

Westwood Quality SmallCap Fund Commentary

1Q
2026

Performance Highlights

Small-cap stocks surged to start the year, then struggled in March amid economic uncertainty and heightened geopolitical risk, eventually closing the quarter with a small gain. In this environment, the Westwood Quality SmallCap Fund (Class I) returned 3.93% in the quarter, slightly trailing the Russell 2000 Value Index, which returned 4.96%.

Small- and mid-cap stocks led the way through February, as investors rotated away from 2025's winners, large-cap technology, expansive growth and low-quality stocks. Leading the way were small-cap stocks, as well as value-oriented companies with quality factors. Through the end of February, small-cap stocks (represented by the Russell 2000 Index) outperformed large-cap stocks (Russell 1000 Index) by more than 500 basis points (bps) and small-cap value outperformed large-cap growth by nearly 1,400 bps. Volatility surged in March, following U.S. and Israeli attacks on Iranian military and political targets. Stocks began to sell off, and inflationary fears surged amid higher oil and natural gas prices. Hostilities were ongoing as the quarter ended, putting economic growth forecasts in flux.

The Industrials sector provided the majority of the Fund's total return in the quarter, as a diverse array of companies in the portfolio showed strong gains, including defense contractors, a school bus manufacturer, an aerospace parts supplier and a company involved in electrical construction and maintenance. The industrial economy has been supported by tax breaks, including bonus depreciation and tariff policy, and companies throughout the sector have benefited from the moves. Energy stocks also contributed in the quarter, led by exploration and production companies with domestic exposure, which showed gains amid supply pressures from the Middle East.

On a relative basis, both stock selection and asset allocation were detractors from performance, though the interaction effect — the combination of allocation and selection — was positive, nearly balancing out the other factors.

The Industrials sector was the greatest contributor to relative performance, thanks to favorable security selection and an overweight position to the index, resulting in positive interaction. The Consumer Discretionary sector was also a contributor, supported by security selection among retailers focused on budget-conscious consumers. Real Estate was another contributing sector with positive stock selection.

Detracting from relative performance was the Energy sector, driven mainly by asset allocation, as the Fund was underweight to the index, as well as security selection. Our exposure to Information Technology also detracted from performance, hampered by unfavorable stock selection; our holdings in software and our limited exposure to electronic and communications equipment manufacturers had a detrimental effect.

Performance Drivers

Relative to the benchmark, the Fund reflects a pronounced cyclical orientation. The portfolio carries a significant overweight to Industrials and Materials, emphasizing companies leveraged to domestic capital spending and infrastructure activity. Overweights to Consumer Staples add balance, while underweights to Health Care, Energy and Communication Services reduce exposure to capital-intensive, regulatory-driven or benchmark-concentrated segments. Financials, Real Estate and Information Technology are positioned near benchmark weights, maintaining broad diversification across the small-cap universe.



Top Contributors

- Shares of Everus Construction Group Inc. (ECG) advanced following a strong fourth-quarter earnings report and upbeat outlook driven by robust demand in data center construction. The company reported results that exceeded expectations, supported by record revenue and backlog growth. Investors focused on accelerating demand tied to artificial intelligence (AI) infrastructure and improved visibility into future project activity. The performance reinforced confidence in Everus' positioning as a key beneficiary of expanding data center and electrical infrastructure investment.
- Northern Oil and Gas Inc. (NOG) gained as investors responded to improved sentiment toward energy markets and the company's recent acquisition activity. The company delivered results broadly in line with expectations while expanding its asset base through a strategic Utica acquisition. Investors focused on enhanced scale, increased exposure to natural gas and free cash flow potential. The performance reflected confidence in the company's ability to execute on acquisitions and benefit from improving commodity fundamentals.
- Shares of AAR Corp. (AIR) advanced following strong quarterly results driven by continued recovery in commercial aviation and growing government demand. The company reported results that exceeded expectations, supported by strength across parts supply and repair services. Investors focused on accelerating revenue growth, margin expansion and increasing backlog tied to aviation services. The performance reinforced AAR's positioning as a key beneficiary of sustained aircraft utilization and global maintenance demand.
- Magnolia Oil & Gas Corp. (MGY) surged as investors responded to strong operational execution and consistent production growth across the company's core assets. The company reported results broadly in line with expectations, supported by higher production volumes and disciplined capital spending. Investors focused on free cash flow generation and shareholder returns, including share repurchases. The performance reinforced confidence in Magnolia's capital-efficient model and its ability to deliver returns across varying commodity price environments.
- Shares of Power Integrations Inc. (POWI) advanced as investors responded to improving demand across industrial and consumer power applications following a cyclical downturn. The company delivered results that exceeded expectations, supported by early signs of recovery and margin expansion. Investors focused on its leverage to energy-efficient power solutions and electrification trends. The performance reflected renewed confidence in a cyclical rebound within analog and power semiconductor markets.

Top Detractors

- Shares of Verra Mobility Corp. (VRRM) declined following quarterly results where revenue exceeded expectations, but earnings and margins came under pressure. The company continued to generate solid growth across its government and commercial segments, but profitability was impacted by higher implementation and operating costs. Investors focused on the margin compression and softer earnings trajectory. The reaction reflected concerns about near-term profitability despite durable demand for automated enforcement and mobility solutions.
- Software firm BlackLine Inc. (BL) declined following quarterly results and guidance that reinforced concerns about slowing growth across enterprise software. The company delivered results broadly in line with expectations, supported by steady revenue growth and bookings. However, investors focused on decelerating earnings momentum and margin profile. The reaction reflected broader weakness across software-as-a-service (SaaS) providers, as investors reassessed valuations and the potential for AI-driven automation to disrupt traditional financial software platforms.
- Shares of Merit Medical Systems Inc. (MMSI) declined as investors reassessed the company's growth and margin outlook despite continued revenue expansion. The company delivered results generally in line with expectations, supported by steady demand across its medical device portfolio. However, investors focused on slowing earnings growth and cost pressures impacting profitability. The reaction reflected concerns about operating leverage and valuation, particularly as healthcare equipment companies face a more normalized post-pandemic growth environment.



- Coastal Financial Corp. (CCB) declined amid broader weakness across regional banks as investors reassessed interest-rate expectations and funding dynamics. The company delivered results generally in line with expectations but continued to face pressure on deposit costs and net interest margins. Investors focused on earnings sensitivity to rate volatility and funding mix. The reaction reflected ongoing concerns across the banking sector regarding profitability in a higher-for-longer rate environment.
- Shares of Climb Global Solutions Inc. (CLMB) declined following quarterly results that highlighted margin pressure despite strong revenue growth. The company reported solid top-line performance driven by continued demand for technology distribution and vendor expansion initiatives. However, profitability declined due to mix and prior-period comparisons. Investors focused on margin compression and earnings quality. The reaction reflected broader investor scrutiny of IT distribution models as growth remains strong but operating leverage becomes less consistent.

Performance Update

As of March 31, 2026

Trailing Years Performance

	Inception Date	1Q26	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
WHGSX (Class I)	4/02/2007	3.93%	3.93%	11.28%	7.43%	4.08%	8.73%	7.37%
WHGAX (Class A) *	9/03/2019	3.89%	3.89%	11.12%	7.28%	3.94%	--	7.56%
WHGAX (Class A with Load) **	9/03/2019	-0.25%	-0.25%	6.65%	5.83%	3.09%	--	6.89%
WHGCX (Class C)	9/03/2019	3.74%	3.74%	10.32%	6.49%	3.17%	--	6.77%
WWSYX (Class Ultra)	3/31/2020	3.98%	3.98%	11.43%	7.56%	4.21%	--	13.90%
Russell 2000 Value Index	4/02/2007	4.96%	4.96%	28.09%	13.80%	5.79%	9.61%	6.79%
Russell 3000 Index	4/02/2007	-3.96%	-3.96%	18.09%	17.86%	10.87%	13.72%	10.19%

*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 3/31/2026

Renasant Corp.	Avista Corp.
Nicolet Bankshares Inc.	Blue Bird Corp.
Academy Sports and Outdoors Inc.	MDU Resources Group Inc.
First Bancorp	Standex International Corp.
Atlantic Union Bankshares Corp.	Everus Construction Group Inc.

Top 10 Holdings represents 20.71% 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:

- Centerra Gold Inc. (CGAU) offers diversified exposure to gold, copper and molybdenum through a portfolio anchored in stable, Tier-1 jurisdictions. The company combines steady near-term production from existing assets with a visible pipeline of North American growth projects. A strong net cash position supports development spending and shareholder returns, positioning Centerra to compound value while maintaining leverage to precious and critical metals across the cycle.
- Climb Global Solutions Inc. (CLMB) is a specialty IT distributor focused on high-growth, emerging software vendors, with meaningful exposure to cybersecurity and data-centric solutions. A flexible, vendor-agnostic model supports sustained organic billings growth, while a disciplined acquisition strategy enhances scale and geographic reach. Strong returns on capital, experienced management and consistent execution position Climb for durable earnings growth across market cycles.
- Constellium SE (CSTM) is a downstream aluminum producer with a differentiated tolling model that provides predictable earnings while benefiting from secular demand for lightweighting and sustainability. The company's growing exposure to aerospace, improving packaging fundamentals and ongoing deleveraging are not fully reflected in valuation. With lower leverage and increasing free cash flow, Constellium is a quality business that had been beset by challenges and is poised to take advantage of pricing and supply shocks from geopolitical events.
- Curblin Properties Corp. (CURB) is the first pure-play convenience center REIT, owning well-located, non-anchored retail assets with strong demographics and high-quality tenants. The format benefits from faster rent growth, minimal supply risk and a low capital intensity profile. With a large, highly fragmented addressable market and a net cash balance sheet, Curblin is well positioned to drive attractive internal growth and accretive external expansion over time.
- IPG Photonics Corp. (IPGP) is a vertically integrated laser technology leader with strong competitive differentiation and improving fundamentals. Following an extended cyclical downturn, the company has returned to organic growth as end-market utilization normalizes. A higher-margin mix, led by advanced manufacturing and emerging defense applications, supports earnings durability and margin expansion. With a strong balance sheet and underearning core business, IPGP offers attractive long-term value and recovery optionality.



- Nicolet Bankshares Inc. (NIC) is a founder-led, relationship-driven community bank serving underserved Midwestern markets with a consistent record of superior returns and disciplined growth. The bank combines organic loan growth with highly accretive M&A, supported by strong credit discipline and local market knowledge. Recent acquisition-related uncertainty has created an attractive entry point into a proven compounder positioned for top-tier EPS and tangible book value growth over the cycle.
- Once Upon a Farm PBC (OFRM) is a differentiated childhood nutrition brand with a first-mover advantage in the fast-growing refrigerated baby-food category. The company benefits from strong brand equity, a proven management team, and a scalable retail and direct-to-consumer platform. As consumer preferences shift toward fresh, organic nutrition, OFRM is well positioned to sustain strong growth and expand profitability over time.
- Par Pacific Holdings Inc. (PARR) is a differentiated independent refiner with meaningful exposure to attractive West Coast and Asian refining markets. Structural capacity reductions in the West Coast region, combined with the company's crude slate flexibility and logistics integration, support favorable margin dynamics. Small-refinery exemptions further enhance cash flow visibility, while disciplined capital allocation and share repurchases position Par Pacific to deliver strong shareholder returns across the refining cycle.
- Skyward Specialty Insurance Group Inc. (SKWD) operates a differentiated, specialty insurance platform with a scalable business model and an increasing mix of fee-based revenues that enhances earnings stability. A recent acquisition meaningfully expands growth opportunities while improving profitability, yet valuation remains compressed relative to earnings potential. The combination of underwriting discipline, acquisitive growth and an underappreciated earnings profile presents an attractive entry point for long-term investors.
- Trex Company Inc. (TREX) is the category-defining leader in composite decking, supported by a premier brand, unmatched distribution and long-standing cost and margin advantages versus competitors. Recent share price weakness reflects cyclical pressure in residential repair and remodel and heightened promotional activity, rather than erosion of franchise value. As end-market demand normalizes, Trex is well positioned to restore margins, generate strong free cash flow and compound value over the long term.
- York Space Systems Inc. (YSS) is a vertically integrated, low-cost satellite prime positioned to benefit from accelerating demand across national security and commercial space markets. Recent concerns about backlog have eased following strong execution, reinforcing growth visibility. Its structural cost advantage, recurring revenue model, and exposure to expanding defense budgets support a compelling margin inflection, with scalable production driving earnings potential above current expectations.

The following positions were sold from the portfolio:

- Banner Corporation (BANR) was sold to fund the purchase of a higher-conviction opportunity in the banking sector, offering stronger growth prospects and a more attractive reward-to-risk profile.
- Boise Cascade Co. (BCC), a wood products manufacturer, was sold to reallocate capital toward higher-conviction names within the housing sector.
- Innospec Inc. (IOSP), a specialty chemicals manufacturer, trades at a reasonable valuation; however, we believe there are more compelling opportunities in the Materials sector, as IOSP faces headwinds that diminish its reward-to-risk profile.
- J & J Snack Foods Corp. (JJSF) was sold due to prolonged operational challenges and margin pressures, with proceeds redeployed into names offering a more attractive reward-to-risk balance.
- Moog Inc. (MOG.A), a defense contractor, was sold after its market capitalization exceeded \$10 billion following a period of strong performance.
- PotlatchDeltic Corp. (PCH) merged with fellow timber REIT Rayonier, resulting in a combined market capitalization exceeding \$6 billion, which is above our portfolio guidelines.
- Stepan Co. (SCL) was sold amid ongoing industry headwinds and execution challenges, as we identified alternative investments with stronger prospects and improved reward-to-risk characteristics.



Market Review

After reaching new all-time highs in late January, the S&P 500 faced more turbulence throughout the rest of the quarter. February's modest market decline accelerated in March following military actions by the U.S. and Israel against Iran. The immediate economic effect was a sharp rise in oil prices, which increased economic uncertainty. Equity market volatility heightened, with investors often reacting daily to developments related to the conflict, which has spread to other parts of the Middle East.

The large-cap S&P 500 fell 4.33% in the first quarter, erasing January's gains. Meanwhile, small-cap and mid-cap stocks posted modestly positive returns for the quarter. International stocks experienced strong gains in the first two months but suffered significant setbacks in March, finishing the quarter in negative territory.

A market rotation that first emerged in late 2025 continued. While technology stocks led markets in recent years, leadership has since shifted to other sectors. Energy stocks within the S&P 500, boosted by the jump in oil prices, gained more than 38% over the first three months. Other sectors that previously underperformed, like Materials, Utilities, Consumer Staples and Industrials, also posted positive returns.

Amid ongoing geopolitical issues, investors continue to weigh mixed economic signals. Fourth quarter GDP growth, reported in the first quarter, came in at a disappointing 0.7% annualized rate. Job growth also slowed down. At the same time, inflation remains slightly above the Fed's 2% target, with living costs expected to rise as higher oil prices are incorporated into upcoming inflation data. The combination of slower growth and persistent inflation concerns led the Fed to keep the federal funds rate at the 3.50% to 3.75% range, where it stood at the end of 2025. Bond market total returns were slightly negative in the first quarter as bond yields edged higher (bond prices fall when yields rise). By late February, the 10-year Treasury yield dropped below 4%, but it ended the quarter at 4.30%.

Outlook

Increased visibility of geopolitical issues adds to rising uncertainties that cloud the 2026 investment outlook. The most significant external factor is the impact of the Middle East conflict. Markets are especially focused on potential inflationary effects caused by recent oil price spikes since military actions began in late February. If inflation rises, the Fed may have less room to cut interest rates further to stimulate the economy and might even be forced to raise rates to combat inflation. Fed Chair Jerome Powell has indicated that both cuts and hikes are in play, given ongoing economic uncertainties.

Investors are also closely monitoring the economy's trajectory. The fourth quarter's disappointing GDP growth and recent signs of job market weakness raise risks, as consumers are the main drivers of economic growth. So far, consumer spending has remained steady, but higher gas prices and slow job growth could lead to reduced spending, potentially challenging corporate profit forecasts. Earnings projections and results are key indicators for stock investors to watch.

Investors will also be keeping an eye on whether the first-quarter trend favoring previously underperforming sectors like Energy, Utilities, Industrials and Materials continues. Technology stocks are trying to rebound after a tough first quarter that lowered overall market returns. In the bond market, Fed interest rate policies and inflation trends will heavily influence investors. If bond yields keep rising, as they did in the first quarter, it could put additional downward pressure on stock prices, with investors increasingly seeking more attractive fixed income yields.

A potential positive outcome of the market's first-quarter decline is that investors are now better positioned to identify value opportunities. Many well-established companies with strong cash flow and solid balance sheets now offer more attractive entry points for investors. The number of stocks outperforming the S&P 500 has increased compared to recent years, indicating that the market has broadened as investors seek better value opportunities.

In an uncertain environment, we believe our focus on high-quality businesses with strong cash flow, high return on invested capital, low leverage and sound management teams will be seen favorably. As volatility accelerates, we



believe companies trading at a discount to the market or their peers will be resilient and may offer greater returns than the broader market. Historically, those companies trading at the intersection of quality and value have performed well in difficult market environments.

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.

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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