Hotchkis & Wiley Webinar Highlights

The Advantage of Active Investing in High Yield

In the October webinar, Portfolio Manager Mark Hudoff discussed the current high yield market and the pitfalls associated with investing in high yield ETFs. The following summarizes his discussion:

Mark Hudoff
Portfolio Manager

Top Takeaways

- Global growth appears to be building with improvements in Europe and Asia, supporting the strong fundamentals in the U.S. credit market.
- Defaults remain around 1%, inflation looks benign, and market liquidity has improved.
- We believe high yield bonds look attractive relative to other fixed income investments due to the risks of rising inflation and interest rates.
- We believe high yield ETFs do not pose a technical risk to the broader high yield market given the small market share (less than 3%) of the two largest ETFs.[1]
- The two largest high yield ETFs emphasize the largest and most liquid bonds and, therefore, have lagged the broader BofA Merrill Lynch High Yield Index which is composed of large, mid, and small issuers.
- Other factors contributing to the underperformance of these more narrowly constructed ETFs include fees, large fund flows, and deviation from NAV.
- We believe that ignoring the small- and mid-cap credit space is counterproductive to effective high yield investing.
- Pricing inefficiencies of high yield credits make them attractive to active managers but pose liquidity challenges and potential pricing concerns for high yield ETF investors.

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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.

Hotchkis & Wiley High Yield Fund

Performance as of 9/30/17	3Q	1 Year	3 Year	5 Year	Since Inception (3/31/09)
I Shares (HWHIX)	1.90%	9.56%	5.33%	6.27%	11.38%
A Shares w/o sales charge	1.84	9.31	5.06	6.01	11.01
A Shares (HWHAX)	-1.94	5.23	3.73	5.20	10.51
C Shares w/o CDSC	1.65	8.47	4.31	5.20	10.26
C Shares (HWHCX)	0.65	7.47	4.31	5.20	10.26
BofA Merrill Lynch BB-B US High Yield Constrained Index	1.94	7.91	5.79	6.15	11.26

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 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.

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. The 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.

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 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%. It is not possible to invest directly in an index. Investing in high yield securities is subject to certain risks including market, greater price volatility, credit, liquidity, issuer, interest-rate, inflation, and derivatives risks. Lower-rated and non-rated securities involve greater risk than higher-rated securities. Investment grade bonds, high yield bonds and other asset classes have different risk-return profiles, which should be considered when investing. 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.

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.

The opinions expressed are those of the portfolio managers as of 9/30/17 and may not be accurate reflections of their opinions after that date; there is no guarantee that any forecasts made will come to pass.

[1]ETFs are represented by iShares iBoxx US Dollar High Yield ETF (HYG) and the SPDR Bloomberg Barclays High Yield ETF (JNK). HYG is designed to track the Markit iBoxx Liquid High Yield Index and JNK is designed to track the Bloomberg Barclays US High Yield Very Liquid Index. The investment objective of HYG seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds. The Bloomberg Barclays US High Yield Very Liquid Index measures the performance of publicly issued US dollar denominated high yield corporate bonds with above-average liquidity. The Markit iBoxx Liquid High Yield Index consists of liquid USD high yield bonds, selected to provide a balanced representation of the broad USD high yield corporate bond universe. The investment objective of JNK seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of an index that tracks the U.S. high yield corporate bond market. The gross expense ratio of HYG is 0.49% while the gross expense ratio of JNK is 0.40%. Please consult a tax professional for information on your particular situation. All investments involve risks.

As of 9/30/17, the average annual total returns for the iShares iBoxx $ HY ETF (HYG) (market price) were 7.02%, 4.92%, 5.61% and 5.72%, respectively, and the iShares iBoxx $ HY ETF (HYG) (NAV) were 7.39%, 4.92%, 5.88% and 5.75%, respectively, for the 1, 5, 10 and Since Inception (4/4/07). The SPDR Bloomberg Barclays HY ETF (JNK) (market price) were 7.65%, 4.60% and 5.83%, respectively, and the SPDR Bloomberg Barclays HY ETF (JNK) (NAV) were 8.05%, 4.60% and 5.81%, respectively for the 1, 5 and Since Inception (11/28/07). The BofA Merrill Lynch US HY Index were 9.06%, 6.38% and 7.72%, respectively, for the 1, 5 and 10 years.

Investments in ETFs are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of the 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 Funds ability to sell its shares. References to other securities are not an offer to sell those securities. The SPDR® Series Trust Funds are distributed by State Street Global Markets, LLC. The iShares Funds are distributed by Blackrock Investments, LLC.

To obtain a prospectus or performance current to most recent month end for JNK please call 866-787-2257 or for HYG please call 800-474-2737.

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