VALUE OPPORTUNITIES 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. For example, the current market price-to-consensus earnings multiple is 18.3x versus the historical average of 16.6x since 1990. However, interest rates are well below historical averages. One valuation method we consider is earnings yield (inverse of P/E) less treasury yield. This provides a net equity yield. Based on this metric, the equity markets, measured by the S&P 500, continue to be undervalued relative to history (currently 3.1% vs. the historical average of 1.5%). 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. 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 stewards of capital.

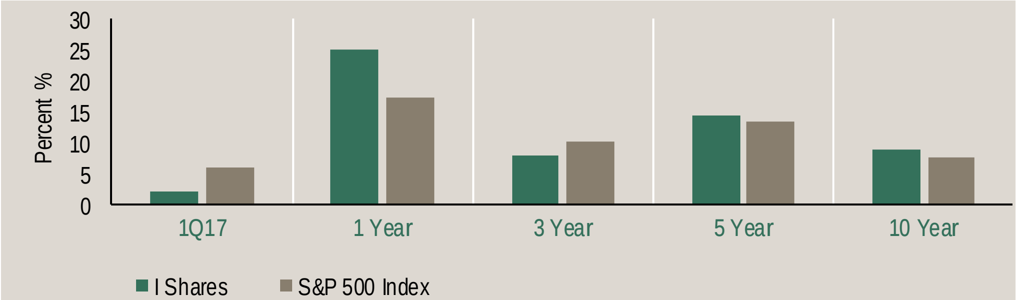
Because we have identified attractive pockets of opportunity within a fully valued market, the portfolio trades at a large discount to the market. The portfolio trades at 1.2x book value and 8.6x normal earnings compared the S&P 500 at 3.0x book value and 17.3x normal earnings, respectively.

Attribution: 1Q 2017

The Hotchkis & Wiley Value Opportunities Fund underperformed the S&P 500 Index in the first quarter of 2017. Security selection in materials and technology detracted from performance along with the overweight exposure to energy. This was partially offset by positive security selection in healthcare and real estate. The five largest individual detractors to relative performance were Iracore bonds, ARRIS, AIG, Royal Mail, and Real Industry; the five largest positive contributors were Ericsson, Oracle, GEO Group, WorleyParsons, and Energy XXI.

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 12/31/02
I Shares	2.25%	25.06%	8.00%	14.26%	9.04%	12.91%
A Shares without sales charge	2.17	24.73	7.73	13.98	8.77	12.69
A Shares	-3.19	18.17	5.81	12.75	8.18	12.26
C Shares without CDSC	2.00	23.80	6.92	13.13	8.00	11.83
C Shares	1.00	22.80	6.92	13.13	8.00	11.83
S&P 500 Index	6.07	17.17	10.37	13.30	7.51	9.40

The Fund's total annual operating expense ratio as of the most current prospectus is 1.00% for I Shares, 1.25% for A Shares and 2.00% for C Shares. Expense ratios shown are gross of any fee waivers or expense reimbursements.

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.

Returns shown for C Shares for the periods prior to its inception are derived from the historical performance of I Shares during such periods and have been adjusted to reflect the higher total annual operating expenses of each specific Share (Inception dates: I and A Share-12/31/02, C Share-8/28/03). 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 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 index does 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 index. It is not possible to invest directly in an index. The Fund's returns may not correlate with the returns of their benchmark index. Book value is the net asset value of a company, calculated by subtracting total liabilities from total assets.

Mutual fund investing involves risk. Principal loss is possible. Investing in non-diversified funds and/or smaller and/or medium-sized companies involves greater risks than those associated with investing in diversified funds and/or large company stocks, such as business risk, significant stock price fluctuations, sector concentration and illiquidity. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. The Fund may invest in ETFs, which are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Fund's ability to sell its shares. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. 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.

Contributors to Performance

Top Five	% of Total Portfolio[1]
Oracle Corp.	4.2%
Ericsson	3.7
Bank of America Corp.	4.2
WorleyParsons Ltd.	1.9
GEO Group Inc.	0.0

Bottom Five	% of Total Portfolio[1]
Royal Mail PLC	3.3%
Real Industry Inc.	0.2
American International Group Inc.	6.4
ARRIS International PLC	3.4
Iracore International Hldgs *(9.500 6/1/18)*	1.3

Classes & Tickers

I Shares	HWAIX
A Shares	HWAAX
C Shares	HWACX

[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 S&P 500 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. REITS stands for Real Estate Investment Trusts. ETFs stands for Exchange-traded Funds. Price-to-Earnings (P/E) is calculated by dividing the current price of a stock by the company's trailing 12 months' earnings per share. 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 8.3%, American Int'l Group 6.4%, Citigroup Inc. 5.0%, Discovery Communications 5.0%, Wells Fargo & Co. 4.8%, Microsoft Corp. 4.5%, Bank of America Corp. 4.2%, Oracle Corp. 4.2%, Ericsson 3.7%, and ARRIS Int'l 3.4%. Fund holdings are subject to change and are not recommendations to buy or sell any security.

NOT FDIC INSURED
NO BANK GUARANTEE
MAY LOSE VALUE

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