Westwood **Income Opportunity Fund**

Commentary

2Q
2026

Performance Highlights

Equity markets surged in the quarter, delivering outsized gains among growth stocks and small-cap names. Bonds showed minimal gains as interest rates rose across the board, but most clearly in the shorter end of the yield curve. In this environment, the Westwood Income Opportunity Fund (Class I) returned 4.79%, trailing its blended benchmark (40% S&P 500, 60% Bloomberg US Aggregate), which gained 6.40%.

The stock market was on tenuous footing as the quarter began, having declined nearly 10% from previous all-time highs in March as the U.S. and Israel launched attacks on Iran. On the announcement of a ceasefire on March 31, U.S. stocks responded by sprinting higher, racing to new highs across market caps and styles. For much of the quarter, the leaders were technology stocks, specifically those linked to artificial intelligence (AI): semiconductors, semiconductor equipment makers, memory manufacturers, computer hardware companies and a broad array of companies involved in building data centers.

For the quarter, the Information Technology sector of the S&P 500 accounted for nearly 70% of index appreciation. Only two sectors declined — Energy, though the sector is among year-to-date leaders thanks to first quarter gains; and Utilities, a sector that tends to struggle in growth-oriented environments. The small-cap Russell 2000 had a broader return profile, as eight sectors posted double-digit returns, led by the Information Technology sector, which added over 50%, and the Health Care and Industrials sectors, both gaining more than 20%. As the period closed, positive economic news and higher inflation rates led to higher interest rates, causing the rally to stall as investors feared higher borrowing costs may impact corporate spending plans.

Bond yields, especially on the short end of the yield curve, rose in the period, driven by supportive economic news and higher inflation. Employment indices showed surprising resilience in the quarter, registering job gains as the unemployment rate held steady. Meanwhile, the inflation rate increased as the war in Iran pushed oil and gasoline prices higher; the Producer Price Index also increased, raising fears that inflation would be stubbornly high through the rest of the year. The Federal Reserve, led by new Chair Kevin Warsh, held interest rates steady in June, but Fed watchers noted a hawkish tone in his initial press conference, and the market quickly priced in at least one rate increase before the end of the year. Higher inflation and higher interest rates combined to stall the equity rally as the period closed.

Within the portfolio, the equity sleeve lagged the index, while the fixed income sleeve couldn't quite make up the gap against the blended benchmark. Stock selection within the equity sleeve was a key factor, as several names related to AI showed outsized gains in the quarter, including 10 stocks in the S&P 500 that gained more than 100%. Our position in convertible securities provided a meaningful boost to the equity sleeve in absolute terms. The fixed income sleeve provided relative outperformance, supported by gains in both corporate and government bonds.

Within the equity sleeve, stock selection was the primary factor in our relative underperformance in the quarter. While we held several names that are linked to the AI buildout, index returns are highly linked to that story, as several companies that make memory chips, semiconductors, semiconductor capital equipment manufacturers and computer hardware makers all showed triple digit returns in the quarter. Stocks in the Financials sector were also supportive to

relative performance, while positions in Health Care and defense contractors in the Industrials sector detracted from performance.

In the fixed income sleeve, our allocation to investment grade debt contributed to performance, particularly the BBB-rated bonds on the lower end of the investment grade quality scale. An underweight position to government bonds was beneficial, as well as our weighting in preferred securities.

On a tactical level, the strategy maintains an overweight position to equities, which has helped portfolio performance during the extended risk-on, bull market. The effect of rising interest rates in the last part of the quarter was mitigated by an underweight position to fixed income; we have also reduced duration in the portfolio as we believe the next move for rates is higher.

Performance Drivers

Top Contributors	Top Detractors
Dell Technologies Inc.	Kratos Defense & Security Solutions Inc.
Hewlett Packard Enterprise Co. 7.625% Pref.	Lockheed Martin Corp.
Intel Corp.	EQT Corp.
Alphabet Inc.	Gilead Sciences Inc.
Cisco Systems Inc.	Tractor Supply Corp.

Top 10 Holdings as of 6/30/2026

5y T-Note Contract Expiring 9/26	U.S. Ultra T-Bond Contract Expiring 9/26
2y T-Note Contract Expiring 9/26	Euro FX Contract Expiring 9/26
Westwood Enhanced Income Opportunity ETF	Dell Technologies Inc.
Alphabet Inc.	Gilead Sciences Inc.
Nvidia Corp.	Enterprise Products Partners L.P.

Top 10 Holdings represents 22.15% 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 June 30, 2026

Trailing Year Performance

	Inception Date	2Q26	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
WHGIX (Class I)	12/19/2005	4.79%	4.93%	13.02%	10.58%	4.33%	6.38%	6.67%
WWAIX (Class A) **	12/31/2007	4.75%	4.76%	12.76%	10.38%	4.12%	6.15%	6.51%
WWIAX (Class A with Load) ***	12/31/2007	1.59%	1.62%	9.34%	9.28%	3.49%	5.83%	6.33%
WWICX (Class C)	9/03/2019	4.50%	4.32%	11.90%	9.56%	3.34%	--	5.46%
WHGOX (Class Ultra)	11/30/2022	4.81%	4.89%	13.12%	10.69%	--	--	9.55%
Russell 3000 Index	12/19/2005	15.44%	10.88%	22.82%	20.36%	12.31%	15.06%	11.00%
60% Bloomberg U.S. Aggregate Bond Index / 40% S&P 500 Index	12/19/2005	6.40%	4.53%	11.05%	10.63%	5.43%	7.18%	6.61%

*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

Despite early-year expectations that potential Federal Reserve (Fed) interest rate cuts would push bond yields lower, inflation fears became the primary fixed income market focus throughout the second quarter. Market sentiment shifted toward the expectation that the Fed would be forced to raise interest rates. Yields on the benchmark 10-year Treasury note rose from 4.30% at the end of March to as high as 4.67% by mid-May. However, bonds recovered modestly, and the 10-year Treasury yield closed the second quarter at 4.44%.

Equity markets bounced back dramatically in 2026' s second quarter after a shaky start to the year. The S&P 500's nearly 15% total return was the second-highest quarterly gain since 2020. In April and May, mega-cap technology and artificial intelligence (AI) infrastructure stocks were the key market drivers, rebounding from a slow start to the year. Tech stocks gave back some of their gains as the S&P 500 modestly retreated in June. However, market broadening evident in the first quarter resumed in June, with industrial, healthcare, and financial sectors leading the markets. Small-cap stocks performed even better during the quarter, with the Russell 2000 gaining more than 21%. Globally, developed-market stocks underperformed U.S. markets, while emerging-market stocks outpaced most major indices.

Investors appear to be encouraged by a generally favorable macroeconomic backdrop and solid corporate earnings growth. First-quarter Gross Domestic Product (GDP), reported in the second quarter, showed 2.1% annualized growth, up from the previous quarter's 0.5%. Unemployment remained at a historically low level, with weekly initial jobless claims holding steady. Inflation is the major economic red flag, driven by rising energy prices stemming from the lingering Middle East conflict. The U.S./Israeli clash with Iran curtailed oil shipments through the Strait of Hormuz, creating an oil price shock. The price of a barrel of West Texas Intermediate Crude, which was near $65 in late February, jumped to $114 by early April. Signs of progress toward a peace agreement helped oil prices decline beginning in mid-May, though the conflict appears far from settled. In May, the Consumer Price Index (CPI) topped the 4% mark, its highest level in more than three years, with rising energy costs the main impetus. In light of inflation's rise, bond yields remain elevated.

Outlook

Investors are weighing a variety of factors that could influence capital markets in the second half of 2026. The U.S. economy appears poised to maintain modest growth, and corporate profits should remain on an upward trajectory. A healthy job market should allow consumers to maintain reasonable spending growth. Notably, the stock market's second-quarter surge was driven by strong business capital spending, particularly on AI infrastructure. A key issue is how persistent significant business investment will be. Additional issues linger that could alter the environment going forward. The Middle East conflict is chief among them, primarily because of its impact on energy prices. If a peaceful resolution is achieved, oil prices could moderate, reducing inflationary pressures. However, if the Strait of Hormuz off Iran's coast remains a chokepoint for oil shipments, prices may trend higher again, which could exacerbate already elevated inflation levels. To this point, core inflation (excluding the volatile food and energy sectors) has been below 3% over the previous 12 months, but investors will be watching to see whether the impact of higher energy prices begins to seep into other areas of the economy. The Fed's actions in response to inflation risks are a major concern. While the Fed has held the line on interest rates so far in 2026, markets anticipate the Fed will hike rates, at least modestly, before the year is out. That could result in higher yields across the bond market, potentially creating additional pressure on both bond and equity investors.

Stocks don't offer the same attractive value as they did after the first quarter. It's not clear if equity markets can maintain the second quarter's momentum. Investors may already be assessing the risks associated with the recent run-up, shifting assets out of momentum-driven technology stocks into more defensive areas such as healthcare, industrials, and financials. While fundamental company financial performance will remain a primary investor concern, external factors such as ongoing military conflicts, energy supply and demand, and the lead-up to November's midterm elections will also be considerations. The prospect of unforeseen events could increase the market's unpredictability. If U.S. economic growth remains positive, consumers and businesses should remain well positioned to at least maintain current spending levels and help sustain a favorable economic underpinning.

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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