

**Objective**

The Hotchkis & Wiley Capital Income Fund seeks high current income and long-term growth of income, as well as capital appreciation. To achieve this objective, the Fund invests in undervalued dividend-paying equities and high yield fixed income securities with an emphasis on maximizing current income. Leveraging the firm's corporate research platform and using a disciplined, value investment process, the Fund invests across the corporate capital structure. Typically, the Fund invests 40-60% in dividend-paying stocks and 40-60% in high yield bonds.



**Investment Strategy**

- Emphasizes current income
- Constructs a diversified portfolio of income-generating securities with flexible asset allocation ranges
- Employs a disciplined and repeatable investment process using rigorous in-house fundamental research

**Classes & Tickers**

I Shares	HWIIX
A Shares	HWIAX

**Top Ten Equity Holdings<sup>1</sup>**

General Electric Co.	3.2%
American Int'l Group Inc.	2.6
Whiting Petroleum Corp.	2.3
Goldman Sachs Group Inc.	2.2
Wells Fargo & Co.	2.0
Discovery Inc.	1.9
BAE Systems PLC	1.8
Seritage Growth Properties	1.7
Magna International Inc.	1.5
GEO Group Inc.	1.5

**Top Five Bond Holdings<sup>1</sup>**

American Zinc Recycling	1.2%
Quiksilver Inc.	0.9
Rockpoint Gas Storage Canada	0.8
7.000%, due 3/31/2023	
General Electric Co.	0.6
5.000%, due 1/21/2021	
HCA, Inc.	0.5
5.875%, due 2/1/2029	

**Bond Credit Quality**

Cash & Equivalents	2.4%
Investment Grade	4.6
BB	32.2
B	43.7
CCC+ or lower	6.5
Non-Rated	10.5
Credit Default Swap Index	0.0

**Equity Portfolio Characteristics**

	Portfolio	S&P 500
Projected P/E (FY2)	9.4x	16.0x
Price/Normal Earnings	5.0x	18.5x
Price/Book	0.9x	3.3x
Price/Sales	0.6x	2.2x
Wtd Avg Market Capitalization (mm)	\$68,082	\$239,111
Median Market Capitalization (mm)	\$15,328	\$22,751

**Bond Portfolio Characteristics**

	Portfolio	ICE BofAML Corp/Govt/Mtg
Modified Duration	3.3 years	6.2 years
Dividend Frequency	Monthly	

**Asset Allocation<sup>1</sup>**

	Composition
Common Stock	56.5%
Bonds	38.5
Preferred/Convertibles	0.5
Cash & Equivalents	0.8
Other	3.8

<sup>1</sup> % of total portfolio includes total investments, cash and cash equivalents, and accrued investment income on a trade date basis.

Holdings are subject to change and are not buy/sell recommendations. Information presented based on proprietary or third-party estimates are subject to change and cannot be guaranteed.

**Portfolio Characteristics**

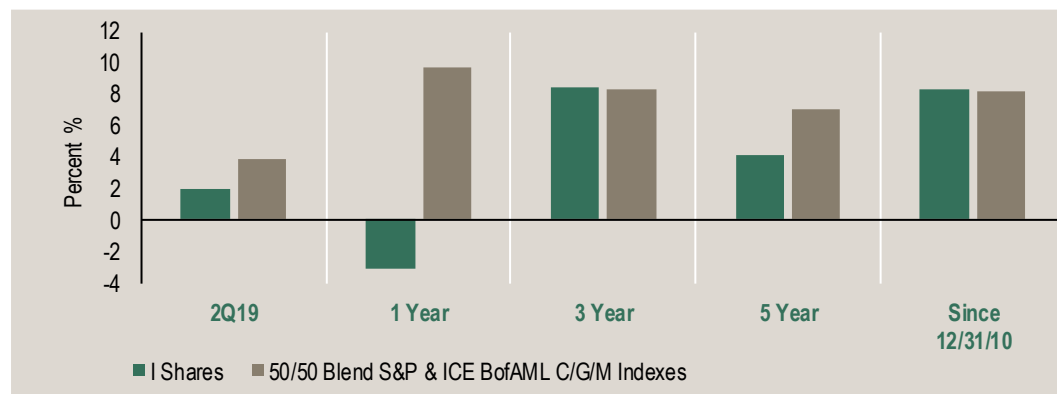
**Projected P/E (FY2)** is the projected P/E ratios of the companies invested in the portfolio, which ratios represent current market price per share divided by a company's estimated future earnings-per-share. Projected earnings are consensus analyst forecasts; actual P/E ratios may differ from projected P/E ratios. **Price/Normal Earnings** is the current market price per share divided by normalized earnings per share. **Price/Book** is the price of a stock divided by its book value. **Price/Sales** is the aggregate portfolio capitalization to aggregate portfolio historical sales of all stocks in the fund's portfolio as of that date. **Market Capitalization** of a company is calculated by multiplying the number of outstanding shares by the current market price of a share. **Modified Duration** measures the price sensitivity of a bond to interest rate movements.

**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. Credit default swaps use bond-equivalent prices to calculate portfolio weights and % of portfolio would be negative if short the index. Sources: Bloomberg, FactSet

**Diversification does not assure a profit nor protect against loss in a declining market.**

# CAPITAL INCOME FUND

## Performance as of June 30, 2019



	2Q19	1 Year	3 Year	5 Year	Since 12/31/10
I Shares	1.98%	-3.13%	8.49%	4.14%	8.38%
A Shares without sales charge	1.91	-3.17	8.24	3.95	8.48
A Shares	-2.93	-7.80	6.49	2.94	7.86
S&P 500 Index	4.30	10.42	14.19	10.71	12.85
ICE BofAML US Corp., Govt. & Mtg. Index	3.17	8.03	2.33	3.03	3.42
50/50 Blend S&P & ICE BofAML C/G/M Indexes	3.89	9.71	8.33	7.02	8.25

Yield			A Shares (Load)
	I Shares	A Shares	
30-Day SEC Yield with expense waiver	3.97%	3.55%	3.38%
30-Day SEC Yield without expense waiver	3.50%	3.10%	2.95%

The Advisor has contractually agreed to waive advisory fees and/or reimburse expenses through August 29, 2020 so the net expense ratio does not exceed 0.80% for I Shares and 1.05% for A Shares. Over the past 12 months, the Fund invested in business development companies, which produced acquired fund fees and expenses ("AFFE") of 0.01%. The reported net expense ratio is the expense ratio cap plus AFFE, or 0.81% for I Shares and 1.06% for A Shares. Net expense ratios were applicable to investors. The Fund's total annual operating gross expense ratio as of the most current prospectus is 1.34% for I Shares and 1.62% for A Shares.

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](http://www.hwcm.com).

Returns shown for A 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-12/31/10, A Shares-2/28/11). Returns shown for A returns without sales charge does not reflect the maximum sales load of 4.75%; if reflected, performance would be lower than shown. All other returns reflect the deduction of the current maximum initial sales charges of 4.75%. 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. Distribution Yield is calculated by annualizing the current month's distribution and dividing by the NAV on the last business day of the period. It does not include long- or short-term capital gains distributions.

Distribution Yield	
I Shares	3.16%
A Shares	2.78%

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 ICE BofAML US Corporate, Government & Mortgage Index is a broad-based measure of the total rate of return performance of the US investment grade bond markets. The Index is a capitalization weighted aggregation of outstanding US treasury, agency and supranational, mortgage pass-through, and investment grade corporate bonds meeting specified selection criteria. The 50/50 benchmark is an average, equal weighted blend of the S&P 500® Index and ICE BofAML US Corporate, Government & Mortgage Index. 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 their 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.*

*This material must be preceded or accompanied by a summary prospectus or prospectus of the Hotchkis & Wiley Capital Income Fund*

**NOT FDIC INSURED  
NO BANK GUARANTEE  
MAY LOSE VALUE**

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