Westwood **Quality SmallCap Fund**

Commentary

3Q
2026

Performance Highlights

Equity markets were unsettled during the quarter, with small-cap stocks underperforming other segments. The Westwood Quality SmallCap Fund (Class I) returned -11.10%, trailing the benchmark Russell 2000® Value Index, which returned -4.91%.

While key market indices, such as the S&P 500®, reached record levels in August amid reports of strong corporate earnings growth and steady economic expansion, investors pulled back in September. A primary driver of the stock market's retreat was a sudden surge in bond yields. The 10-year U.S. Treasury yield jumped from 4.63% in early August to 5.29% by the quarter's end. Higher yields across the board dampened equity momentum, as bonds became more competitive with stocks and higher borrowing costs threatened to crimp corporate capital spending.

Within the small-cap Russell 2000® Index, Energy was the only positive contributor, reflecting elevated oil prices that were triggered earlier in the year by the Middle East conflict. Industrials, Information Technology, Financials and Consumer Discretionary were the most prominent market laggards.

Within the portfolio, only the Energy and Health Care sectors posted positive absolute returns. Prominent positions in Industrials, Consumer Discretionary and Information Technology were the primary drivers of the portfolio's negative quarterly return. Their underperformance reflected concerns about the potential economic impact of persistently higher inflation and rising interest rates, as well as dampened enthusiasm for the AI buildout, which pressured semiconductor and other AI-related names that had led in prior quarters.

On a relative basis, adverse stock selection further weighed down results in an already challenging market environment. Weak Industrial sector results were exacerbated by negative performance from specific portfolio holdings across construction and engineering, aerospace and defense, machinery and building products. Selection within Information Technology was negatively affected by the sharp reversal in semiconductor and semicap equipment companies. While Financials stocks struggled as a whole in the third quarter, specific sector holdings within insurance and regional banks held up better, resulting in positive selection. Relative performance was also aided by positive security selection within Health Care and Consumer Discretionary, as well as an underweight to the underperforming Communication Services sector.

Performance Drivers

Top Contributors

- Par Pacific Holdings Inc. (PARR), a vertically integrated independent refiner providing both renewable and conventional fuels to the western United States, announced second-quarter earnings that comfortably exceeded consensus expectations. Strong refining performance and better-than-expected retail activity drove the results.
- Centerra Gold Inc. (CGAU), a global gold mining and development company, advanced as strong second-quarter operating results, higher production guidance and an expanded 2026 share repurchase authorization reinforced the company's cash generation outlook. The broader gold rally also provided a favorable backdrop for the shares.

- Merit Medical Systems Inc. (MMSI), a leading medical device maker, gained as investors responded to continued procedure volume growth, expanding adoption of the company's higher-margin medical devices, and confidence that new product launches would support sustained revenue and earnings growth.
- Cheesecake Factory Inc. (CAKE), a leader in experiential dining, reported second-quarter adjusted earnings that surpassed consensus estimates. The company highlighted 5.8% growth in comparable-store sales and a 2.7% increase in traffic at its namesake concept, meaningfully outperforming the broader casual dining industry, while also raising full year 2026 guidance ahead of expectations.
- Climb Global Solutions Inc. (CLMB), a value-added IT solutions and software distribution company, reported that second-quarter gross billings rose 17% year-over-year, with net sales up 9%, driven largely by organic growth, along with contributions from a recent acquisition. The stock also benefited from improved sentiment surrounding software-oriented stocks during the quarter.

Top Detractors

- Knife River Corp. (KNF), a construction materials and contracting services provider, declined after second quarter revenue exceeded expectations but profitability fell short, pressured by higher fuel costs, some isolated project delays and less favorable market dynamics, with most of these headwinds expected to persist into the third quarter. Disappointed with the performance, Starboard Value delivered a letter to the company, pushing the company to put forth a credible plan for margin improvement and/or evaluate all potential strategic alternatives.
- MYR Group Inc. (MYRG), a leading provider of specialty electrical construction services, saw its share price decline even as revenue and earnings growth exceeded expectations. This was largely driven by the broad AI momentum unwinding during the quarter, while record backlog, underpinned by robust AI infrastructure demand, remain firmly intact.
- Blue Bird Corp. (BLBD), a leading designer and manufacturer of school and commercial buses, declined despite revenue exceeding expectations and management raising its full-year outlook as the market questioned the company's new partnership with Ford to design, manufacture and sell next-generation commercial stripped chassis. While the initial investment will result in a near-term hit to fiscal year 2027 earnings and free cash flow, the deal significantly expands the company's total addressable market, diversifies its end market exposures and significantly boosts long-term earnings power.
- Hayward Holdings Inc. (HAYW), a leading designer and manufacturer of pool equipment and technology, came under pressure during the quarter as rising interest rates and a weak pool construction backdrop weighed on sentiment across the group — concerns that were amplified by cautious channel inventory commentary from an industry peer. Nevertheless, the company's revenue has proven comparatively resilient, supported by steady aftermarket repair and maintenance demand, particularly in North America, and distributor inventories appear well-controlled.
- IPG Photonics Corporation (IPGP) sold off during the third quarter along with the selloff in broad industrial cyclical stocks. As a provider of vertically integrated laser systems and components, IPGP is highly correlated with the global industrial economy. Although US PMIs have continued to be strong, higher rates weigh on the prospect of global capital investment and was therefore reflected in IPGP's multiple. Fundamentally, the company reported double digit topline growth and core EBIT 14% ahead of expectations, excluding the benefit of the tariff refund in the quarter.

Performance Update

As of September 30, 2026

Trailing Years Performance

	Inception Date	3Q26	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
WHGSX (Class I)	4/02/2007	-11.10%	4.87%	2.13%	8.10%	4.01%	7.41%	7.23%
WHGAX (Class A) *	9/03/2019	-11.14%	4.78%	2.00%	7.98%	3.88%	--	7.13%
WHGAX (Class A with Load) **	9/03/2019	-14.71%	0.61%	-2.07%	6.52%	3.03%	--	6.52%
WHGCX (Class C)	9/03/2019	-11.27%	4.22%	1.28%	7.16%	3.10%	--	6.35%
WWSYX (Class Ultra)	3/31/2020	-11.09%	4.97%	2.27%	8.23%	4.13%	--	12.93%
Russell 2000 Value Index	4/02/2007	-4.91%	16.96%	20.77%	17.93%	7.80%	9.40%	7.20%
Russell 3000 Index	4/02/2007	1.41%	12.42%	15.13%	22.26%	12.64%	14.73%	10.81%

*Annualized

* Excludes sales charge. ** Reflects effects of the fund's maximum sales charge of 4.00%. Total Annual Fund Operating Expenses by Share Class (gross / net): Class I 1.06% / 0.92%, Class A 1.18% / 1.04%, Class C 1.93% / 1.79%, Class Ultra 0.93% / 0.79%. The Advisor has contractually agreed to waive fees and reimburse expenses until March 1, 2027. In the absence of current fee waivers total return and yield would be reduced.

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.

Calendar Year Returns

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
WHGSX	-0.06%	4.80%	17.17%	-12.46%	27.93%	2.16%	27.13%	-14.16%	12.36%	28.33%
Russell 2000 Value Index	12.59%	8.05%	14.65%	-14.48%	28.27%	4.63%	22.39%	-12.86%	7.84%	31.74%
Russell 3000 Index	17.15%	23.81%	25.96%	-19.21%	25.66%	20.89%	31.02%	-5.24%	21.13%	12.74%

	2015	2014	2013	2012	2011	2010
WHGSX	-5.94%	6.05%	49.39%	18.13%	-1.40%	23.23%
Russell 2000 Value Index	-7.47%	4.22%	34.52%	18.05%	-5.50%	24.50%
Russell 3000 Index	0.48%	12.56%	33.55%	16.42%	1.03%	16.93%

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.

Potential Risks

Mutual fund investing involves risk, including possible loss of principal. There can be no assurance that the Fund will achieve its stated objectives. There are specific risks inherent in small cap investing such as greater share price volatility as compared to other funds that invest in stocks of companies with larger and potentially more stable market capitalizations.

Top 10 Holdings as of 9/30/2026

Bel Fuse Inc.	Urban Edge Properties
Atmus Filtration Technologies Inc.	COPT Defense Properties
Standex International Corp.	YETI Holdings Inc.
MDU Resources Group Inc.	First Bancorp
Simmons First National Corp.	Curbline Properties Corp.

Top 10 Holdings represents 20.81% 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.

Fund Positioning and Trade Rationale

Positions were initiated in the following companies:

- National Healthcare Properties Inc. (NHP) is a healthcare-focused real estate investment trust structured to capitalize on the demographic wave of the aging U.S. population against a constrained supply pipeline. The company's RIDEA-structured senior housing portfolio lets it participate directing in accelerating operating momentum, and its ongoing asset mix shift out of outpatient medical facilities into senior housing operating properties is improving both portfolio quality and growth. With the balance sheet de-risked and the shares trading at a discount to intrinsic value and healthcare REIT peers, we view the reward/risk as attractive.
- Urban Outfitters Inc. (URBN) is a leading lifestyle retailer that operates an impressive multi-brand, omni-channel model. Its three core brands — Anthropologie, Free People and Urban Outfitters — are complemented by two of the best growth stories in the industry with FP Movement and Nuuly. The strength and resilience of this diversified platform support durable growth and market share gains, improving profitability and long-term earnings potential that are underappreciated by the market. It has a debt-free balance sheet and strong FCF generation that support a disciplined capital allocation strategy that balances growth with returning cash to shareholders through opportunistic share repurchases.
- Stock Yards Bancorp Inc. (SYBT) is a Louisville-based relationship-focused commercial bank — the largest Kentucky-headquartered bank and owner of the state's largest bank-owned trust company. Its dominant market share lets it hold funding costs steady as the industry faces rising deposit cost pressure, while its relationship-based business model serving underserved small- and mid-sized businesses has driven consistent organic growth and peer-leading returns. We expect top-decile EPS and tangible book value growth ahead, supported by recovering loan demand, margin expansion from favorable asset and deposit repricing, and a sizeable wealth and trust business that is unusually large for a bank its size.
- Lincoln International Inc. (LCLN) is a leading independent global investment bank specializing in middle-market M&A advisory with the industry's highest mix of private-equity-sponsor deals. We believe sponsor-backed M&A is at an inflection point — as financial conditions ease, markets grow more accommodative, and pressure from limited partners to return capital builds, early signs of a rebound in activity should gather momentum, and Lincoln's sponsor-heavy mix makes it a direct beneficiary. The firm also owns a differentiated, fast-growing valuations business that benefits from the expansion of alternative assets into the retail wealth channel, adding a counter-cyclical revenue stream, and we expect management to use its public currency to further diversify the business and support a higher earnings multiple over time.
- Northeast Bank (NBN), a Maine-based community bank serving individuals and businesses, operates a substantial national commercial real estate lending operation — purchasing and originating loans — through a model its

leadership has executed since 1987. We view it as one of the best spread lenders in the country, and we expect the anticipated pickup in bank M&A, aided by rising interest rates, to expand the supply of loan pools available for purchase, with current capital supporting roughly $1.5 billion of acquisitions. In the meantime, a rapidly growing national origination business — where originated loan growth has accelerated for three consecutive years — delivers attractive yields and keeps the balance sheet compounding between purchases, while management's work to strengthen its funding profile should further improve competitiveness and returns.

The following positions were sold from the portfolio:

- Cheesecake Factory Inc. (CAKE), a casual dining chain, was fully liquidated after delivering a solid gain and contributing to the portfolio's relative performance.
- LXP Industrial Trust (LXP), a publicly traded industrial real estate investment trust, recently announced a definitive agreement to be acquired by another property firm and a pension plan.
- York Space Systems (YSS), a space and defense prime systems operator, was sold after lowering its 2026 revenue guidance due to a shift in government acquisition methodologies and a declining order backlog.
- Perella Weinberg Partners Class A (PWP), a boutique investment bank, has experienced choppy financial results, as a small firm that targets large M&A deals. We sold the stock to help fund the purchase of a higher-conviction idea in the same industry.
- Hawkins Inc. (HWKN), a water treatment and specialty ingredients solutions provider, was sold due to inconsistent execution.
- Astronics Corp. Class B (ATROB) is a designer and manufacturer of advanced electrical, lighting, power, connectivity and test systems for aircraft and military applications. During the second quarter, we received shares of ATROB as part of a Class B stock distribution that were subsequently converted into common shares, which we continue to hold.
- Atlantic Union Bancshares Corp. (AUB), which offers banking services in the mid-Atlantic region, was sold to help fund new ideas in the same industry. The bank has made significant acquisitions that may take time to deliver a solid return in the current environment.

Market Review

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 countervailing forces, 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 2.3% 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 -3.0%, and the small-cap Russell 2000® Index declined 7.2%. 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.

Solid economic growth, exceeding an annualized rate of 2% in the first half of the year, provided a solid underpinning for the markets. Inflation remains elevated, a persistent concern driven largely by higher energy prices.

The Federal Reserve (Fed) raised the short-term federal funds rate in September for the first time since 2023. Bond markets emerged as potential headwinds for stocks, with the benchmark 10-year Treasury yield topping 5% for the first time since 2007. By the quarter's end, the 10-year yield was just shy of 5.3%, the highest level since 2002.

Outlook

Broad U.S. and international indices enter the fourth quarter having already achieved double-digit returns for the year. The question is whether markets can build on that success. While a generally favorable economic backdrop persists, some overhanging issues warrant attention.

The most prominent issue is the sudden upward trend in interest rates. Bond investors appear to be signaling concerns about stubborn inflation and growing federal government debt, which now tops $40 trillion. Bond yields may be reaching levels that are more attractive to investors, which could result in a shift of 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.

Other 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 readings are released in the third quarter, 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 remained modest given 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 try to mitigate ongoing inflation risks.

Markets remain attuned to an unsettled geopolitical environment. 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.

Even amid what some may view as an unsettled environment, our focus remains on identifying small-cap stocks with strong cash flows, identifiable and recurring earnings, low leverage and strong corporate management. By focusing on attractively valued, high-quality companies, we believe our portfolio is positioned to generate competitive potential returns regardless of underlying market and economic conditions.

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 1.877.FUND.WHG (877-386-3944), or by visiting our website at westwoodfunds.com. Read the prospectus carefully before investing or sending money.

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 **Russell 2000® Value Index** measures the performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. 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. 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. **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 appealing 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 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. **Meme stocks** is a stock that has seen an increase in volume not because of how well the company performs, but rather because of hype on social media and online forums. **Yen** is the national currency of Japan. **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**.**

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