

Performance Highlights

- U.S. stocks experienced a robust third quarter, with most major indices posting strong gains, many reaching new all-time highs. The long-awaited rotation of leadership from large-cap giants to smaller companies was notable in the quarter. The Russell 2000 Index, a benchmark for small-cap stocks, surged an impressive 12.4%, outpacing the 8.0% gain of the large-cap Russell 1000 Index. The smallest companies performed even better, with the Russell Microcap Index soaring 17.0%. In this environment, the Westwood Quality SMidCap Fund returned 6.92%, trailing its representative benchmark, the Russell 2500 Value Index, which returned 8.17%.
- Despite lingering uncertainties, including a looming federal government shutdown, a deteriorating labor market and mixed data on manufacturing and consumer confidence, the U.S. economy, or at least the perception of it, demonstrated durability. The primary catalyst was the moderation of interest rates. After a period of restrictively high rates to combat inflation, a falling rate environment can provide crucial relief to both businesses and consumers. For companies, particularly small-cap and/or leveraged businesses with significant floating-rate debt, this translated into lower borrowing costs and wider access to capital. This financial relief, combined with steady consumer spending, allowed the economy to continue growing, defying expectations for a slowdown and fostering a confident environment for investors.
- Strong performance in our Industrials and Real Estate sectors was offset by underperformance in Health Care, Consumer Staples and Energy. Stiff factor headwinds have persisted over the last two quarters, as markets have strongly favored high vs. low beta and high vs. low volatility, as well as low vs. high ROIC. Despite the recent lag in the fund, we are particularly confident in our positioning in Industrials, with a thematic focus on defense, re-shoring and electrification. With the Trump administration's focus on reshoring manufacturing capacity, we expect small- and mid-cap industrials and materials companies to benefit. Additionally, we believe the outlook for defense spending is underappreciated, with munitions stockpiles low and a need to rebuild the defense industrial base to match China (and others' mite).
- As seasoned value investors, we strive to unlock opportunities in mispriced, misunderstood and often less-popular names. We realize that a market, driven by high valuations and momentum, has not always been a place where our quality value style outperforms. We believe that it's in these moments when fundamentals have been brushed aside and investor emotion and momentum dominate market movements. And while we believe our philosophy is sound, we also realize that certain environments pose deeper challenges, and we can better adapt.
- To improve outcomes, Westwood is increasing flexibility, refining our approach, and expediting idea deployment to better adapt to what's been an unbalanced, unsteady marketplace that can shift quickly. Our holdings did not align with market beta as effectively as they could have, but we believe that risk is mispriced, and thus we are cautious about deploying too much risk at this moment. On a positive note, we were able to add quality equities during the current lag period and cut several underperformers to ameliorate potential risk-adjusted returns.
- For the quarter, the interaction effect was a contributor overall, while asset allocation was a very slight detractor; the largest draw on the portfolio was stock selection. The Industrials sector was the largest contributor to relative performance due to a modest overweight position and strong stock selection. The largest detractors were in Health Care and Consumer Staples. While security selection effect in Industrials and Real Estate was positive, its contribution was outweighed by detraction from Health Care and Consumer Staples.

- We utilized dislocated valuation opportunities in the quarter to reposition into and out of several stocks to better leverage current market conditions and made modest adjustments to sector weights. That said, we kept strategic underweight in Information Technology, Financials and Communication Services, while overweighting Real Estate, Materials, Consumer Staples and Utilities in the period.

Performance Drivers

On an absolute basis, the Industrials, Real Estate and Financials sectors were the largest contributors to performance in the third quarter, while the Health Care, Consumer Staples and Energy sectors were the fund's weakest-performing sectors.

Top Contributors

- Kratos Defense & Security Solutions (KTOS) was our best performer in the quarter, driven by strong second-quarter financial results in August that beat analyst expectations and led to raised full-year revenue guidance. Positive momentum continued in September with streamlined U.S. drone export rules, the unveiling of a new attack drone and the company's addition to the S&P MidCap 400 Index.
- Modine Manufacturing (MOD) gained due to surging demand for its data center cooling solutions, driven by the artificial intelligence (AI) boom. The company's Climate Solutions segment saw exceptional growth, highlighted by an earnings beat reported in July and a significant investment to expand manufacturing capacity for its data center products.
- Microchip designer Rambus (RMBS) surged thanks to accelerating demand for its memory interface chips from the AI and data center markets. The rally gained momentum following a strong Q2 earnings report in late July that surpassed expectations and offered a robust outlook. Investor enthusiasm climaxed in September when a Rosenblatt analyst significantly raised the price target, citing the company's essential role in the AI infrastructure boom and its leadership in DDR5 memory technology.
- AAR Corp. (AIR) stock performed well in Q3 2025, primarily driven by strong financial results and strategic contract wins. The company reported robust quarterly earnings in late September that surpassed analyst expectations, showcasing significant growth in its parts supply and MRO (Maintenance, Repair and Overhaul) segments. This performance was bolstered by heightened demand from commercial airlines expanding flight schedules and new defense contracts, which together boosted investor confidence and lifted the stock.
- Shares of Advanced Drainage Systems (WMS) gained based on accelerating growth in its Infiltrator (decentralized wastewater) business and strong demand in non-residential and construction end markets. Meanwhile, investors welcomed improving supply tightness and signs of margin leverage.

Top Detractors

- Interparfums (IPAR) stock declined in Q3 2025 after the company issued conservative forward guidance during its Q2 earnings call in early August. While quarterly results were solid, the outlook for the remainder of the year was weaker than analysts anticipated, raising concerns about slowing growth and margin pressures from inflation. This cautious forecast, coupled with broader market volatility and worries about consumer spending on discretionary luxury items, prompted a selloff from investors.
- Pinnacle Financial (PNFP) stock faced a challenging Q3 2025 as the regional banking sector contended with concerns over net interest margin (NIM) compression. Investors grew cautious after the company's July earnings report, which signaled ongoing pressure on deposit costs. Broader industry anxieties about slowing loan growth and potential credit quality normalization in commercial real estate portfolios also weighed heavily on sentiment, leading to multiple analyst downgrades during the quarter.



- Integer Holdings (ITGR) stock experienced a downturn in Q3 2025 after its second-quarter earnings report in late July included a weaker-than-expected forecast for the remainder of the year. While Q2 results met expectations, the lowered guidance spooked investors, raising concerns about moderating growth in its Cardio & Vascular and Neuromodulation product lines. Broader market concerns about potential slowdowns in elective medical procedures and persistent supply chain cost pressures further contributed to the negative sentiment.
- Marex Group (MRX) stock faced headwinds in Q3, trading down after a period of lower market volatility compared to the prior year. The global commodities brokerage and market maker's performance is closely tied to trading volumes and price swings. A calmer market environment, particularly in energy and agricultural commodities, led to reduced client activity. This raised investor concerns about slowing revenue growth, prompting a pullback in the share price despite solid underlying business fundamentals.
- MarketAxess Holdings (MKTX) slipped the quarter amid indications that its electronic bond trading growth is decelerating, and market share gains are plateauing. Its U.S. high-grade credit market share declined year-on-year, exerting pressure on revenue growth. Additionally, variable transaction fees fell year-over-year on credit products, reflecting compression from unfavorable product and protocol mix. Rising competition, macro uncertainty in fixed income markets and weaker forward guidance amplified multiple contraction despite ongoing platform innovation.

Performance Update

As of September 30, 2025

Trailing Years Performance

	Inception Date	3Q25	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
WHGMX (Class I)	12/19/2005	6.92%	8.27%	6.95%	16.22%	13.42%	8.90%	9.10%
WWSMX (Class Ultra)	7/31/2020	6.93%	8.35%	7.05%	16.41%	13.62%	--	13.44%
Russell 2500 Value Index	12/19/2005	8.17%	9.29%	9.00%	15.39%	14.96%	9.68%	8.03%
Russell 3000 Index	12/19/2005	8.18%	14.40%	17.41%	24.12%	15.74%	14.71%	10.72%

*Annualized. Total Annual Fund Operating Expenses by Share Class (gross/net): Class I 1.07% / 0.90%, Class Ultra 0.87% / 0.70%. The Advisor has contractually agreed to waive fees and reimburse expenses until March 1, 2026. In the absence of current fee waivers total return and yield would be reduced.

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.

Calendar Year Returns

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
WHGMX	34.27%	26.38%	-2.29%	12.88%	33.80%	4.85%	-3.18%	12.04%	10.39%	-11.47%	29.40%	5.40%	21.31%	-10.36%	17.78%	10.42%
Russell 2500 Value Index	27.68%	24.82%	-3.36%	19.21%	33.32%	7.11%	-5.49%	25.20%	10.36%	-12.36%	23.56%	4.88%	27.78%	-13.08%	15.98%	10.98%
Russell 3000 Index	28.34%	16.93%	1.03%	16.42%	33.55%	12.56%	0.48%	12.74%	21.13%	-5.24%	31.02%	20.89%	25.66%	-19.21%	25.96%	23.81%

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. REITs are subject to changes



in economic conditions, credit risk and interest rates. International investing may involve risk of capital loss from unfavorable currency fluctuations, differences in generally accepted accounting principles or from social, economic or political instability in other nations.

Top 10 Holdings as of 9/30/2025

IDACORP Inc.	Integer Holdings Corp.
SouthState Bank Corp.	Advanced Drainage Systems Inc.
Cullen/Frost Bankers Inc.	Verra Mobility Corp.
AAR Corp.	Packaging Corp. of America
Hubbell Inc.	Eagle Materials Inc.

Top 10 Holdings represents 21.85% of the total portfolio and represents the 10 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 10 largest holdings. Holdings are subject to change. Current and future portfolio holdings are subject to risk.

Fund Positioning and Trade Rationale

The following positions were added in the third quarter:

- **National Fuel Gas (NFG)** – National Fuel Gas is a diversified natural gas company with strong cash-generating utility, pipeline and marketing operations. Its undervalued, low-cost E&P unit is expected to drive 4% to 6% growth and rising free cash flow through improved capital efficiency. Its stable, cash-generating businesses support expansion or increased shareholder returns, offering a low-risk natural gas investment.
- **Newmark Group (NMRK)** – Newmark Group is a commercial real estate advisory firm with expanding market share across key service lines. Strong growth in capital markets, office leasing and property management should drive above-trend earnings. The stock offers a revaluation opportunity as its future earnings potential remains underappreciated by the market.
- **Packaging Corporation (PKG)** – Packaging Corporation of America produces containerboard and corrugated packaging for industrial and agricultural use. The stock was purchased as tightening supply and potential demand improvement could drive meaningful price gains.
- **Warner Music Group (WMG)** – Warner Music Group provides recording, merchandising and artist management services. The stock was purchased for its leverage to “Streaming 2.0,” driven by higher ARPU, superfan monetization and improved pricing models. CEO Robert Kyncl’s efficiency initiatives and reinvestment position FY25 for stability and FY26 for accelerated growth from new streaming deals.

The following positions were sold from the portfolio:

- **Pinnacle Financial Partners (PFP)** – Pinnacle Financial Partners was sold following its announced merger with Synovus, which is expected to dilute the franchise’s value and introduce meaningful integration and execution risks that could hinder the bank’s future growth trajectory.
- **MarketAxess Holdings (MKTX)** – MarketAxess Holdings was sold as slowing market share gains undermined confidence in the investment thesis. With growth momentum stalled, the company’s competitive edge in electronic bond trading appears to be fading, reducing the potential for meaningful outperformance.



- Equity LifeStyle Properties Inc. (ELS) – Equity LifeStyle Properties was sold following a loss of conviction in the investment thesis, as the outlook for growth and valuation support weakened, reducing confidence in the company's ability to outperform within the REIT sector.

Market Review

The year has proved to be a pivotal and often perplexing period for U.S. financial markets, characterized by a delicate dance between persistent inflation, evolving monetary policy and an increasingly complex global economic landscape. Both equity and fixed-income markets experienced significant volatility, forcing investors to re-evaluate long-held strategies and adapt to a new paradigm without precedent.

In the third quarter, a broad market rally saw cyclical sectors significantly outperform defensive ones. This surge was primarily fueled by sustained enthusiasm for AI, strong corporate earnings and a pivotal interest rate cut by the Federal Reserve. The Information Technology and Communication Services sectors led the gains driven by the AI boom. Conversely, sectors like Consumer Staples, Real Estate and Materials lagged as investor capital rotated toward growth-oriented opportunities in the positive economic climate.

Strength in cyclical areas like Industrials and Consumer Discretionary pointed to widespread confidence in economic growth. In sharp contrast, the gains in the large-cap space continued to be highly concentrated in a handful of mega-cap technology stocks, especially those with exposure to AI.

The Federal Reserve finally continued its easing cycle in the third quarter, cutting interest rates by 25 basis points in September after some relatively poor employment reports. In the bond market, this pivot sent Treasury yields lower, as the 10-year Treasury yield fell from a mid-July high of 4.50% to close the quarter at 4.16%, reflecting both the rate cut and rising concerns about an economic slowdown. High-yield and corporate credit outperformed government bonds as recession fears eased. Gold rallied through \$4,000 on the prospect of lower real yields and global U.S. dollar weakness, while global bonds also saw positive returns.

Domestic economic comments frequently highlighted the resilience of the U.S. consumer, albeit with increasing signs of strain. Retail sales figures, while positive, showed a clear shift toward essential goods over discretionary purchases. The labor market, though still historically tight, has begun to show significant cracks, which we believe are deeper than most peers are modeling. Corporate investment remained robust, but only in certain strategic areas, particularly in AI and renewable energy. Overall capital expenditure growth slowed as companies faced higher financing costs.

China's economic performance was a significant swing factor. After an initially strong post-reopening rebound, the Chinese economy faced headwinds from a struggling property sector and weaker global demand. Any signs of slowdown in China rippled through commodity markets and global supply chains, impacting inflation expectations and risk sentiment worldwide. Emerging markets, while offering attractive growth prospects, also experienced increased volatility due to a stronger dollar and higher borrowing costs.

Geopolitical events, particularly ongoing tensions in Eastern Europe and the Middle East, added another layer of complexity. Spikes in oil prices due to supply concerns directly impacted U.S. inflation and consumer sentiment, further influencing the Fed's decisions and market reactions. The interplay of these international factors — global inflation, synchronized monetary policy and geopolitical instability — created a complex web of interconnectedness, demonstrating that no major market operates in isolation.



Outlook

Below-trend growth, sticky inflation and hazy economic data create a complex backdrop for the stock market. Economists expect GDP growth for the quarter to decelerate, with the slowdown driven by a weakening consumer-facing historically low real disposable income growth, elevated borrowing costs and the drag from resumed student loan payments. Those burdens could be reduced as interest rates come down, which would also benefit the stock market greatly.

Inflation remains the critical economic headwind. Core inflation is proving persistent near 3.0%, largely complicated by a significant rise in the effective U.S. tariff rate to an estimated 17%. This trade-policy-driven price pressure limits the Fed's flexibility. The labor market is concerning, with the unemployment rate slightly higher at around 4.3%, and job growth is clearly slowing. Tighter immigration policies are acting as a structural constraint on the labor supply, helping to underpin wages in labor-intensive sectors and lowering the overall potential growth rate of the economy.

In response to the softening labor data, the Fed is expected to continue its easing cycle, with a high probability of one or two additional 25-basis-point rate cuts before year-end, following its September move. The policy path is fraught with risk, however, as cutting too quickly while inflation remains above target could jeopardize the Fed's credibility.

Stocks, in general, are trading at a premium, with market valuation slightly above fair value and concentration high in a handful of mega-cap technology stocks tied to the buildout of AI. This narrow, highly valued rally leaves little margin for error. Consequently, investment opportunities are shifting. Undervalued segments, specifically small- and mid-cap stocks (trading at a double-digit discount to fair value) and the broader value style, are becoming increasingly attractive. On a sector basis, professional outlooks highlight value in Real Estate, Energy and Health Care, which are currently trading below their estimated intrinsic value, suggesting a necessary rotation for investors seeking returns in an otherwise fully priced market. The core risk remains the adverse feedback loop of tariff-led inflation, delaying the necessary monetary easing.

At the same time, due to the economic outlook described above, it would be prudent to be increasingly selective, investing in high-quality undervalued companies due to economic bifurcation and to account for the risk of potential deterioration as the Fed attempts to thread the needle with a soft landing.

Small-cap companies appear well positioned to benefit from lower interest rates, and we believe the SMid-cap asset class is viewed as structurally advantaged due to its blend of growth potential and operational maturity. Across the asset management industry, SMid-cap companies have less analyst coverage than large caps, leading to a consistently high share of SMid-Cap managers (~65%) outperforming their benchmark over rolling three-year periods. We also have a larger pond to fish in, with market cap in our benchmark ranging from \$1B to \$12B. Given that latitude, we have an opportunity to identify high-return companies with significant reinvestment opportunities, strong management teams and healthy balance sheets early in their corporate lifecycle and allow them to compound value for our clients through-cycle.

As markets evolve, we continue to focus on the things we know and adapt to new norms. We believe that companies with high-quality fundamentals and attractive relative valuations may have the potential to perform well over longer time horizons and across varying market 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 and full prospectuses, which may be obtained by calling 877.FUND.WHG, 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 2500® Value Index** measures the performance of those Russell 2500® 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. **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. **SMid cap** is a term used to refer to a company with a market capitalization value ranging between \$50 million to \$14.6 billion. A company's market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. **Magnificent 7** refers to seven major U.S. technology companies: Apple, Microsoft, Alphabet (Google), Amazon, NVIDIA, Meta (formerly Facebook) and Tesla.

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