Westwood **Alternative Income** Fund

Commentary

3Q
2026

Performance Highlights

The Westwood Alternative Income Fund Institutional Shares returned -0.86%, underperforming the benchmark FTSE 1-Month Treasury Bill, which added 0.95%, and outperformed the Bloomberg U.S. Aggregate Bond Index, which declined -3.51%.

U.S. equities declined in September as rising interest rates, a more hawkish Federal Reserve and increasing market concentration weighed on risk assets. While the S&P 500 Index declined less than 1%, broader market participation weakened considerably, with the equal-weighted S&P 500 falling almost 5%. Market leadership remained narrowly concentrated in a handful of large-cap technology companies benefiting from continued enthusiasm surrounding artificial intelligence-related investment themes.

Economic data generally remained resilient during the month. Retail sales, payroll growth and services activity exceeded expectations, reinforcing concerns that inflation may remain elevated and prompting investors to reassess the outlook for monetary policy. Against this backdrop, the Fed raised the federal funds rate by 25 basis points and signaled the potential for additional tightening. Treasury yields moved sharply higher across the curve, creating a challenging environment for both fixed income and income-oriented equity sectors.

U.S. convertibles felt the effects of both rates moving higher and smaller-cap company equity prices declining. The ICE BofA U.S. Convertibles Index fell 6.2% during the third quarter, reversing the strong performance experienced in the previous quarter. Implied volatility, another key component of convertible valuations, experienced mean reversion and moved lower toward longer-term averages. The direction of implied volatility change was not a surprise; it was the pace and breadth at which it declined. It appeared that once a few participants decided to monetize select elevated valuations in large block size, others attempted to get ahead of the curve. Unrelated convertibles were sold to avoid the potential of getting pinched as well. Convertible investors, as a group, saw the price action, and held off additional purchases waiting for the new valuation levels to settle in. By the end of the quarter, the U.S. convertible market volumes and prices felt more stabilized and predictable.

Small-cap growth companies, typical issuers of convertible securities, were the clear laggard of the third quarter of 2026, giving back a large share of their first-half leadership. The Russell 2000 fell about 7.2%, leaving the index roughly 9.5 percentage points behind the S&P 500, the widest gap since early 2020, and ended a streak of five straight winning quarters. In the Russell 2000, only the Energy sector was in the green for the quarter. Although finishing lower, the path was uneven. Small caps joined the Dow and the equal-weight S&P 500 in setting new highs in August, but most of the damage came in the second half of the quarter, alongside a sharp rise in Treasury yields. Investors also feared that a Fed rate-hiking cycle would weigh on the group, which is vulnerable because of the increasing cost of capital to high-growth companies.

Portfolio Update

The U.S. convertible market felt both the interest rate and small-cap growth equity market headwinds. In Q3, the fund's performance was primarily impacted by rising rates and negative secondary market sentiment. The negative impact of rates and secondary valuation declines contributed the bulk of the fund's negative performance, while our equity and security selection helped offset some of the downward pressure.

The portfolio maintains a weighted duration of 1 year to help minimize the impact from unwanted rate changes. The 2- to 5-year U.S. Treasury yields were higher by 70-85 bps by the end of the quarter and convertible valuations due to selling pressure and the volatility component reduced returns an even greater amount. The bright spots were the gains we made from our select equity exposures, both long and short, and from gamma trading afforded by higher-quality equity and associated convertible structures.

The fund did not experience any single point of pain. As the quarter progressed, investors viewed their convertible positions in a relative value light instead of the idiosyncratic or thematic opportunities they previously sought out. A single name convertible valuation change caused related convertibles exposures to be reduced and the process accelerated. All asset classes experience this behavior over time to effectively reset to a new acceptable level until a new catalyst appears to refocus views once again. We do not believe or expect investors' long-term views to change about the opportunities that are available in the convertible space. Short-term portfolio adjustments will always occur due to changes in risk perception and tolerance. Change provides new investment opportunities for the fund, and we welcome the uncertainty.

Despite rate and equity price action, convertible new issuance remained strong. Thirty-nine new deals came to market with $41 billion in proceeds continuing the robust pace of issuance from the previous quarters. The Technology sector dominated new issues with 14 new convertibles for $21 billion. Issuers continue to monetize elevated volatility, capitalize on compressed credit spreads and lock in elevated equity prices. New issue price concessions are smaller for the second quarter in a row as issues were aggressively priced due to convertible investors having a strong appetite for new opportunities. Year to date, 127 new issues have come to market with approximately $134B in proceeds. 2026 has already outpaced all of 2025 by $14B in proceeds with three months left to go.

Within our short-duration yield holdings, we have maintained a small weighting of 5% in corporate bonds. We believe our selection process offers a superior risk-adjusted return and can meet our portfolio return goals. Credit spreads remained compressed and no longer offer enough return to compensate us for potential liquidity events should the unforeseen credit market events spill over into a higher-quality segment. We want to be a liquidity provider and be compensated through an appropriate discount to fair value, and those opportunities have not yet appeared.

Since the beginning of the year, we have focused on adding to the convertible arbitrage strategy via inflows and from short duration yield opportunities that matured or were called away. We prefer convertible arbitrage as it thrives on bouts of volatility through the embedded options and the ability to add value through frequently rebalancing the net equity position. The portfolio now consists of 93% convertible arbitrage and 5% short-duration yield opportunities, with the balance in tactical cash.

Looking forward, we would expect additional volatility in the rate markets to bleed over into the convertible market and provide the portfolio with new opportunities. We will continue to make small adjustments to take advantage of the mispricing and maintain a duration of one year to try to reduce unwanted portfolio volatility but keep uncorrelated alpha intact. We remain optimistic about the convertible market's prospects and the fund's total return profile. Robust supply and demand activity, short duration and asymmetric risk/reward, and low correlations to both equities and traditional fixed income investments may provide investors with a unique opportunity set to obtain a steady and predictable total return.

Performance Update

As of September 30, 2026

Annualized Returns

	Inception Date	3Q26	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
WMNIX (Class I)	5/1/2015	-0.86%	3.36%	4.54%	6.75%	4.51%	4.20%	4.13%
WMNAX (Class A) **	3/31/2020	-0.86%	3.20%	4.36%	6.64%	4.38%	--	5.36%
WWACX (Class A with Load) ***	3/31/2020	-3.80%	0.14%	1.25%	5.58%	3.74%	--	4.87%
WMNUX (Class Ultra)	5/1/2015	-0.76%	3.51%	4.73%	6.95%	4.65%	4.32%	4.24%
FTSE 1-Month Treasury Bill Index	5/1/2015	0.95%	2.81%	3.86%	4.65%	3.82%	2.44%	2.15%
Bloomberg U.S. Aggregate Index	5/1/2015	-3.51%	-2.91%	-1.84%	4.06%	-0.64%	1.14%	1.46%

*Annualized ** Excludes sales charge. *** Reflects effects of the fund's maximum sales charge of 3.00%. Total Annual Fund Operating Expenses by Share Class (gross/net): Class I 1.10%/0.90%, Class A 1.21%/1.01%, Class Ultra 0.96%/0.76%.

Bloomberg U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment-grade, fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities.

The performance data quoted represents past performance. Past performance is not indicative of future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 877.FUND.WHG. The advisor has contractually agreed to reduce fees and reimburse expenses until March 1, 2027.

Past performance is not indicative of future results. *Data Source: © 2026 FactSet Research Systems Inc. All Rights Reserved. Please see appendix for full performance disclosures. Disclosures are also available online at http://westwoodgroup.com/disclaimers.pdf. The disclosures provided are considered an integral part of this presentation.*

Important Information

To determine if this fund is an appropriate investment for you, carefully consider the fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the fund's summary and full prospectuses, which may be obtained by calling 877.FUND.WHG, or by visiting our website at westwoodfunds.com. Read the prospectus carefully before investing or sending money.

The FTSE 1-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 1-month Treasury Bill issue. Index performance does not reflect any management fees, transaction costs or expenses. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

Diversification does not ensure a profit or guarantee against a loss.

The **S&P 500® Index** is a capitalization weighted unmanaged index of 500 widely traded stocks, created by Standard & Poor's. The index is considered to represent the performance of the stock market in general. The **Russell 1000 Value Index** is a market-capitalization-weighted index of U.S. large-cap companies from the Russell 1000 that exhibit value characteristics like lower price-to-book ratios and lower forecasted growth. **Russell 1000 Growth Index** is a stock market index that tracks

large U.S. companies exhibiting growth characteristics, typically those with higher price-to-book ratios and higher forecasted growth values. Index returns do not reflect any management fees, transaction costs or expenses. The Benchmark Index returns are for illustrative purposes only and do not represent actual fund performance. Index performance does not reflect any management fees, transaction costs or expenses. The Benchmark Index is unmanaged, and investors cannot invest directly into an index. **Small Cap** is a term used to refer to a company with a market capitalization between $300 million and $2 billion. A company's market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. **Mid Caps** are companies with market capitalizations typically between $2 billion and $10 billion, representing medium-sized businesses that fall between small- and large-cap companies. **Large Caps** are companies with market capitalizations typically above $10 billion, representing the biggest and often most established businesses in the market. **SMid Cap** market is a market segment comprising both small-cap and mid-cap companies, typically with market capitalizations between $2 billion and $10 billion. **Delta** is the ratio that compares the change in the price of an asset, usually marketable securities, to the corresponding change in the price of its derivative. A derivative is a financial security with a value that is reliant upon or derived from an underlying asset or group of assets. **Convertible Arbitrage** is the simultaneous purchase and sale of an asset to profit from an imbalance in price. It is a trade that profits by exploiting the price differences of identical or similar financial instruments on different markets or in different forms. **Short-Duration Yield Convertible** is a short-term convertible bond. A convertible bond is a fixed-income corporate debt security that yields interest payments but can be converted into a predetermined number of common stock or equity shares. **Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. **Basis Points (bps)** are a unit of measurement equal to 1/100th of 1% (0.01%); commonly used to express changes in interest rates and financial metrics. The **Magnificent 7** is a group of leading tech stocks consisting of Apple, Microsoft, Alphabet, Amazon, NVIDIA, Meta and Tesla that have significantly influenced market performance since 2023. **Yield Sleeve** refers to a specific portion or segment of a fixed-income investment portfolio that targets a particular yield or return objective. **Credit Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Convertibles** (or convertible bonds) are corporate bonds that can be converted into a predetermined number of shares of the company's common stock at the bondholder's option. They are hybrid securities that combine features of both bonds and stocks — offering regular interest payments like bonds, with the potential to participate in stock price appreciation. **Gamma trading** is an options-based strategy that seeks to benefit from changes in an option's delta as the price of the underlying security changes, typically by actively adjusting the position's hedge. Gamma measures the rate at which an option's delta changes in response to a change in the price of the underlying security.

This material represents the manager's assessment of the market environment and should not be relied upon by the reader as research or investment advice regarding any security, nor is it intended to be a forecast of future events or a guarantee of future results.

Mutual fund investing involves risk, including possible loss of principal. Bonds and bond funds will decrease in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. The value of a convertible security in which the fund invests is influenced by changes in interest rates, the credit standing of the issuer and the price of the underlying common stock. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging Markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The fund REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. The fund may invest in derivatives, which are often more volatile than other investments and may magnify the fund's gains or losses. With short sales, you risk paying more for a security than you received from its sale. Short sales losses are potentially unlimited, and the expenses involved with the shorting strategy may negatively impact the performance of the fund. There can be no assurance that the Portfolio will achieve its stated objectives.

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