



**Hotchkis & Wiley SMID Cap Diversified  
Value Fund  
Annual Financial Statements and  
Additional Information**

JUNE 30, 2025



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# HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND

## SCHEDULE OF INVESTMENTS

June 30, 2025

	Shares	Value		Shares	Value
<b>COMMON STOCKS - 96.9%</b>			<b>Construction &amp; Engineering - 0.8%</b>		
<b>Aerospace &amp; Defense - 1.2%</b>			Fluor Corp. <sup>(a)</sup> . . . . .		
Huntington Ingalls Industries, Inc. . . . .	96	\$ 23,180		320	\$ 16,406
<b>Automobile Components - 5.4%</b>			<b>Consumer Finance - 2.3%</b>		
Adient PLC <sup>(a)</sup> . . . . .	592	11,520	Ally Financial, Inc. . . . .		
Aptiv PLC <sup>(a)</sup> . . . . .	320	21,830		536	20,877
BorgWarner, Inc. . . . .	696	23,302	Synchrony Financial . . . . .		
Gentex Corp. . . . .	336	7,389		368	24,561
Lear Corp. . . . .	136	12,917			45,438
Magna International, Inc. . . . .	568	21,930	<b>Containers &amp; Packaging - 0.8%</b>		
Visteon Corp. <sup>(a)</sup> . . . . .	104	9,703	Silgan Holdings, Inc. . . . .		
		108,591		152	8,236
<b>Automobiles - 1.4%</b>			Sonoco Products Co. . . . .		
General Motors Co. . . . .	424	20,865		168	7,318
Harley-Davidson, Inc. . . . .	312	7,363			15,554
		28,228	<b>Electric Utilities - 2.1%</b>		
<b>Banks - 10.4%</b>			OGE Energy Corp. . . . .		
Associated Banc-Corp. . . . .	528	12,878		264	11,716
BankUnited, Inc. . . . .	224	7,972	Portland General Electric Co. . . . .		
Cathay General Bancorp . . . . .	184	8,378		272	11,051
Citizens Financial Group, Inc. . . . .	488	21,838	PPL Corp. . . . .		
Columbia Banking System, Inc. . . . .	312	7,295		568	19,250
Comerica, Inc. . . . .	336	20,042			42,017
First Hawaiian, Inc. . . . .	320	7,987	<b>Electrical Equipment - 0.5%</b>		
First Horizon Corp. . . . .	624	13,229	Sensata Technologies Holding PLC . . . . .		
Flagstar Financial, Inc. . . . .	672	7,123		304	9,153
KeyCorp . . . . .	1,240	21,601	<b>Electronic Equipment, Instruments &amp; Components - 4.2%</b>		
Popular, Inc. . . . .	216	23,805	Arrow Electronics, Inc. <sup>(a)</sup> . . . . .		
Simmons First National Corp. - Class A . . . . .	384	7,281		112	14,272
Valley National Bancorp . . . . .	888	7,930	Avnet, Inc. . . . .		
WaFd, Inc. . . . .	280	8,198		248	13,164
Western Alliance Bancorp . . . . .	152	11,853	Corning, Inc. . . . .		
Zions Bancorp NA . . . . .	400	20,776		168	8,835
		208,186	Crane NXT Co. . . . .		
<b>Capital Markets - 4.6%</b>				152	8,193
Federated Hermes, Inc. . . . .	192	8,510	IPG Photonics Corp. <sup>(a)</sup> . . . . .		
Franklin Resources, Inc. . . . .	1,008	24,041		120	8,238
Invesco Ltd. . . . .	768	12,111	TE Connectivity PLC . . . . .		
Northern Trust Corp. . . . .	120	15,215		136	22,939
State Street Corp. . . . .	216	22,969	Vishay Intertechnology, Inc. . . . .		
Virtu Financial, Inc. - Class A . . . . .	216	9,675		480	7,623
		92,521			83,264
<b>Chemicals - 0.9%</b>			<b>Energy Equipment &amp; Services - 2.8%</b>		
Cabot Corp. . . . .	96	7,200	Baker Hughes Co. . . . .		
Huntsman Corp. . . . .	496	5,168		456	17,483
Olin Corp. . . . .	320	6,429	Expro Group Holdings NV <sup>(a)</sup> . . . . .		
		18,797		760	6,529
<b>Commercial Services &amp; Supplies - 1.2%</b>			Halliburton Co. . . . .		
ABM Industries, Inc. . . . .	168	7,931		472	9,619
Brink's Co. . . . .	88	7,858	Liberty Energy, Inc. . . . .		
MillerKnoll, Inc. . . . .	392	7,613		496	5,694
		23,402	NOV, Inc. . . . .		
<b>Communications Equipment - 2.1%</b>				1,312	16,308
F5, Inc. <sup>(a)</sup> . . . . .	72	21,191			55,633
Telefonaktiebolaget LM Ericsson - ADR . . . . .	2,544	21,573	<b>Entertainment - 1.0%</b>		
		42,764	Warner Bros Discovery, Inc. <sup>(a)</sup> . . . . .		
				1,816	20,811
			<b>Financial Services - 5.7%</b>		
			Corebridge Financial, Inc. . . . .		
				624	22,152
			Essent Group Ltd. . . . .		
				208	12,632
			Euronet Worldwide, Inc. <sup>(a)</sup> . . . . .		
				72	7,299
			Fidelity National Information Services, Inc. . . . .		
				264	21,492
			Radian Group, Inc. . . . .		
				360	12,967
			Voya Financial, Inc. . . . .		
				176	12,496
			Western Union Co. . . . .		
				752	6,332
			WEX, Inc. <sup>(a)</sup> . . . . .		
				128	18,802
					114,172
			<b>Food Products - 2.9%</b>		
			Cal-Maine Foods, Inc. . . . .		
				88	8,767
			Conagra Brands, Inc. . . . .		
				752	15,394
			General Mills, Inc. . . . .		
				336	17,408
			Kraft Heinz Co. . . . .		
				664	17,145
					58,714
			<b>Gas Utilities - 0.4%</b>		
			Spire, Inc. . . . .		
				104	7,591

The accompanying notes are an integral part of these financial statements.

# **HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**

## **SCHEDULE OF INVESTMENTS**

June 30, 2025 (Continued)

	Shares	Value		Shares	Value
<b>COMMON STOCKS - (Continued)</b>					
<b>Ground Transportation - 0.9%</b>					
U-Haul Holding Co. . . . .	344	\$ 18,703	Cummins, Inc. . . . .	64	\$ 20,960
			Greenbrier Cos., Inc. . . . .	152	7,000
<b>Health Care Equipment &amp; Supplies - 3.2%</b>			Hillenbrand, Inc. . . . .	312	6,262
GE HealthCare Technologies, Inc. . . . .	248	18,369	PACCAR, Inc. . . . .	200	19,012
LivaNova PLC <sup>(a)</sup> . . . . .	200	9,004	Stanley Black & Decker, Inc. . . . .	256	17,344
Solventum Corp. <sup>(a)</sup> . . . . .	264	20,022	Timken Co. . . . .	160	11,608
Zimmer Biomet Holdings, Inc. . . . .	176	16,053			<u>137,915</u>
		<u>63,448</u>	<b>Media - 2.1%</b>		
<b>Health Care Providers &amp; Services - 4.3%</b>			Omnicom Group, Inc. . . . .	152	10,935
Centene Corp. <sup>(a)</sup> . . . . .	336	18,238	Paramount Global - Class B . . . . .	1,024	13,210
Humana, Inc. . . . .	72	17,602	WPP PLC - ADR. . . . .	512	17,925
Labcorp Holdings, Inc. . . . .	48	12,600			<u>42,070</u>
Molina Healthcare, Inc. <sup>(a)</sup> . . . . .	64	19,066	<b>Multi-Utilities - 2.3%</b>		
Universal Health Services, Inc. - Class B . . . . .	104	18,840	Avista Corp.. . . . .	200	7,590
		<u>86,346</u>	Black Hills Corp. . . . .	200	11,220
<b>Hotels, Restaurants &amp; Leisure - 1.6%</b>			Dominion Energy, Inc. . . . .	368	20,800
International Game Technology PLC . . . . .	488	7,715	Northwestern Energy Group, Inc. . . . .	144	7,387
Marriott Vacations Worldwide Corp. . . . .	120	8,677			<u>46,997</u>
Travel + Leisure Co. . . . .	168	8,671	<b>Oil, Gas &amp; Consumable Fuels - 4.7%</b>		
United Parks & Resorts, Inc. <sup>(a)</sup> . . . . .	168	7,921	APA Corp. . . . .	944	17,266
		<u>32,984</u>	Baytex Energy Corp. . . . .	3,528	6,315
<b>Household Durables - 1.2%</b>			Cenovus Energy, Inc.. . . . .	1,416	19,257
KB Home . . . . .	136	7,204	Crescent Energy Co. - Class A . . . . .	712	6,123
M/I Homes, Inc. <sup>(a)</sup> . . . . .	72	8,073	Kosmos Energy Ltd. <sup>(a)</sup> . . . . .	3,464	5,958
Tri Pointe Homes, Inc. <sup>(a)</sup> . . . . .	248	7,923	Murphy Oil Corp.. . . . .	280	6,300
		<u>23,200</u>	Northern Oil & Gas, Inc.. . . . .	256	7,258
<b>Insurance - 8.1%</b>			Ovintiv, Inc. . . . .	464	17,655
American International Group, Inc. . . . .	240	20,542	PBF Energy, Inc. - Class A . . . . .	416	9,015
Assured Guaranty Ltd. . . . .	88	7,665			<u>95,147</u>
CNO Financial Group, Inc. . . . .	192	7,407	<b>Passenger Airlines - 0.4%</b>		
Everest Group Ltd. . . . .	56	19,032	Alaska Air Group, Inc. <sup>(a)</sup> . . . . .	152	7,521
Fidelity National Financial, Inc. . . . .	184	10,315	<b>Pharmaceuticals - 0.8%</b>		
Globe Life, Inc. . . . .	88	10,938	Jazz Pharmaceuticals PLC <sup>(a)</sup> . . . . .	160	16,979
Hartford Insurance Group, Inc.. . . . .	96	12,179	<b>Professional Services - 1.4%</b>		
Kemper Corp. . . . .	176	11,359	Inspirety, Inc. . . . .	88	5,291
Loews Corp.. . . . .	128	11,732	Korn Ferry . . . . .	120	8,800
Principal Financial Group, Inc. . . . .	232	18,428	ManpowerGroup, Inc. . . . .	136	5,494
Prudential Financial, Inc. . . . .	176	18,909	Maximus, Inc.. . . . .	120	8,424
Travelers Cos., Inc. . . . .	48	12,842			<u>28,009</u>
		<u>161,348</u>	<b>Real Estate Management &amp; Development - 1.4%</b>		
<b>IT Services - 1.5%</b>			Cushman & Wakefield PLC <sup>(a)</sup> . . . . .	768	8,502
Amdocs Ltd. . . . .	128	11,679	Jones Lang LaSalle, Inc. <sup>(a)</sup> . . . . .	80	20,462
ASGN, Inc. <sup>(a)</sup> . . . . .	128	6,391			<u>28,964</u>
Cognizant Technology Solutions Corp. - Class A. . . . .	152	11,860	<b>Semiconductors &amp; Semiconductor Equipment - 0.5%</b>		
		<u>29,930</u>	Diodes, Inc. <sup>(a)</sup> . . . . .	176	9,309
<b>Leisure Products - 0.8%</b>			<b>Specialty Retail - 1.8%</b>		
Brunswick Corp./DE . . . . .	144	7,954	Lithia Motors, Inc. . . . .	40	13,513
Polaris, Inc. . . . .	184	7,480	Signet Jewelers Ltd. . . . .	136	10,819
		<u>15,434</u>	Sonic Automotive, Inc. - Class A . . . . .	144	11,510
<b>Machinery - 6.9%</b>					<u>35,842</u>
AGCO Corp.. . . . .	120	12,379	<b>Textiles, Apparel &amp; Luxury Goods - 0.4%</b>		
Albany International Corp. - Class A . . . . .	112	7,855	Steven Madden Ltd. . . . .	296	7,098
Allison Transmission Holdings, Inc. . . . .	80	7,599			
Atmus Filtration Technologies, Inc. . . . .	208	7,575			
CNH Industrial NV . . . . .	1,568	20,321			

The accompanying notes are an integral part of these financial statements.

# **HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**

## **SCHEDULE OF INVESTMENTS**

June 30, 2025 (Continued)

	<u>Shares</u>	<u>Value</u>
<b>COMMON STOCKS - (Continued)</b>		
<b>Trading Companies &amp; Distributors - 1.9%</b>		
MSC Industrial Direct Co., Inc. - Class A . . . . .	96	\$ 8,162
Rush Enterprises, Inc. - Class A. . . . .	144	7,417
WESCO International, Inc. . . . .	120	22,224
		<u>37,803</u>
<b>TOTAL COMMON STOCKS</b>		
(Cost \$1,861,616) . . . . .		<u>1,939,469</u>
<b>REAL ESTATE INVESTMENT TRUSTS - 2.4%</b>		
<b>Hotel &amp; Resort REITs - 1.4%</b>		
Host Hotels & Resorts, Inc. . . . .	1,376	21,135
Park Hotels & Resorts, Inc. . . . .	720	7,366
		<u>28,501</u>
<b>Office REITs - 1.0%</b>		
Vornado Realty Trust . . . . .	528	20,191
<b>TOTAL REAL ESTATE INVESTMENT TRUSTS</b>		
(Cost \$46,349) . . . . .		<u>48,692</u>
<b>SHORT-TERM INVESTMENTS - 0.6%</b>		
<b>Money Market Funds - 0.6%</b>		
First American Government Obligations Fund - Class X, 4.25% <sup>(b)</sup> . . . . .	11,317	11,317
<b>TOTAL SHORT-TERM INVESTMENTS</b>		
(Cost \$11,317) . . . . .		<u>11,317</u>
<b>TOTAL INVESTMENTS - 99.9%</b>		
(Cost \$1,919,282) . . . . .		\$1,999,478
Other Assets in Excess of Liabilities - 0.1% . . .		<u>2,776</u>
<b>TOTAL NET ASSETS - 100.0%</b> . . . . .		<u>\$2,002,254</u>

Percentages are stated as a percent of net assets.

The Global Industry Classification Standard (GICS®) was developed by MSCI, an independent provider of global indices and benchmark-related products and services, and Standard & Poor's (S&P), an independent international financial data and investment services company. The GICS methodology has been widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation. The GICS structure consists of 11 sectors, 25 industry groups, 74 industries and 163 sub-industries. Each stock that is classified will have a coding at all four of these levels.

ADR - American Depositary Receipt

PLC - Public Limited Company

REIT - Real Estate Investment Trust

(a) Non-income producing security.

(b) The rate shown represents the 7-day annualized effective yield as of June 30, 2025.

*The accompanying notes are an integral part of these financial statements.*

**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**

June 30, 2025

**ASSETS:**

Investments, at value . . . . .	\$1,999,478
Dividends receivable . . . . .	3,437
Cash . . . . .	156
Dividend tax reclaims receivable . . . . .	51
Interest receivable . . . . .	19
Total assets . . . . .	<u>2,003,141</u>

**LIABILITIES:**

Payable to advisor . . . . .	<u>887</u>
Total liabilities . . . . .	<u>887</u>
Commitments and contingencies (Note 5)	
Net assets . . . . .	<u>\$2,002,254</u>

**Net Assets Consist of:**

Capital stock (\$0.01 per share) . . . . .	\$ 800
Additional paid-in capital . . . . .	1,910,308
Total accumulated distributable earnings . . . . .	91,146
Total net assets . . . . .	<u>\$2,002,254</u>

Net assets . . . . .	\$2,002,254
Shares issued and outstanding <sup>(a)</sup> . . . . .	80,000
Net asset value per share . . . . .	<u>\$ 25.03</u>

**Cost:**

Investments, at cost . . . . .	\$1,919,282
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<sup>(a)</sup> Unlimited shares authorized.

*The accompanying notes are an integral part of these financial statements.*

**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND<sup>(a)</sup>****STATEMENT OF OPERATIONS**

For the Period Ended June 30, 2025

**INVESTMENT INCOME:**

Dividend income . . . . .	\$13,342
Less: Dividend withholding taxes . . . . .	(91)
Total investment income. . . . .	<u>13,251</u>

**EXPENSES:**

Investment advisory fee . . . . .	2,319
Total expenses . . . . .	<u>2,319</u>
Net investment income. . . . .	<u>10,932</u>

**REALIZED AND UNREALIZED GAIN (LOSS)**

Net realized gain (loss) from:	
Investments . . . . .	18
Net realized gain (loss). . . . .	<u>18</u>
Net change in unrealized appreciation (depreciation) on:	
Investments . . . . .	80,196
Net change in unrealized appreciation (depreciation) . . . . .	<u>80,214</u>
Net realized and unrealized gain (loss) . . . . .	<u>80,214</u>
<b>Net increase (decrease) in net assets resulting from operations . . . . .</b>	<b><u>\$91,146</u></b>

<sup>(a)</sup> Inception date of the Fund was March 28, 2025.*The accompanying notes are an integral part of these financial statements.*

**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**  
**STATEMENT OF CHANGES IN NET ASSETS**

	<b>Period Ended June 30, 2025<sup>(a)</sup></b>
<b>OPERATIONS:</b>	
Net investment income (loss) . . . . .	\$ 10,932
Net realized gain (loss) . . . . .	18
Net change in unrealized appreciation (depreciation) . . . . .	80,196
Net increase (decrease) in net assets from operations . . . . .	<u>91,146</u>
<b>CAPITAL TRANSACTIONS:</b>	
Shares sold . . . . .	1,911,106
ETF transaction fees (See Note 1) . . . . .	2
Net increase (decrease) in net assets from capital transactions . . . . .	<u>1,911,108</u>
Net increase (decrease) in net assets . . . . .	<u>2,002,254</u>
<b>NET ASSETS:</b>	
Beginning of the period . . . . .	—
End of the period . . . . .	<u>\$2,002,254</u>
<b>SHARES TRANSACTIONS</b>	
Shares sold . . . . .	80,000
Total increase (decrease) in shares outstanding . . . . .	<u>80,000</u>

<sup>(a)</sup> Inception date of the Fund was March 28, 2025.

*The accompanying notes are an integral part of these financial statements.*



## FINANCIAL HIGHLIGHTS

For the Period Ended	Net asset value, beginning of period	Investment operations:			ETF transaction fees per share	Net asset value, end of period	Total return <sup>(c)</sup>	Supplemental data and ratios:			
		Net investment income (loss) <sup>(a)</sup>	Net realized and unrealized gain (loss) on investments <sup>(b)</sup>	Total from investment operations				Net assets, end of period (in thousands)	Ratio of expense to average net assets <sup>(d)</sup>	Ratio of net investment income (loss) to average net assets <sup>(d)</sup>	Portfolio turnover rate <sup>(c)</sup>
Hotchkis & Wiley SMID Cap Diversified Value Fund											
6/30/2025 <sup>(e)</sup>	\$24.51	0.15	0.37	0.52	0.00 <sup>(f)</sup>	\$25.03	2.11%	\$2,002	0.55%	2.59%	0%

<sup>(a)</sup> Net investment income (loss) per share has been calculated based on average shares outstanding during the period.

<sup>(b)</sup> Realized and unrealized gains and losses per share in the caption are balancing amounts necessary to reconcile the change in net asset value per share for the period, and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions for the period.

<sup>(c)</sup> Not annualized for periods less than one year.

<sup>(d)</sup> Annualized for periods less than one year.

<sup>(e)</sup> Inception date of the Fund was March 28, 2025.

<sup>(f)</sup> Amount represents less than \$0.005 per share.

The accompanying notes are an integral part of these financial statements.

## HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

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### NOTE 1. ORGANIZATION

The Hotchkis & Wiley SMID Cap Diversified Value Fund (the "Fund") is a series of shares of beneficial interest of Hotchkis & Wiley Funds (the "Trust"), a Delaware business trust organized on July 23, 2001. The Trust is registered under the Investment Company Act of 1940, as amended (the "1940 Act") as an open-end management investment company and the offering of the Fund's shares ("Shares") is registered under the Securities Act of 1933, as amended (the "Securities Act"). Eleven other series of the Trust are included in separate reports.

Shares of the Fund are listed and traded on the Nasdaq Stock Market LLC ("Nasdaq"). Market prices for the Shares may be different from the net asset value ("NAV"). The Fund issues and redeems Shares on a continuous basis at NAV, called "Creation Units", which generally consist of 20,000 shares. Creation Units are issued and redeemed primarily in-kind for securities included in a specified index. Once created, Shares generally trade in the secondary market at market prices that change throughout the day in quantities less than a Creation Unit. Except when aggregated in Creation Units, Shares are not redeemable securities of the Fund. Shares of the Fund may only be purchased or redeemed by certain financial institutions ("Authorized Participants"). An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a DTC participant and, in each case, must have executed a Participant Agreement with the Quasar Distributors, LLC (the "Distributor"). Most retail investors do not qualify as Authorized Participants nor have the resources to buy and sell whole Creation Units. Therefore, they are unable to purchase or redeem the Shares directly from the Fund. Rather, most retail investors may purchase Shares in the secondary market with the assistance of a broker and may be subject to customary brokerage commissions or fees.

The Fund currently offers one class of Shares, which have no front-end sales loads, no deferred sales charges, and no redemption fees. A purchase (i.e., creation) transaction fee is imposed for the transfer and other transaction costs associated with the purchase of Creation Units. These fees may vary based upon various facts-based circumstances, including, but not limited to, the composition of the securities included in the Creation Unit or the countries in which the transactions are settled. The fixed transaction fee may be waived on certain orders if the Fund's Custodian has determined to waive some or all of the costs associated with the order, or another party, such as the Hotchkis & Wiley Capital Management, LLC (the "Advisor"), has agreed to pay such fee. In addition, a variable fee may be charged on all cash transactions or substitutes for Creation Units of up to a maximum of 2% as a percentage of the value of the Creation Units subject to the transaction for the Fund. Variable fees, if any, received by the Fund are displayed in the Capital Share Transaction section of the Statement of Changes in Net Assets. The Fund may issue an unlimited number of shares of beneficial interest, with \$0.01 par value.

**Significant Accounting Policies.** The Fund's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which may require the use of management accruals and estimates. Actual results could differ from those estimates and those differences could be significant. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standard Codification Topic 946 "Financial Services – Investment Companies". The following is a summary of significant accounting policies followed by the Fund.

**Security Valuation.** Equity securities traded on a national stock exchange or Nasdaq Global Markets, Nasdaq Select Market and the Nasdaq Capital Markets (together, "Nasdaq") are valued at the last reported sale price or Nasdaq Official Closing Price, as applicable, on that day, or, in the absence of recorded sales, at the average of the last bid and asked quotation on such exchange or Nasdaq. Over-the-counter securities not traded on Nasdaq are valued at the last sale price on the valuation day, or if the last sale price is unavailable, at the average of the quoted bid and asked prices in the over-the-counter market. Foreign equity securities (which are principally traded in markets other than the U.S.) are valued based upon the last reported sale price on the primary exchange or market on which they trade as of the close of business of such exchange or market immediately preceding the time of determining the Fund's net asset value. Any Fund assets or liabilities initially valued in terms of non-U.S. dollar currencies are translated into U.S. dollars at the prevailing foreign currency exchange market rates as provided by an independent Pricing Service.

The Trust's Board of Trustees (the "Board") has designated the Advisor as the Fund's "valuation designee" to perform all fair valuations of the Fund's portfolio investments, subject to the Board's oversight. The Advisor, as the Fund's valuation designee, has established procedures for its fair valuation of the Fund's portfolio investments, which address, among other things, determining when market quotations are not readily available or reliable and certain methodologies for the fair valuation of such portfolio investments, as well as the use and oversight of Pricing Services.

# HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 (Continued)

Fixed-income securities are generally valued at their evaluated mean prices provided by Pricing Services. Pricing Services generally provide an evaluated price that takes into account appropriate factors such as institutional-sized trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data, and may provide a price determined by a matrix pricing method or other analytical pricing models. If valuations from the Pricing Services are unavailable or deemed unreliable, the fixed-income security shall be priced according to the average of the bid and ask prices of broker quotes (or a single broker quote) for such security or the last sale price reported on FINRA's Trade Reporting and Compliance Engine ("TRACE") (excluding cross and retail trades).

The Fund has performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the following three broad categories:

- Level 1 – Quoted unadjusted prices for identical instruments in active markets to which the Trust has access at the date of measurement.
- Level 2 – Other significant observable inputs (including quoted prices for similar instruments, interest rates, current yields, credit quality, prepayment speeds for mortgage related securities, collateral for asset-backed securities, foreign security indices, foreign exchange rates, fair value estimates for foreign securities, and changes in benchmark securities indices). Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- Level 3 – Significant unobservable inputs including model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect assumptions that market participants would use to price the asset or liability based on the best available information.

The following tables present the valuation levels of the Fund's assets as of June 30, 2025:

<b>Investments:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common Stocks . . . . .	\$1,939,469	\$ —	\$ —	\$1,939,469
Real Estate Investment Trusts. . . . .	48,692	—	—	48,692
Money Market Funds. . . . .	11,317	—	—	11,317
Total Investments . . . . .	<u>\$1,999,478</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,999,478</u>

Please refer to the Schedule of Investments for additional information regarding the composition of the amounts listed above.

**Expense Allocation.** Expenses incurred by or attributable to a specific Fund are allocated entirely to that Fund. Expenses incurred by the Trust which do not relate to a specific Fund or Funds are allocated among the Funds per capita. Alternatively, such expenses may be allocated based upon the Fund's relative net assets as of a recent date or using another methodology based upon a determination by persons authorized by the Board, including either the President or Treasurer of the Trust, that the alternative allocation methodology is fair and equitable taking into consideration the nature and type of the expense.

**Distributions to Shareholders.** The Fund intends to make distributions of net investment income and net capital gain, if any, at least annually. The Fund will declare and pay income and capital gain distributions in cash. Distributions in cash may be reinvested automatically in additional whole Shares only if the broker through whom you purchased Shares makes such option available. Your broker is responsible for distributing the income and capital gain distributions to you.

**Security Transactions and Investment Income.** Security and shareholder transactions are recorded on trade date. Realized gains and losses on sales of investments are calculated on the specifically identified cost basis of the securities. Dividend income, less foreign taxes withheld, if any, is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Market discounts and original issue discounts on fixed-income securities are amortized daily

## HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 (Continued)

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over the expected life of the security using the effective yield method. Market premiums on fixed-income securities are amortized daily on the yield to the next call method. Return of capital distributions received from real estate investment trust ("REIT") securities are recorded as an adjustment to the cost of the security and thus may impact unrealized gains or losses on the security.

Securities purchased or sold on a when-issued, delayed delivery or forward commitment basis may have extended settlement periods. The value of the security purchased is subject to market fluctuations during this period.

**Foreign Currency Transactions.** Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund isolates the portion of realized gains or losses and does not isolate the portion of unrealized appreciation or depreciation resulting from changes in foreign exchange rates on securities from the fluctuations arising from changes in market prices of securities held. Reported net realized foreign exchange gains or losses arise from sales of securities, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid.

**Offsetting Assets and Liabilities.** The Fund is subject to various master netting arrangements, which govern the terms of certain transactions with counterparties. The arrangements allow the Fund to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single agreement with a counterparty. For financial reporting purposes, the Fund does not offset financial assets and liabilities that are subject to master netting arrangements in the Statement of Assets and Liabilities. The Fund was not subject to offsetting arrangements as of June 30, 2025.

### NOTE 2. FEES AND TRANSACTIONS WITH AFFILIATES

The Fund has entered into an Investment Advisory Agreement with the Advisor, with which certain officers and a Trustee of the Trust are affiliated. The Advisor is a limited liability company, the primary members of which are HWCap Holdings, a limited liability company with members who are current and former employees of the Advisor, and Stephens - H&W, LLC, a limited liability company whose primary member is SF Holding Corp., which is a diversified holding company.

Pursuant to the Advisory Agreement, the investments and business operations of the Fund are managed by the Advisor subject to oversight by the Board of Trustees. The Advisor is also responsible for selecting brokers and dealers to execute the Fund's portfolio transactions. For its services to the Fund, the Advisor receives a unitary management fee from the Fund, which is calculated daily and paid monthly by the Fund at an annual rate of 0.55% of the Fund's average daily net assets. Under the Advisory Agreement, the Advisor has agreed to pay all expenses of the Fund except Advisor's management fees, interest charges on any borrowings, dividends and other expenses on securities sold short, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, litigation expenses, other non-routine or extraordinary expenses, and distribution fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the 1940 Act.

Quasar Distributors, LLC (the "Distributor"), serves as the distributor in connection with the continuous offering of the Fund's shares only in Creation Units. The Distributor will not distribute shares in amounts less than a Creation Unit and does not maintain a secondary market in shares. Currently, the Advisor compensates the Distributor for services that the Distributor provides to the Fund.

U.S. Bank Global Fund Services, a subsidiary of U.S. Bancorp, serves as the Fund's fund accountant, administrator and transfer agent pursuant to certain fund accounting servicing, fund administration servicing and transfer agent servicing agreements.

U.S. Bank National Association, a subsidiary of U.S. Bancorp, serves as the Fund's custodian pursuant to a custody agreement. Under the terms of these agreements, the Advisor pays the Fund's accounting, administrative, custody, and transfer agency fees.

# **HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025 (Continued)

### **NOTE 3. INVESTMENTS**

For the period ended June 30, 2025, the aggregate purchases and sales of securities by the Fund, excluding short-term securities and in-kind transactions, and the in-kind transactions associated with creations and redemptions were as follows:

<b>Fund</b>	<b>Purchases</b>	<b>Sales</b>	<b>In-Kind Purchases</b>	<b>In-Kind Sales</b>
Hotchkis & Wiley SMID Cap Diversified Value Fund . . . . .	\$8,231	\$ —	\$1,899,734	\$ —

For the period ended June 30, 2025, short-term and long-term gains on in-kind transactions were as follows:

<b>Fund</b>	<b>Short-Term</b>	<b>Long-Term</b>
Hotchkis & Wiley SMID Cap Diversified Value Fund . . . . .	\$ —	\$ —

The Fund did not have any purchases or sales of U.S. Government securities for the period ended June 30, 2025.

### **NOTE 4. FEDERAL INCOME TAXES.**

It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and the Fund intends to distribute substantially all of its investment company net taxable income and net capital gains to shareholders. Therefore, no federal income tax provision is required. Under the applicable foreign tax law, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

Distributions paid to shareholders are based on net investment income and net realized gains determined on a tax basis, which may differ from net investment income and net realized gains for financial reporting purposes. The fiscal year in which amounts are distributed may differ from the year in which the net investment income and net realized gains are recorded by the Fund for financial reporting purposes. The Fund may utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividends paid deduction. Generally accepted accounting principles require that permanent financial reporting and tax differences be reclassified within the capital accounts.

The following information is presented on an income tax basis as of June 30, 2025:

Tax cost of investments . . . . .	\$1,919,282
Gross unrealized appreciation . . . . .	149,950
Gross unrealized depreciation . . . . .	(69,754)
Net unrealized appreciation (depreciation) . . . . .	80,196
Distributable ordinary income (as of 6/30/25) . . . . .	10,932
Distributable long-term gains (as of 6/30/25) . . . . .	18
Total distributable earnings . . . . .	10,950
Other accumulated gain (loss) . . . . .	—
Total accumulated gain (loss) . . . . .	<u>\$ 91,146</u>

There were no adjustments made on the Statement of Assets and Liabilities for permanent tax differences.

As of June 30, 2025, the Fund did not have any capital loss carryovers or tax basis late year losses, which are not recognized for tax purposes until the first day of the following fiscal year. As of and during the period ended June 30, 2025, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the period ended June 30, 2025, the Fund did not incur any interest or penalties. The tax period ended June 30, 2025 remains open and subject to examination by tax jurisdictions.

**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025 (Continued)

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**NOTE 5. COMMITMENTS AND CONTINGENCIES**

Under the Trust's organizational documents and indemnification agreements between each independent Trustee and the Trust, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In addition, in the normal course of business the Trust enters into contracts that contain a variety of representations and warranties, which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund.

**NOTE 6. RISK FACTORS**

Investing in the Fund may involve certain risks including, but not limited to, those described below.

The Fund may invest in foreign (non-U.S.) securities and may experience more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, reporting, accounting and auditing standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect the Fund's investments in a foreign country.

The Fund may invest a significant portion of its assets in companies in the financial sector, and therefore the performance of the Fund could be negatively impacted by events affecting this sector. This sector can be significantly affected by changes in interest rates, the rate of corporate and consumer debt defaults, the availability and cost of borrowing and raising capital, reduced credit market liquidity, regulatory changes, price competition, bank failures and other financial crises, and general economic and market conditions.

The Fund may invest a significant portion of its assets in companies in the industrial sector, and therefore the performance of the Fund could be negatively impacted by events affecting this sector. This sector can be significantly affected by, among other things, worldwide economic growth, supply and demand for specific products and services, rapid technological developments, and government regulation.

The Fund may invest a significant portion of its assets in companies in the consumer discretionary sector, and therefore the performance of the Fund could be negatively impacted by events affecting this sector. Companies engaged in the consumer discretionary sector are affected by fluctuations in supply and demand and changes in consumer preferences, social trends and marketing campaigns. Changes in consumer spending as a result of world events, political and economic conditions, commodity price volatility, changes in exchange rates, imposition of import controls, increased competition, depletion of resources and labor relations also may adversely affect these companies.

The Fund is subject to management risk because the Fund is an actively managed investment portfolio. Consequently, the Fund is subject to the risks that the methods and analysis employed by the Advisor may not produce the desired results and result in losses to the Fund.

The prices of, and the income generated by, securities held by the Fund may decline in response to certain events taking place around the world, including those directly involving the issuers whose securities are owned by the Fund. These events can include changes in economic, political or financial market conditions due to war, acts of terrorism, the spread of infectious illness or other public health issues, financial crises, and recessions, as well as investor sentiment regarding these issues.

**NOTE 7. SEGMENT REPORTING**

In the reporting period, the Fund adopted FASB Accounting Standards Update 2023-07, Improvements to Reportable Segment Disclosures. Adoption of the new standard impacted financial statement disclosures only and did not affect the Fund's financial position or the results of its operations. The Fund represents a single operating segment as the operating results of the Fund is monitored as a whole and its long-term asset allocation is determined in accordance with the terms of its prospectus, based on a defined investment objective that is executed by the Fund's portfolio management team. A senior executive team comprised of the Fund's Principal Executive Officer and Principal Financial Officer, serves as the Fund's chief operating decision maker ("CODM"), who act in accordance with Board of Trustee reviews and approvals. The CODM uses financial information, such as changes in net assets from operations, changes in net assets from fund share transactions, and income and expense

**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2025 (Continued)

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ratios, consistent with that presented within the accompanying financial statements and financial highlights to assess the Fund's profits and losses and to make resource allocation decisions. Segment assets are reflected in the Statement of Assets and Liabilities as Net Assets, which consists primarily of investment securities, at value, and significant segment expenses are listed in the accompanying statement of operations.

**NOTE 8. SUBSEQUENT EVENTS**

Management has evaluated subsequent events in the preparation of the Fund's financial statements and has determined that there are no events that require recognition or disclosure in the financial statements.

**NOTE 9. FEDERAL TAX DISCLOSURE (UNAUDITED)**

The Fund designated as long-term capital gain dividends, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Fund related to net capital gains to zero for the tax period ended June 30, 2025.

For the period ended June 30, 2025, the percentage of ordinary distributions paid that qualify for the dividend received deduction available to corporate shareholders was 0.00%.

For the period ended June 30, 2025, the percentage of ordinary distributions paid that are designated as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003 was 0.00%. Shareholders should consult their tax advisors.

For the period ended June 30, 2025, the percentage of ordinary income distributions paid that are designated as short-term capital gain distributions under Internal Revenue Code Section 871(k)(2)(c) was 0.00%.



**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**  
**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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To the Shareholders and Board of Trustees  
of Hotchkis & Wiley Funds

**Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets & liabilities, including the schedule of investments, of Hotchkis & Wiley SMID Cap Diversified Value Fund (the "Fund"), one of the funds constituting the Hotchkis & Wiley Funds (the "Trust"), as of June 30, 2025, the related statement of operations, the statement of changes in net assets, and the financial highlights for the period from March 28, 2025 (commencement of operations) through June 30, 2025, and the related notes.

In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund, as of June 30, 2025, and the results of its operations, the changes in its net assets, and the financial highlights for the period from March 28, 2025 (commencement of operations) through June 30, 2025, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of June 30, 2025, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.



Costa Mesa, California  
August 21, 2025

We have served as the auditor of one or more Hotchkis & Wiley Funds investment companies since 2012.



**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**  
**ADDITIONAL INFORMATION** (Unaudited)

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The below information is required disclosure from Form N-CSR:

**Item 8. Changes in and Disagreements with Accountants for Open-End Management Investment Companies.**

There were no changes in or disagreements with accountants during the period covered by this report.

**Item 9. Proxy Disclosure for Open-End Management Investment Companies.**

There were no matters submitted to a vote of shareholders during the period covered by this report.

**Item 10. Remuneration Paid to Directors, Officers, and Others of Open-End Management Investment Companies.**

All fund expenses, including Trustee compensation, are paid by the Advisor pursuant to the Investment Advisory Agreement. Additional information related to those fees is available in the Fund's Statement of Additional Information.

**Item 11. Statement Regarding Basis for Approval of Investment Advisory Contract.**

**Board Considerations in Approving the Investment Advisory Agreement for the Hotchkis and Wiley SMID Cap Diversified Value Fund**

The Board of Trustees of the Hotchkis and Wiley Funds (the "Trust"), including a majority of the Trustees who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) (the "Independent Trustees"), approved the Investment Advisory Agreement (the "Advisory Agreement") between the Trust, on behalf of the Hotchkis & Wiley SMID Cap Diversified Value Fund, a newly established series of the Trust (the "Fund"), and Hotchkis and Wiley Capital Management, LLC (the "Advisor"), at a meeting held on February 19, 2025. The Board determined that the terms of the Advisory Agreement are fair and reasonable and that the Advisory Agreement is in the best interests of the Fund.

The Board considered its duties under the 1940 Act, as well as under the general principles of state law in reviewing and approving investment advisory contracts; and the factors to be considered by the Board in voting on such agreements. To assist the Board in its evaluation of the Advisory Agreement, the Independent Trustees participated in the November 12, 2024 Board meeting at which the portfolio managers discussed their background and relevant experience and the investment strategy for the Fund. The Independent Trustees received a report from the Advisor in advance of the February 19, 2025 meeting that responded to an information request for data relevant to consideration of the Advisory Agreement from counsel to the Independent Trustees. The report, among other things, noted the services to be provided by the Advisor would be consistent with the services provided to the other funds in the Trust (noting that the Advisor does not currently manage an ETF or any other account in this strategy); the proposed unitary advisory fee for the Fund as compared to fees charged by investment advisers to peer SMID cap value ETFs; estimated expenses of the Fund as compared to expense ratios of the peer funds; the nature of expenses to be incurred in providing services to the Fund; and financial data on the Advisor. The Independent Trustees considered the extensive information provided by the Advisor as part of the annual contract renewal process. The Independent Trustees also met separately with their independent legal counsel to discuss the information provided by the Advisor. The Board applied its business judgment to determine whether the arrangements between the Trust and the Advisor are reasonable business arrangements from the Fund's perspective as well as from the perspective of prospective shareholders.

The Board determined that given the totality of the information provided with respect to the Advisory Agreement, the Board had received sufficient information to approve the Advisory Agreement. In deciding to approve the Advisory Agreement, the Board did not identify any single factor or group of factors as all-important or controlling, and considered a variety of factors in its analysis, including those discussed below. The Board did not allot a particular weight to any one factor or group of factors.

**Nature, Extent and Quality of Services**

In reviewing the Advisory Agreement, the Board considered the nature, extent and quality of services to be provided by the Advisor. At the preliminary meeting held in November 2024, the Trustees received a presentation from the portfolio managers and asked questions about the proposed investment strategy for the Fund and how portfolio trades would be executed. The Board considered that the Advisor will be responsible for the overall management of the Fund, that the Advisor manages the other funds in the Trust, and that the services provided by the Advisor to the Fund are anticipated to be of the same

**HOTCHKIS & WILEY SMID CAP DIVERSIFIED VALUE FUND**  
**ADDITIONAL INFORMATION** (Unaudited) (Continued)

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nature and quality as the services provided by the Advisor to the other funds in the Trust. The Board noted that due to the Advisor's management of the other funds in the Trust, the Board is familiar with the background and experience of the Fund's portfolio managers and their investment style, the depth and quality of the Advisor's investment process, the low turnover rates of the Advisor's key personnel, the overall stability of the Advisor's organization, and the experience, capability and integrity of its senior management.

The Board also considered other non-advisory services to be provided by the Advisor to the Fund, such as the services of Advisor employees as Trust officers and other personnel provided that are necessary for Fund operations. The Board noted that the Advisor will organize Board meetings and prepare Board meeting materials, and those Advisor employees serving as Trust officers will oversee and manage the other Fund service providers. The Board concluded that the nature, extent and quality of services to be provided to the Fund by the Advisor under the Advisory Agreement were expected to be satisfactory.

**Fees, Expenses, Profitability and Economies of Scale**

The Trustees reviewed and discussed the information provided by the Advisor on the Fund's net expense ratio and unitary advisory fee. The Trustees noted that the annual advisory fee to be charged to the Fund is a unitary advisory fee and that the Advisor will pay all other operating expenses of the Fund, excluding interest charges on any borrowings, dividends and other expenses on securities sold short, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, accrued deferred tax liability, distribution fees and expenses paid by the Fund under any distribution plan adopted pursuant to Rule 12b-1 under the Investment Company Act, and litigation expenses and other non-routine or extraordinary expenses. The Trustees compared the Fund's net expense ratio to information compiled by the Advisor from Morningstar on the net expense ratios of comparable ETFs. The Trustees noted that the net expense ratio for the Fund was lower than the median net expense ratios of its ETF peer funds.

Since the Fund is newly organized, the Board did not consider investment performance of the Fund. Based on all of the information provided, the Board concluded that the unitary advisory fee to be charged to the Fund was reasonable and appropriate in light of the services to be provided and the administrative, operational, and management oversight costs for the Advisor.

**Fall-Out Benefits to the Advisor from its Relationship to the Fund**

The Board noted that the Fund had not commenced operations so there were no economies of scale to consider. The Board considered that the Advisor had identified as a fall-out benefit to the Advisor its ability to use the Fund's soft dollars to obtain third-party research.

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Based on all of the information considered and the conclusions reached, the Board, including the Independent Trustees, determined that the terms of the Advisory Agreement are fair and reasonable and that the approval of the Agreement is in the best interests of the Fund. No single factor was determinative in the Board's analysis.