Westwood **Quality SMidCap Fund**

Commentary

2Q
2026

Performance Highlights

Equity markets surged in the quarter, delivering outsized gains among growth and small cap stocks. In this environment, the Westwood Quality SMidCap Fund returned 11.83%, trailing the Russell 2500 Value Index, which returned 18.50%.

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: 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.

On an absolute basis, the Information Technology, Industrials and Financials sectors provided the bulk of the absolute return for the Fund in the quarter. The Energy and Utilities sectors declined on an absolute basis, as traditional value-oriented sectors lagged in the “risk-on” environment.

Underperformance on a relative basis was due to both stock selection and asset allocation. The leading detractor on a relative basis was the Information Technology sector, linked both to an underweight position and stock selection, where our quality-value positions were not able to keep up with speculative, low-quality names driving performance. Three holdings in the semiconductor industry showed significant gains; however, a single computer memory producer gained more than 225% and represented about 60% of the Fund’s underperformance in the quarter. The Industrials sector was also a detractor, primarily due to mixed security selection; gains in Building Products, a bus manufacturer and an industrial products company were offset by a decline in a defense contractor.

Stock selection within the Financials and Materials sectors contributed positively to performance. Within Financials, two insurers and an investment bank were supportive, and offset underperformance among regional banks, while in the Materials sector, gains by a natural food additives company offset losses among miners.

Performance Drivers

Top Contributors

- Shares of Semtech Corp. (SMTC) surged after the company reported fiscal first-quarter results that exceeded expectations and issued stronger-than-anticipated guidance. Management highlighted accelerating demand for its data-center and AI-related connectivity products, prompting investors to raise earnings expectations.
- Shares of Rambus Inc. (RMBS) advanced following better-than-expected quarterly results and growing investor confidence in the company's memory interface and security IP businesses. Management highlighted increasing demand tied to AI servers and high-bandwidth memory architectures, supporting a higher long-term growth outlook.
- Shares of Lattice Semiconductor Corp. (LSCC) rallied after the company delivered stronger-than-expected first-quarter results and raised its outlook. Investors responded favorably to signs of improving demand across industrial and communications markets, along with growing adoption of its low-power FPGA solutions.
- Shares of Marex Group PLC (MRX) gained after the company reported record quarterly earnings and revenue, driven by strong client activity across commodities, clearing and agency execution businesses. Investors also welcomed continued market-share gains and management's confidence in sustaining 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.

Top Detractors

- Shares of Chord Energy Corp. (CHRD) declined after the company reported quarterly results reflecting lower realized oil prices and reduced its production outlook following asset optimization efforts. Investors also weighed increased capital spending and the impact of commodity price volatility on near-term free cash flow generation.
- Shares of Royal Gold Inc. (RGLD) declined as investors reassessed the company's growth outlook following mixed operating updates from several key royalty and streaming assets. While precious metals prices remained supportive, attention shifted toward production timing and asset-level execution.
- Shares of National Fuel Gas Co. (NFG) fell after the company reported quarterly results below consensus expectations and reduced production guidance at its Appalachian natural gas operations. Investors lowered earnings expectations amid concerns about near-term production growth.
- Shares of Kratos Defense & Security Solutions Inc. (KTOS) retreated despite solid operating results as investors took profits following a strong rally earlier in the year. The company also announced a sizable equity offering to fund growth initiatives, creating near-term dilution concerns.
- Shares of Verra Mobility Corp. (VRRM) declined after Avis Budget Group terminated a key commercial services contract representing more than 10% of revenue. The company lowered its 2026 outlook, analysts downgraded the shares and investors reassessed the durability of its commercial services business.

Relative to the benchmark, the portfolio is positioned with a clear cyclical bias. The Fund holds meaningful overweights in Industrials, Utilities, Consumer Staples, and Materials, emphasizing companies tied to domestic investment, infrastructure activity, and earnings stability. Financials are held near benchmark weight. Underweights to Information Technology, Health Care, Energy, and Communication Services reduce exposure to higher valuation growth areas and more benchmark concentrated sectors, while maintaining broad diversification across 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*
WHGMX (Class I)	12/19/2005	11.83%	17.99%	26.36%	15.91%	9.37%	10.39%	9.64%
WWSMX (Class Ultra)	7/31/2020	11.85%	18.16%	26.60%	16.16%	9.58%	--	14.88%
Russell 2500 Value Index	12/19/2005	18.50%	24.16%	38.54%	19.41%	10.28%	11.28%	9.04%
Russell 3000 Index	12/19/2005	15.44%	10.88%	22.82%	20.36%	12.31%	15.06%	11.00%

*Annualized. Total Annual Fund Operating Expenses by Share Class (gross/net): Class I 1.07% / 0.85%, Class Ultra 0.90% / 0.68%. 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.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
WHGMX	8.45%	10.42%	17.78%	-10.36%	21.31%	5.40%	29.40%	-11.47%	10.39%	12.04%
Russell 2500 Value Index	12.73%	10.98%	15.98%	-13.08%	27.78%	4.88%	23.56%	-12.36%	10.36%	25.20%
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	2009
WHGMX	-3.18%	4.85%	33.80%	12.88%	-2.29%	26.38%	34.27%
Russell 2500 Value Index	-5.49%	7.11%	33.32%	19.21%	-3.36%	24.82%	27.68%
Russell 3000 Index	0.48%	12.56%	33.55%	16.42%	1.03%	16.93%	28.34%

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 6/30/2026

Cullen/Frost Bankers Inc.	AAR Corp.
SouthState Bank Corp.	Marex Group Ltd.
IDACORP Inc.	Hubbell Inc.
Trex Company Inc.	Lattice Semiconductor Corp.
Skyward Specialty Insurance Group Inc.	Sensient Technologies Corp.

Top 10 Holdings represents 23.57% 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:

- Boot Barn Holdings Inc. (BOOT) is the largest specialty retailer of western, work and country lifestyle footwear, apparel and accessories in the United States. The company operates in a highly fragmented market with a significant opportunity for continued store expansion, while increasing penetration of exclusive brands supports ongoing margin improvement. A debt-free balance sheet provides flexibility to fund growth internally, and the shares trade at an attractive valuation relative to the company's long-term growth profile.
- Ovintiv Inc. (OVV) is an exploration and production company with concentrated, high-quality assets in the Permian and Montney basins, two of North America's most attractive energy regions. Following a multi-year transformation, the company has strengthened its balance sheet, developed a deep drilling inventory and established a consistent record of operational execution. Despite its top-tier asset base, Ovintiv trades at a discount to peers, creating the potential for valuation expansion over time.
- Regal Rexnord Corp. (RRX) is a global manufacturer of automation solutions, electric motors, motion controls and power transmission products serving a diverse range of industrial end markets. The company is benefiting from an emerging short-cycle recovery, ongoing acquisition synergies and expanding opportunities in data center infrastructure. Combined with continued balance sheet deleveraging and new leadership, Regal Rexnord is positioned for improving earnings growth and potential valuation expansion.
- 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 an improving trucking cycle as fleet replacement demand recovers, while its parts and service operations provide a stable, recurring and higher-margin earnings stream. This balance of cyclical recovery potential and durable profitability supports an attractive long-term outlook.
- Semtech Corp. (SMTC) is a global supplier of high-performance analog and mixed-signal semiconductors serving data center, connectivity and Internet of Things markets. The company is undergoing a strategic transformation toward a higher-margin semiconductor-focused business model with increasing exposure to AI and data center demand through its signal integrity products. Potential portfolio simplification initiatives and continued balance sheet deleveraging provide additional opportunities for margin improvement and valuation expansion.
- 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 is benefiting from the automotive industry's transition toward larger, AI-enabled displays and increasing electronic content per vehicle. Recent

customer wins with leading global automakers and expanding technology partnerships support the potential for above-market growth as temporary headwinds moderate.
- Weatherford International PLC (WFRD) is a global oilfield services provider offering drilling solutions, well construction and production optimization services to customers worldwide. The company's international exposure positions it to benefit from stronger growth opportunities than many U.S.-focused peers, while accelerating international activity supports improving margins and free cash flow generation. Trading at an attractive valuation relative to its earnings potential, Weatherford offers a compelling combination of growth and value.

The following positions were sold from the portfolio:

- Amdocs Ltd. (DOX) was sold as the company continues to emphasize software and services at a time when investor sentiment toward the software sector has become more cautious. Capital was redeployed into opportunities offering more attractive reward-to-risk characteristics.
- The Cheesecake Factory Inc. (CAKE) was sold following a period of strong share price appreciation. The position was exited to realize gains and reallocate capital toward investments with more attractive reward-to-risk profiles.
- Gulfport Energy Corp. (GPOR) was sold after a period of strong performance to reallocate capital toward energy investments offering more favorable reward-to-risk characteristics.
- Lithia Motors Inc. (LAD) was sold despite continued sales growth, as rising costs began to pressure margins and reduced confidence in the original investment thesis. Capital was redeployed into more attractive opportunities.
- Moog Inc. Class A (MOG.A) was sold after strong share price performance pushed the stock beyond our valuation range. The position was exited in favor of investments with more attractive reward-to-risk profiles.
- Pegasystems Inc. (PEGA) was sold amid growing uncertainty surrounding software business models as AI-related concerns weighed on sentiment across the SaaS industry. The position was exited to reallocate capital toward opportunities with more attractive reward-to-risk characteristics.
- XPO Inc. (XPO) was sold after strong share price appreciation moved the stock beyond our target valuation range. Proceeds were redeployed into opportunities offering more attractive reward-to-risk characteristics.

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 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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