
A Shares	HWHAX
C Shares	HWHCX

The **BofA Merrill Lynch BB-B US High Yield Constrained Index** contains all securities in the BofA Merrill Lynch 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 **BofA Merrill Lynch US High Yield Index** tracks the performance of below investment grade, but not in default, US dollar-denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P. The indices do not reflect the payment of transaction costs, fees and expenses associated with an investment in the Fund. It is not possible to invest directly in an index. The Fund's returns may not correlate with the returns of its benchmark indices.

Mutual fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The Fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks. Depending on the characteristics of the particular derivative, it could become illiquid. Investment in Asset Backed and Mortgage Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest in foreign as well as emerging markets which involve greater volatility and political, economic and currency risks and differences in accounting methods.

Investing in high yield securities is subject to certain risks, including market, credit, liquidity, issuer, interest-rate, inflation, and derivatives risks Lower-rated and non-rated securities involve greater risk than higher-rated securities. High yield bonds and other asset classes have different risk-return profiles, which should be considered when investing. All investments contain risk and may lose value. Attribution is an analysis of the portfolio's return relative to a selected benchmark, is calculated using trade information and does not reflect the payment of transaction costs, fees and expenses of the Fund.

 Hotchkis and Wiley Fixed Income team nominated for Fixed Income Manager of the Year, United States.

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