

Westwood Quality Value Fund Commentary

1Q
2026

Performance Highlights

Stocks surged to start the year, then struggled amid economic uncertainty and heightened geopolitical risk, eventually closing the quarter with a small decline. In this environment, the Westwood Quality Value Fund (Class I) returned 0.00% in the quarter, trailing the Russell 1000 Value Index, which returned 2.10%.

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); 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 sold off as the conflict escalated, and inflationary fears surged amid higher oil and natural gas prices. Hostilities were ongoing as the quarter ended, putting economic growth forecasts in flux.

Energy was the strongest performing sector as the conflict in the Middle East curtailed supplies and caused a spike in oil and gas prices. Consumer Staples and Utilities also provided significant support in the quarter, as defensive sectors showed gains amid a rotation away from growth and technology.

On a relative basis, asset allocation and security selection were both detractors from performance, with stock selection being a larger factor overall. Three macro themes drove relative performance in the quarter. First, an energy supply shock that began with the war in Iran largely benefited certain commodity names that we tend to avoid due to ROIC criteria. Second, the market shifted toward companies supplying the buildout in artificial intelligence (AI) infrastructure, such as semiconductors, power production and optical networking, at the expense of the large hyperscalers spending the capital. Third, high ROIC software, financial data and brokerage companies were repriced based on an AI disruption narrative.

The Financials sector was the largest detractor to relative performance, driven by selection and an overweight position. Large banks struggled amid stagnant interest rates and volatile markets, while investment banks were hindered by concerns over losses in private credit. The Information Technology sector also detracted from relative performance, as security selection was a headwind. Our holdings among software companies impacted performance, as software-as-a-service (SaaS) companies were threatened by the rapid development of agentic software applications.

The Health Care sector provided the greatest contribution to relative return, driven by stock selection and an underweight position. Positive performance from pharmaceutical makers and service companies offset declines among device makers. Stock selection in the Consumer Staples sector was supportive, driven by gains among food manufacturers.

Performance Drivers

Relative to the benchmark, the portfolio is positioned with selective cyclical exposure while maintaining balance across defensive sectors. The Fund is overweight Financials, Industrials and Consumer Discretionary, emphasizing companies tied to business investment, durable earnings and consumer activity. Utilities are also overweight, providing ballast against volatility. Exposure to Information Technology and Communication Services is near benchmark levels. The



portfolio is underweight Health Care, Energy, Real Estate, Materials and Consumer Staples, reflecting valuation selectivity and balance-sheet discipline across large-cap equities.

Top Contributors

- Energy conglomerate Exxon Mobil Corp. (XOM) advanced as investors responded to improving sentiment across energy markets and the company's continued capital discipline. The company delivered solid operational performance, supported by stable production and strong downstream and upstream integration. The performance reflected broader strength in energy equities as commodity prices and supply dynamics supported earnings visibility and capital returns.
- Shares of Chevron Corp. (CVX) rose alongside broader energy sector strength as investors rewarded consistent execution and capital discipline. The company delivered results broadly in line with expectations, supported by resilient production and cost control.
- Qnity Electronics Inc. (Q) advanced following earnings that exceeded expectations and a constructive outlook tied to semiconductor and AI infrastructure demand. The company highlighted improving margins and strong demand across advanced materials used in chip manufacturing. Investors focused on its leverage to high-performance computing and accelerating AI-related spending. The performance reflected continued enthusiasm for semiconductor supply chain companies benefiting from structural growth in data center investment.
- Shares of Entergy Corp. (ETR) advanced as investors favored regulated utilities amid rising demand for power infrastructure, particularly tied to data center and AI-driven electricity needs. The company delivered steady execution with improving visibility into rate base growth and capital investment. Investors focused on its defensive earnings profile and long-term growth supported by expanding load demand and constructive regulatory frameworks.
- Shares of Deere & Company (DE) gained as investors responded to improving sentiment around the agricultural equipment cycle and continued demand for precision agriculture solutions. The company delivered results ahead of expectations and raised guidance for the remainder of the year, suggesting the multi-year cyclical downturn in agriculture equipment may be nearing the trough. The performance reflected confidence in Deere's ability to benefit from ongoing technology adoption in farming despite cyclical variability.

Top Detractors

- Shares of Salesforce Inc. (CRM) declined amid broader weakness across enterprise software and SaaS providers as investors reassessed valuations and competitive dynamics in light of rapidly developing agentic software breakthroughs. The company delivered results broadly in line with expectations, but sentiment weakened as investors evaluated the impact of AI-driven automation on traditional software demand. The reaction reflected a broader rotation away from SaaS models perceived as vulnerable to evolving enterprise technology spending priorities.
- Shares of alternative asset manager KKR & Co Inc. (KKR) declined alongside broader weakness in alternative asset managers as investors reassessed capital markets activity and fundraising conditions. The company delivered results generally in line with expectations, but sentiment was pressured by uncertainty around private credit and exit activity. Investors focused on sensitivity to market volatility and interest rates.
- Microsoft Corporation (MSFT) declined as investors reacted to elevated capital spending tied to AI infrastructure and broader weakness across large-cap technology. The company delivered strong operating results, but sentiment was pressured by concerns over near-term margin impact from increased investment in AI data centers. The reaction reflected a broader reassessment of hyperscaler investment cycles despite strong underlying demand.
- Shares of LPL Financial Holdings Inc. (LPLA) declined as investors reassessed earnings sensitivity to equity markets and potential for agentic AI to disrupt traditional wealth management business models. While underlying business trends remained stable, sentiment was pressured by uncertainty around asset-based revenues and client activity. The reaction reflected concerns about near-term growth durability in a more volatile market environment.

Westwood Values

INTEGRITY | RELIABILITY | RESULTS



- Shares of RB Global (RBA) declined despite solid operational execution, as investors weighed cyclical uncertainty across construction and transportation end markets. While integration progress within the salvage business remained constructive, sentiment was pressured by concerns around volume trends and macro sensitivity. The reaction reflected broader caution toward economically sensitive industrial and marketplace businesses.

Performance Update

As of March 31, 2026

Trailing Years Performance

	Inception Date	1Q26	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
WHGLX (Class I)	6/28/2006	0.00%	0.00%	5.78%	8.72%	6.74%	9.23%	7.83%
WWLAX (Class A) **	12/31/2007	0.00%	0.00%	5.68%	8.53%	6.55%	8.99%	6.96%
WWLAX (Class A with Load) ***	12/31/2007	-2.96%	-2.96%	2.51%	7.42%	5.89%	8.65%	6.79%
WHGQX (Class Ultra)	11/30/2022	0.09%	0.09%	5.81%	8.68%	--	--	5.97%
Russell 1000 Value Index	6/28/2006	2.10%	2.10%	15.87%	14.31%	9.43%	10.58%	8.30%
Russell 3000 Index	6/28/2006	-3.96%	-3.96%	18.09%	17.86%	10.87%	13.72%	10.63%

*Annualized ** Excludes sales charge. *** Reflects effects of the fund's maximum sales charge of 3.00%. Total Annual Fund Operating Expenses by Share Class (gross / net): Class I 0.71% / 0.63%, Class A 0.88% / 0.80%, Class Ultra 0.63% / 0.55%. The Advisor has contractually agreed to waive fees and reimburse expenses until March 1, 2027. In the absence of current fee waivers, total return 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
WHGLX	5.78%	10.56%	8.91%	-5.66%	23.79%	2.73%	27.36%	-6.04%	20.85%	10.93%
Russell 1000 Value Index	15.91%	14.37%	11.46%	-7.54%	25.16%	2.80%	26.54%	-8.27%	13.66%	17.34%
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
WHGLX	-0.36%	11.85%	30.03%	16.10%	-0.91%	12.11%
Russell 1000 Value Index	-3.83%	13.45%	32.53%	17.51%	0.39%	15.51%
Russell 3000 Index	0.48%	12.56%	33.55%	16.42%	1.03%	16.93%

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. Portfolio holdings are subject to change and should not be considered a recommendation to buy individual securities. The Fund pursues a "value style" of investing. If the Adviser's assessment of market conditions, or a company's value or prospects for meeting or exceeding earnings expectations is inaccurate, the Fund could suffer losses or produce poor performance relative to other funds or market benchmarks. In addition, "value stocks" can continue to be undervalued by the market for long periods of time and may never achieve the Adviser's expected valuation.



Top 10 Holdings as of 3/31/2026

Amazon.com Inc.	Qnity Electronics Inc.
NextEra Energy Inc.	RB Global Inc.
Entergy Corp.	CSX Corp.
Thermo Fisher Scientific Inc.	Home Depot Inc.
Berkshire Hathaway Inc.	Exxon Mobil Corp.

Top 10 Holdings represents 25.07% 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:

- CACI International Inc. (CACI) is a mission-embedded national security technology firm pivoting from commoditized IT services toward software-defined electronic warfare, space-based sensing and Agile software development. The company has a \$34 billion backlog, with a recompile win rate of 90% to 98%, making them more of a service business with recurring revenue. We believe a recent acquisition will require the market to reprice the shares for greater margin expansion.
- Motorola Solutions Inc. (MSI) holds a leading position in mission-critical communications for public safety and enterprise customers. Recent share price weakness reflects temporary growth normalization rather than deterioration in fundamentals. Stable public safety demand, strong returns on capital and a disciplined acquisition strategy support durable growth. The addition of Silvus expands the company's addressable market into defense and advanced networking, reinforcing long-term growth and competitive positioning.
- RB Global Inc. (RBA) is a global auction and remarketing platform benefiting from operational improvements within its salvage business following the IAA acquisition. Enhanced execution and incentive alignment are driving market share gains in a concentrated industry. At the same time, moderating insurance dynamics, rising total loss frequency and improving construction activity support volume growth. The combination of operational momentum and cyclical tailwinds positions the company for sustained earnings expansion.
- Warner Music Group Corp. (WMG) is a leading global record label positioned to benefit from the next phase of streaming monetization. Recent wholesale-style agreements with major digital streaming platforms improve revenue visibility and align incentives, while new leadership is driving a more technology-focused, efficient operating model. With near-term expectations reset and growth poised to reaccelerate, the company offers an attractive entry point supported by improving industry structure and long-term demand for premium content.
- Williams Companies Inc. (WMB) is a dominant U.S. natural gas infrastructure operator with a strategically critical pipeline network supported by long-term, fee-based contracts that insulate earnings from commodity price volatility. The company offers visible, backlog-driven growth with a defined inflection tied to major projects. With consensus estimates lagging management's outlook, the setup provides a differentiated opportunity driven by durable infrastructure advantages and predictable earnings expansion.



The following positions were sold from the portfolio:

- Accenture PLC (ACN), a business consulting firm, was sold amid concerns about the long term health of the IT consulting model, as agentic AI may lower barriers to entry and reduce labor intensity across the industry.
- Church & Dwight Co. Inc. (CHD) was sold following a strong first quarter performance, allowing us to realign the portfolio toward companies with more attractive reward to risk profiles.
- Salesforce Inc. (CRM) was sold due to concerns about potential disruption to its core software business from agentic AI applications. While Salesforce's platform is deeply embedded in enterprise workflows and benefits from high switching costs, agentic solutions may pressure future seat growth and pricing power.
- Southern Company (SO) was sold into strength to reallocate capital toward stocks with greater exposure to the industrial sector and more favorable reward to risk characteristics.
- Waste Management Inc. (WM) had appreciated approximately 25% since November, providing an opportunity to take profits and redeploy capital into opportunities with stronger reward to risk profiles.

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 S&P 500® Index is a market capitalization-weighted index that measures the performance of 500 leading publicly traded companies in the U.S. equity market. The index is designed to represent the large-cap segment of the U.S. market and covers approximately 80% of available market capitalization. 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 1000® Value Index measures the performance of those **Russell 1000® Index** companies with lower price-to-book ratios and lower forecasted growth values. **The Bloomberg U.S. Aggregate Bond Index** is a broad-based benchmark that measures the performance of the U.S. investment-grade, fixed-rate bond market. The index includes U.S. Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities. 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. **Small cap** is a term used to refer to a company with a market capitalization typically between approximately \$300 million and \$2 billion. A company's market capitalization is calculated by multiplying the number of its shares outstanding by its stock price per share. **Mid cap** is a term used to refer to a company with a market capitalization generally between approximately \$2 billion and \$10 billion. These companies are often considered to be in a transitional phase between small, early-stage firms and larger, more established large-cap companies. **Large cap** is a term used to



refer to a company with a market capitalization value of more than \$10 billion. A company's market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. **Earnings per Share (EPS)** is a company's net profit divided by its outstanding shares, indicating profitability on a per-share basis. **Gross Domestic Product (GDP)** is the total monetary value of all goods and services produced within a country's borders over a specific period, typically reported quarterly or annually. GDP is widely used as a comprehensive measure of a country's overall economic activity, growth and health. It includes consumer spending, business investment, government expenditures and net exports (exports minus imports).

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.

The Westwood Funds are distributed by Ultimus Fund Distributors, LLC. (Member FINRA) Ultimus Fund Distributors and Westwood Funds (or Westwood Holdings Group, Inc.) are separate and unaffiliated.

