Westwood **Income Opportunity Fund**

# Commentary

3Q
**2026**

## Performance Highlights

The Westwood Income Opportunity Fund (Class I) returned -2.03% for the third quarter of 2026, compared to a -1.21% return its blended benchmark (40% S&P® 500 Index/60% Bloomberg U.S. Aggregate), reflecting underperformance of approximately 0.86%.

Bond markets were in the spotlight for much of the third quarter as the benchmark 10-year Treasury yield peaked at 5% for the first time since 2007, and ended the quarter just shy of 5.3%, its highest level since 2002. The interest rate spike reflected persistent inflation concerns driven largely by higher energy prices. In response, the Federal Reserve (Fed) raised the short-term federal funds rate in September for the first time since 2023.

Equity markets were mixed in the third quarter, with large-cap stocks posting modest gains while mid-cap and small-cap stocks lost ground. The S&P 500 reached new all-time highs in August but experienced a modest selloff in the quarter's closing weeks. Investors weighed conflicting data, as steady economic growth and impressive corporate earnings expansion were offset in part by rising oil prices and surging bond yields. The S&P 500 rose 2.30% for the quarter, losing modest ground in September to close out the period. Conditions were less favorable for other parts of the market. The Russell Midcap® Index returned -3.00%, and the small-cap Russell 2000® Index declined 7.23%. Globally, developed market stocks also fell by about 3%. Within the S&P 500, only a narrow group of sectors benefited, most notably Energy stocks, which rose more than 17% in the third quarter and are up more than 40% year to date. Energy stocks capitalized on the oil price surge stemming from the Middle East conflict and restrictions on oil shipments in that region. Information Technology and Communication Services stocks continued to benefit from the ongoing artificial intelligence (AI) buildout. Mega-cap stocks, which dominated in previous years but struggled recently, regained ground in the quarter. Steady economic growth, exceeding an annualized rate of 2% in the first half of the year, provided a solid underpinning for the markets.

Overall, the portfolio's relative performance for the quarter was shaped by differences in sector exposure, security selection and the portfolio's allocation between equities and fixed income.

The equity sleeve was affected by underperformance in value-oriented and income-generating holdings relative to the broader market's growth-led advance. Rising interest rates pressured cyclical and rate-sensitive sectors, including Industrials and Utilities, while select Technology and Health Care holdings contributed positively to relative performance. The portfolio's higher allocation to equities than the benchmark benefited relative results, as equities outperformed fixed income during the period despite declining in absolute terms.

The fixed income sleeve contributed positively to relative performance, supported by favorable security selection within certain credit tiers. However, positioning in longer-duration holdings and other credit segments detracted from results as rising yields pressured bond prices. The portfolio's lower allocation to fixed income helped mitigate these effects, although it also limited participation in any credit spread tightening during the period.

## Performance Drivers

| Top Contributors | Top Detractors |
|---|---|
| Microsoft Corp. | Nextera Energy Capital Holdings Inc. 3.000% Due 3/1/27 |
| Dell Technologies Inc. | Goldman Sachs Group Inc. |
| Hewlett Packard Enterprise Co. 7.625% Pref. | Alibaba Group Holding Ltd. 0.500% Due 6/1/31 |
| Gilead Sciences Inc. | Alliant Energy Corp. |
| NVIDIA Corp. | Old Dominion Freight Line Inc. |

## Top 10 Holdings as of 9/30/2026

| | |
|---|---|
| 5y T-Note Contract Expiring 12/26 | Dell Technologies Inc. |
| 2y T-Note Contract Expiring 12/26 | Apple Inc. |
| Westwood Enhanced Income Opportunity ETF | Gilead Sciences Inc. |
| NVIDIA Corp. | Microsoft Corp. |
| Alphabet Inc. | Euro FX Contract Expiring 12/26 |

Top 10 Holdings represents 24.32% of the total portfolio and represents the ten largest portfolio positions by market value in the Fund as of the period end date. Each quarter, the Westwood Funds use this same objective, non-performance based criteria to select the ten largest holdings. Holdings are subject to change. Current and future portfolio holdings are subject to risk.

## Performance Update

As of September 30, 2026

### Trailing Year Performance

| | Inception Date | 3Q26 | YTD | 1 Year | 3 Year* | 5 Year* | 10 Year* | Since Inception* |
|---|---|---|---|---|---|---|---|---|
| WHGIX (Class I) | 12/19/2005 | -2.03% | 2.80% | 5.41% | 10.83% | 4.26% | 6.11% | 6.48% |
| WWAIX (Class A) ** | 12/31/2007 | -2.08% | 2.58% | 5.15% | 10.63% | 4.05% | 5.87% | 6.30% |
| WWIAX (Class A with Load) *** | 12/31/2007 | -5.00% | -0.50% | 2.01% | 9.51% | 3.42% | 5.55% | 6.12% |
| WWICX (Class C) | 9/03/2019 | -2.21% | 2.02% | 4.38% | 9.84% | 3.28% | -- | 4.93% |
| WHGOX (Class Ultra) | 11/30/2022 | -2.02% | 2.78% | 5.41% | 10.90% | -- | -- | 8.32% |
| Russell 3000 Index | 12/19/2005 | 1.41% | 12.42% | 15.13% | 22.26% | 12.64% | 14.73% | 10.93% |
| 60% Bloomberg U.S. Aggregate Bond Index / 40% S&P 500 Index | 12/19/2005 | -1.21% | 3.26% | 5.04% | 11.39% | 5.12% | 6.86% | 6.47% |

*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 0.84% / 0.84%, Class A 1.02% / 1.02%, Class C 1.77% / 1.77%, Class Ultra 0.77% / 0.77%.

***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.***

## Market Review

Bond markets were in the spotlight for much of the third quarter as the benchmark 10-year Treasury yield peaked at 5% for the first time since 2007 and ended the quarter just shy of 5.3%, its highest level since 2002. The interest rate spike reflected persistent inflation concerns driven largely by higher energy prices. In response, the Federal Reserve (Fed) raised the short-term federal funds rate in September for the first time since 2023. Equity markets were mixed in the third quarter, with large-cap stocks posting modest gains while mid-cap and small-cap stocks lost ground. The S&P 500 reached new all-time highs in August but experienced a modest selloff in the quarter's closing weeks. Investors weighed conflicting data, as steady economic growth and impressive corporate earnings expansion were offset in part by rising oil prices and surging bond yields. The S&P 500 rose 2.30% for the quarter, losing modest ground in September to close out the period. Conditions were less favorable for other parts of the market. The Russell Midcap Index returned -3.00%, and the small-cap Russell 2000 Index declined 7.23%. Globally, developed market stocks also fell by about 3%. Within the S&P 500, only a narrow group of sectors benefited, most notably energy stocks, which rose more than 17% in the third quarter and are up more than 40% year to date. Energy stocks capitalized on the oil price surge stemming from the Middle East conflict and restrictions on oil shipments in that region. Information Technology and Communication Services stocks continued to benefit from the ongoing artificial intelligence (AI) buildout. Mega-cap stocks, which dominated in previous years but struggled recently, regained ground in the quarter. Steady economic growth, exceeding an annualized rate of 2% in the first half of the year, provided a solid underpinning for the markets.

## Outlook

The fourth quarter begins with an intense focus on bond market developments. Rising bond yields signal investor concerns about stubborn inflation and growing federal government debt, which now tops $40 trillion. Bond yields may be reaching levels more attractive to investors, which could shift assets out of equity markets. In addition, higher interest rates impact corporate borrowing costs, potentially reducing earnings, at least in the short term. It's unclear whether such lofty (by recent standards) bond yields are sustainable, but the bond market is likely to remain much in focus in the near term. In the meantime, broad U.S. and international equity indices enter the fourth quarter having already achieved double-digit returns for the year. The question is whether markets can build on that success.

Much of the key economic news remains constructive. Initial jobless claims numbers held at reduced levels over the summer, and the unemployment rate remains near historic lows, in the 4% range. When initial third-quarter readings are released, gross domestic product (GDP) growth is expected to improve from prior quarters. While consumer sentiment is in decline, due in part to persistently high gas prices, consumers aren't acting on that negative sentiment. Spending growth remains steady, with the upcoming holiday season a key test of consumer spending power. Meanwhile, inflation remains a key indicator. Core inflation has stayed modest despite the recent rise in energy costs, though massive AI spending is likely helping keep inflation elevated. Investors are watching whether the Fed will be compelled to further raise the fed funds rate to mitigate ongoing inflation risks. While a generally favorable economic backdrop persists, some notable external issues remain on investors' radar. An unsettled geopolitical environment is one variable that could affect markets. The U.S. conflict with Iran remains unresolved. Military activity has been limited, and oil shipments through the Strait of Hormuz have reportedly rebounded. However, confrontations between the Yemeni-based Houthis and Saudi Arabia have also disrupted Red Sea oil shipments. As a result, oil prices remain elevated. The Russia-Ukraine war continues to drag on, with both sides inflicting serious damage. Fears of escalation could create new global economic risks. Domestically, focus is increasing on the U.S. midterm elections. Democrats have an opportunity to take control of the narrowly divided U.S. House, currently led by Republicans. Many Senate races appear closely contested, another challenge to Republican control in that chamber. Markets may need to assess the potential consequences of divided power in Washington.

## 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 or full prospectus, which may be obtained by calling 877.FUND.WHG (877-386-3944), or by visiting our website at westwoodfunds.com. Read the prospectus carefully before investing or sending money.***

Mutual fund investing involves risk, including possible loss of principal. Bonds and bond funds are subject to interest rate risk and will decline 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. Convertible securities are influenced by changes in interest rates (with investment value declining as interest rates increase) and the credit standing of the issuer. The price of a convertible security will also normally vary in some proportion to changes in the price of the underlying common stock. There is no guarantee that the Fund will achieve its stated objective, which can be found in the full and summary prospectus.

The **Russell 3000 Index** is a market capitalization-weighted equity index maintained by the Russell Investment Group that seeks to be a benchmark of the entire U.S. stock market. The index is composed of the 3,000 largest U.S. companies and represents approximately 98% of the investable U.S. equity market. The **Bloomberg U.S. Aggregate Bond Index** is a broad base bond market index representing intermediate term investment grade bonds traded in the United States. The **S&P 500 Index** is a market value-weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation, with each stock's weight in the Index proportionate to its market value. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. **Growth** is a term used to refer to a share in a company that is anticipated to grow at a rate significantly above the average for the market. **Value** is a term used to refer to a company that tends to trade at a lower price relative to its fundamentals, such as dividends, earnings and sales, making them appeal to value investors. **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 cap** is a term used to refer to a company with a market capitalization value of more than $10 billion. A company's market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. **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. **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. **Earnings per Share (EPS)** is a company's net profit divided by its outstanding shares, indicating profitability on a per-share basis. **Gross Domestic Product (GDP)** is the total monetary value of all goods and services produced within a country's borders over a specific period, typically reported quarterly or annually. GDP is widely used as a comprehensive measure of a country's overall economic activity, growth and health. It includes consumer spending, business investment, government expenditures and net exports (exports minus imports).**Capex**, or *capital expenditures*, refers to the funds a company uses to acquire, upgrade or maintain physical assets such as property, buildings, technology or equipment. These expenditures are typically made to support or expand the company's long-term operations and are recorded as assets on the balance sheet rather than expenses on the income statement. **Stagflation** is an economic condition characterized by the combination of sluggish economic growth, high unemployment and elevated inflation occurring at the same time. This environment is considered challenging because traditional policy tools used to address inflation may worsen unemployment, while measures used to stimulate growth may worsen inflation.

Diversification does not protect against market loss.

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.

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