Westwood **Quality SmallCap Fund**

Commentary

2Q
2026

Performance Highlights

Equity markets surged in the quarter, delivering outsized gains among growth stocks and small-cap names. In this environment, the Westwood Quality SmallCap Fund returned 13.50%, trailing the Russell 2000 Value Index, which returned 17.19%.

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.

Within the portfolio, holdings in Information Technology, Industrials, Consumer Discretionary and Materials generated strong gains and accounted for most of the Fund's total return for the quarter. Energy and Health Care holdings declined, with energy pressured by lower oil prices following signs of a ceasefire and health care weighed down by a single holding.

On a relative basis, the primary detractor to performance was security selection, both in terms of the stocks we held as well as industries we avoided, as they do not meet our quality criteria. The largest detractor was the Information Technology sector, almost entirely due to security selection. Our lack of exposure to the more speculative semiconductor companies and bitcoin miners, all part of the "value" index, impacted relative performance. Health Care was another detractor, driven by stock selection, weighed down by declines in a consumer health care company. Our underweight to Biotechology was also a meaningful headwind.

Contributing to performance was strong selection in Industrials, Consumer Staples and Materials. A natural flavors company did well, while the mania for mining companies — gold and silver, as well as uranium and rare earth minerals — subsided somewhat. An underweight in Energy also contributed positively as oil prices moved lower.

Performance Drivers

Top Contributors

- Shares of Veeco Instruments Inc. (VECO) advanced as investors increasingly recognized the company's leverage to AI infrastructure spending. Strong demand for photonics and advanced semiconductor manufacturing equipment, including more than $250 million of recent photonics orders, fueled enthusiasm for the shares.

- Shares of MYR Group Inc. (MTRG) gained as investors embraced companies positioned to benefit from accelerating grid modernization, transmission investment and data-center power demand. The company's exposure to utility infrastructure and electrification projects supported expectations for sustained earnings growth.
- Shares of Sensient Technologies Corp. (SXT) gained following strong first-quarter results, with revenue increasing 11% and operating income rising 25%. Investors responded favorably to broad-based growth across its color, flavor and Asia-Pacific businesses, as well as accelerating earnings growth.
- Shares of Standex International Corp. (SXI) gained after the company reported better-than-expected fiscal third quarter results and raised its full-year outlook. Management cited strong demand in aerospace, defense and electrical engineering businesses, driving higher earnings expectations.
- Shares of Blue Bird Corp. (BLBD) advanced after reporting record quarterly results and raising full-year guidance. Management highlighted strong school bus demand, continued growth in alternative-powered vehicles and a record order backlog, reinforcing confidence in future earnings.

Top Detractors

- Shares of Magnolia Oil & Gas Corp. (MGY) declined after lower crude oil prices overshadowed solid operating results. Although the company maintained capital discipline and returned significant cash to shareholders, investors focused on weaker commodity price realizations and their impact on near-term free cash flow.
- Shares of Northern Oil and Gas Inc. (NOG) fell as declining oil prices and uncertainty surrounding U.S. production growth weighed on exploration and production companies. Despite solid operational execution, investors focused on lower commodity prices and the potential impact on future cash flow generation.
- Shares of Prestige Consumer Healthcare Inc. (PBH) retreated after the company issued fiscal 2026 guidance that fell short of investor expectations. Management cited retailer inventory adjustments and a more measured sales outlook, prompting a reassessment of near-term earnings growth prospects.
- Shares of BlackLine Inc. (BL) declined as investors rotated away from higher-multiple software companies amid a more cautious enterprise spending environment. While operating results remained stable, concerns over growth durability and valuation compression weighed on the stock.
- Shares of Verra Mobility Corp. Class A (VRRM) declined significantly following the disclosure that Avis Budget Group, one of the company's major partners, gave termination notice for their tolling contract. The contract represented about 12% of the company's revenue, and the termination brings into question the investment thesis around switching costs. This was a thesis violation and led to us selling the stock out of the portfolio.

Performance Update

As of June 30, 2026

Trailing Years Performance

	Inception Date	2Q26	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
WHGSX (Class I)	4/02/2007	13.50%	17.96%	20.20%	10.91%	5.77%	9.59%	7.98%
WHGAX (Class A) *	9/03/2019	13.50%	17.91%	20.06%	10.77%	5.63%	--	9.28%
WHGAX (Class A with Load) **	9/03/2019	8.98%	13.21%	15.29%	9.28%	4.77%	--	8.62%
WHGCX (Class C)	9/03/2019	13.22%	17.45%	19.13%	9.94%	4.83%	--	8.47%
WWSYX (Class Ultra)	3/31/2020	13.54%	18.06%	20.35%	11.04%	5.90%	--	15.64%
Russell 2000 Value Index	4/02/2007	17.19%	22.99%	43.01%	18.73%	8.23%	10.89%	7.58%
Russell 3000 Index	4/02/2007	15.44%	10.88%	22.82%	20.36%	12.31%	15.06%	10.88%

*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	2021	2020	2019	2018	2017	2016
WHGSX	-0.06%	4.80%	17.17%	27.93%	2.16%	27.13%	-14.16%	12.36%	28.33%
Russell 2000 Value Index	12.59%	8.05%	14.65%	28.27%	4.63%	22.39%	-12.86%	7.84%	31.74%
Russell 3000 Index	17.15%	23.81%	25.96%	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 6/30/2026

Veeco Instruments Inc.	AAR Corp.
MYR Group Inc.	FB Financial Corp.
Standex International Corp.	Seacoast Banking Corporation of Florida
Sensient Technologies Corp.	COPT Defense Properties
Hayward Holdings Inc.	First Bancorp

Top 10 Holdings represents 20.89% 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:

- Astronics Corp. (ATRO) is an aerospace supplier providing in-flight connectivity, cabin lighting and flight-critical electrical power systems across commercial, business jet and military aircraft platforms. The company is positioned to benefit from accelerating production rates at Boeing and Airbus, a multi-year in-flight connectivity upgrade cycle and the transition of the MV-75 program from development to production. Continued repricing of legacy fixed-price contracts supports the potential for margin expansion and earnings growth above current expectations.

- Bel Fuse Inc. Class B (BELFB) designs and manufactures highly engineered electronic components that power, protect and connect critical circuits across aerospace, defense and data solutions end markets. The company benefits from strong positioning in mission-critical applications that are largely single sourced, while operational improvements and footprint optimization have driven meaningful margin expansion. Exposure to growing defense and AI-related demand, combined with the accretive acquisition of Enercon, supports continued earnings growth and additional value creation opportunities.
- Expro Group Holdings NV (XPRO) is a global oilfield services provider specializing in well construction and well management, with significant exposure to international and offshore markets. The company is positioned to benefit from a recovering global drilling cycle, while its recently acquired Enhanced Drilling business provides an underappreciated source of revenue and earnings growth. Trading at a meaningful discount to peers with similar margin profiles, Expro offers an attractive combination of cyclical recovery and valuation upside.
- LXP Industrial Trust (LXP) is an internally managed REIT focused on Class A industrial properties across Sunbelt and Midwest logistics markets. The portfolio benefits from favorable supply and demand dynamics driven by population growth and the reshoring of U.S. manufacturing activity. Additional upside from lease mark-to-market opportunities and improving occupancy supports an attractive growth outlook, while the shares trade at a discount to peers despite comparable fundamentals.
- MGE Energy Inc. (MGEE) is a regulated utility holding company providing electricity and natural gas services in and around Madison, Wisconsin. The company operates within a constructive regulatory environment, with rates established through 2027 and a clearly defined capital investment plan supporting long-term rate base growth. Consistent earnings growth, a growing dividend and recent share price weakness create an attractive opportunity within the underfollowed small-cap utility sector.
- Rush Enterprises Inc. (RUSHA) is the largest commercial truck dealer in North America, operating an extensive dealership network across the United States and Canada. The company is positioned to benefit from a recovery in the trucking cycle as fleet orders improve, while its parts and service operations provide a stable and higher-margin earnings base. The combination of cyclical growth potential and recurring profitability supports an attractive long-term investment opportunity.
- Visteon Corp. (VC) is a pure-play automotive electronics supplier focused on digital cockpit technologies, including instrument clusters, infotainment displays and domain controllers. The company benefits from the growing adoption of advanced cockpit systems and larger AI-enabled displays, supported by recent customer wins with major global automakers. As temporary growth headwinds ease, Visteon is positioned to return to above-market growth through rising content per vehicle and expanding technology partnerships.

The following positions were sold from the portfolio:

- Coastal Financial Corp. (CCB) was sold following another quarterly earnings miss, continuing a pattern of results that fell short of expectations and management guidance. While the company's strategic direction remains attractive, execution has been inconsistent. The position was exited in favor of opportunities with more compelling reward-to-risk profiles.
- Donnelley Financial Solutions Inc. (DFIN) was sold as the company continues its transition toward a software-focused business model during a period of increasing investor concern regarding the potential impact of AI on the software industry. Capital was reallocated to more attractive opportunities.
- Lindsay Corp.(LNN) was sold after an extended period of waiting for a recovery in agricultural markets failed to support the original investment thesis. The position was exited in favor of opportunities offering more attractive reward-to-risk characteristics.
- Northern Oil & Gas Inc. (NOG) was sold to diversify energy sector exposure and due to concerns that the company's increasing debt load had reduced the attractiveness of the investment opportunity.
- NorthWestern Energy Group Inc. (NWE) was sold after the stock appreciated to a level where the reward-to-risk profile was no longer compelling. Capital was redeployed into more attractive opportunities.
- Sunstone Hotel Investors, Inc. (SHO) was sold to increase exposure to other REIT sectors offering more favorable reward-to-risk characteristics.

- Thermon Group Holdings Inc. (THR) was sold following the announcement that the company would be acquired by CECO Environmental for a 28% premium. The transaction provided an opportunity to realize gains and reallocate capital.
- Verra Mobility Corp. Class A (VRRM) was sold after Avis Budget Group notified the company of its intention to terminate a tolling contract that represented approximately 12% of revenue. The loss of a significant customer relationship called into question the original investment thesis regarding switching costs, leading to the position's removal from the portfolio.

Market Review

After a shaky start to the year, equity markets bounced back dramatically in the second quarter. The S&P 500 soared more than 15% in the quarter, the second-highest quarterly gain since 2020.

In April and May, mega-cap technology and 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 the Industrials, Health Care and Financials sectors leading the markets. Small-cap stocks performed even better during the second 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, 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 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. The Fed underwent a leadership change, with Kevin Warsh becoming Fed chair in May. Through June, the Fed held the line on interest rates, with inflation data adding to market expectations that the Fed may be compelled to raise rates later this year.

Outlook

A key question going forward is the extent to which the second quarter's momentum can carry over through the remainder of the year. Is the market back on track after retreating in early 2026, or is the recent stock price surge unsustainable? A number of factors contribute to the positive case for stocks.

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. However, the 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.

However, other 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 regarding inflation risks are a major market concern. If the Fed raises interest rates, bond yields could follow suit, potentially creating additional equity market pressure.

As we survey the market, stocks don't offer the same attractive value as they did after the first quarter. Investors may already be assessing the risks associated with the stock market's recent run-up, shifting assets out of momentum-driven technology stocks into more defensive areas such as Health Care, 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 for the market.

Regardless of the environment, we believe our philosophy of identifying companies with high cash flows, identifiable and recurring earnings, low leverage and strong management teams remains sound over the long term. Whether company earnings and economic growth continue to surprise to the upside, or if inflation concerns and exogenous events cause investors to reassess risk, we believe our focus on quality attributes at attractive valuations can provide strong potential returns.

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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