

## Investment Overview

Westwood Real Estate Income Fund seeks high current income and the potential for modest long-term growth of capital by investing in a portfolio of senior securities and high-income equities primarily issued by real estate investment companies. While the fund's focus is on real estate investment trust (REIT) preferred securities, its allocation among preferred stocks, common stocks and bonds may shift in response to market conditions.

The fund offers access to a professionally managed portfolio of REIT preferred shares and senior securities that provide income-oriented investors with an opportunity to own the preferred equity and bonds of public real estate companies at attractive yields.

- The fund also invests in high-yielding REIT common stocks and may seek opportunities in small-capitalization REITs, as well as utilize portfolio leverage in pursuit of its objectives. While the focus is on preferred/senior securities, the allocation may shift based on market conditions.
- The portfolio employs a rigorous, repeatable, bottom-up investment approach that incorporates both quantitative and qualitative analyses of companies' cash flow, assets and management to identify securities with the most risk-adjusted appreciation potential.
- The portfolio adjusts to changing market fundamentals through sector and geographic rotation, employs active stock selection and leverages the team's experience in real estate security portfolio management.

## Performance (as of 09/30/25)

Westwood Real Estate Income Fund's Institutional Class shares produced a total return of 5.74% for the third quarter of 2025. The fund outperformed its primary benchmark, the Bloomberg US Aggregate Bond (LBSTRUU) Index, which returned 2.03% during the third quarter. However, the fund underperformed its representative index, the MSCI REIT Preferred (M1CXIVA) Index, which returned 8.00% during the third quarter.

	Q3 2025	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (04/28/06)
Fund (KIFYX)	5.74%	3.21%	-0.49%	8.85%	6.52%	4.60%	5.10%
LBSTRUU Index	2.03%	6.13%	2.88%	4.93%	-0.45%	1.84%	3.34%
M1CXIVA Index	8.00%	5.00%	-2.01%	5.55%	0.85%	1.64%	3.62%

Gross Expenses/Net Expenses: 0.90%/0.93%

Returns for periods greater than one year are annualized.

**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. The total expense ratio for the KIFYX Fund is 0.90% (gross) and 0.93% (net). The advisor has contractually agreed to reduce fees and reimburse expenses until March 1, 2026. In the absence of current fee waivers, total return and yield would be reduced. During the fiscal year ending October 31, 2025, the Adviser expects to recoup previous fee reductions and expense reimbursements to the extent allowed. Performance Data Source: Ultimus Fund Solutions, LLC and Bloomberg. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.**

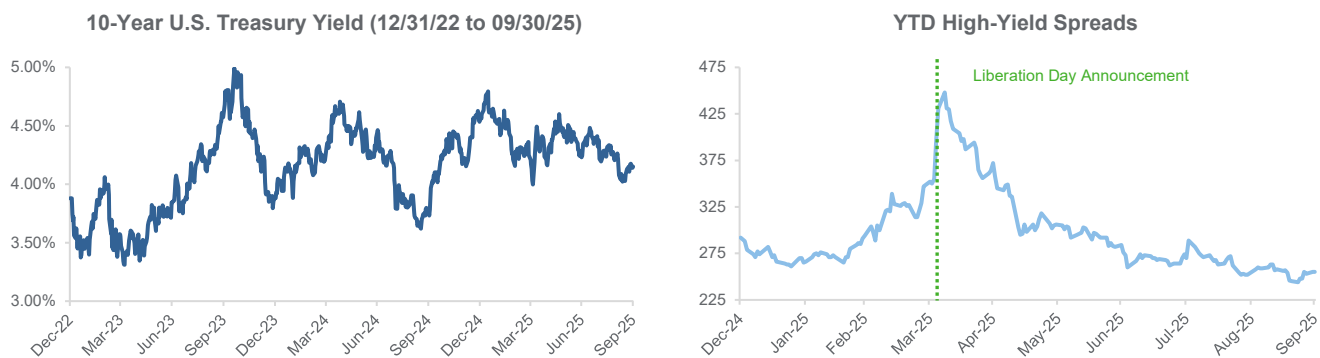
## Third Quarter Macro Review

Broadly speaking, investors were rewarded in the third quarter of 2025, as both equity and credit markets continued to grind higher despite some blinking “yellow lights” signaling potential economic slowing ahead. As a case in point, most domestic equity indexes recorded high-single to low-double digit positive returns in the third quarter, whereas the investment-grade and high-yield credit markets produced consistent quarterly results of 2.03% and 2.40%, respectively, as represented by the Bloomberg US Aggregate Bond Index and the ICE BofA US High Yield Index.<sup>1</sup> A proper attribution analysis shows that a significant portion of the equity market’s return is explained by the spectacular performance of the very largest market cap firms; however, some expansion of the market’s breadth occurred during the quarter. Key economic factors such as the unemployment rate, inflation, corporate earnings and capital markets activity remained in solid territory, yet most positive economic trends have stalled or even slightly reversed. As such, many market commentators have started to question just how far expectations (and valuations) can be stretched before something gives.



Source: Bloomberg, as of 09/30/25. For illustrative purposes only.

The quarter’s biggest development from a macro policy perspective occurred on September 17, when the Federal Reserve (Fed) announced a rate cut of 25 basis points (bps), its first of the year, lowering the target overnight borrowing rate to 4.00%–4.25%. Credit markets rallied on the action and have largely embraced the Fed’s dot plot, which indicates a median projection of two more rate cuts before the end of the year. The 10-year U.S. Treasury yield started the third quarter at 4.23% and ended the quarter 8 bps lower.<sup>2</sup> Similarly, high-yield credit spreads shrunk 29 bps during the quarter.<sup>2</sup> When viewed from the start of the year, the fixed-income market has outpaced our expectations to date. Putting future Fed action to the side, we are concerned that the current pricing of fixed-income securities has tightened to the point where it appears that just getting a coupon payment is an upside scenario going forward.



Note: High-Yield Spread = Bloomberg US Corporate High Yield Index yield minus 10-Year U.S. Treasury yield

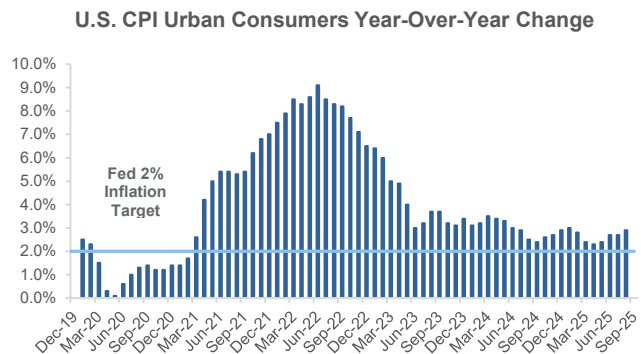
Source: Bloomberg, as of 09/30/25. For illustrative purposes only.

<sup>1</sup> Ultimus Fund Solutions, LLC and Morningstar Direct, as of September 30, 2025

<sup>2</sup> Bloomberg, as of September 30, 2025



The perceived weakness of the U.S. labor market deserves further discussion, as uncertainty has recently elevated in this critical economic component. While the overall unemployment rate remains steady at 4.3% (there was no official September unemployment report),<sup>3</sup> the private sector eliminated 32,000 jobs in September, according to ADP, the nation's largest processor of payroll checks.<sup>4</sup> This result indicates that monthly employment has fallen three times since June, marking the worst stretch for the labor market since the coronavirus pandemic. Further, while it is too early to tell how long this will last, at 12:01 a.m. on October 1, the federal government shut down after the Senate failed to pass a continuing resolution to fund the government. Both sides appear relatively dug into their positions, so it is hard to imagine what a near-term resolution will look like. But we know the longer the government remains closed and employees fail to receive their paychecks, the more impact there will be to the U.S. economy. Finally, the domestic inflation rate has incrementally increased three out of the last four reports,<sup>3</sup> leading many strategists to fear that the Fed may not possess the ammunition it needs to keep the economy steady. Given these conflicting signals (strong realized investment returns against a weakening economic backdrop), we advise caution and recommend a refreshed underwriting of go-forward assumptions.



Note: Government shutdown resulted in no unemployment rate or Consumer Price Index (CPI) reading for September.

Source: Bloomberg, as of 09/30/25. For illustrative purposes only.

## Third Quarter Performance Review

As referenced above, asset class returns during the third quarter of 2025 were solidly positive for both equity and fixed-income securities. Our representative indexes for the broader equity markets remain the S&P 500 Index and the Nasdaq Composite Index, and these indexes produced strongly positive returns of 8.12% and 11.41%, respectively, during the third quarter of 2025.<sup>5</sup> Switching to the bond market, investors received positive returns for credit exposures during the third quarter of the year as reference rates trended lower throughout the quarter. Both the investment-grade credit market (represented by the Bloomberg US Aggregate Bond Index) as well as the high-yield market (ICE BofA US High Yield Index) generated positive returns of 2.03% and 2.40%, respectively, during the third quarter.<sup>5</sup> Meanwhile, the ICE US Broad Municipal Index posted a slightly negative return of 2.91%.<sup>5</sup>

For Real Estate Income, the fund's Institutional Class shares ended the third quarter with a positive 5.74%, outperforming the fund's primary benchmark, the Bloomberg US Aggregate Bond Index (as referenced above), but underperforming its representative index, the MSCI REIT Preferred Index, which returned 8.00%.<sup>3</sup> Given that the fund invests a portion of its assets in REIT common stocks in addition to REIT preferred stocks, we note that the REIT common equity market was up 2.67% for the quarter, as represented by the FTSE NAREIT All Equity REITs Total Return Index (FNERTR).<sup>5</sup>

<sup>3</sup> Bloomberg, as of September 30, 2025

<sup>4</sup> ADP, as of September 30, 2025

<sup>5</sup> Morningstar Direct, as of September 30, 2025



## Capital Raising: Issuance Up in the Third Quarter

The capital markets continued to open for REITs in the third quarter of 2025. Publicly traded REITs issued just under \$2.3 billion over seven transactions (six follow-ons and one initial public offering)<sup>6</sup> in the third quarter. This issuance compares to \$2.1 billion of common equity across four transactions in the previous quarter.<sup>6</sup>

Turning to the fixed-income markets, 26 REITs placed approximately \$17.7 billion across 32 domestic debt issuances in the third quarter, an increase of approximately 26% from the prior quarter.<sup>6</sup> Importantly, the spread over the appropriate reference rate averaged 156 bps,<sup>6</sup> indicating a healthy willingness of market participants to invest in REIT credit. No REIT preferred securities were issued in the third quarter.

## REIT M&A: Deals Restart in Third Quarter

Following two quarters with no M&A deals, the REIT market observed three transactions announced in the third quarter. Despite the heightened level of market volatility and macro uncertainty, we applaud this result as it indicates management teams' willingness to maximize value. It remains our belief that the pace of M&A activity will continue to accelerate throughout the remainder of 2025 and into next year, as the real estate sector has significantly lagged other parts of the market.

Announce Date	Target	Property Sector	Acquirer
August 4, 2025	Elme Communities (ELME)	Apartments	Cortland Investment Management (Liquidation)
August 19, 2025	Plymouth Industrial REIT (PLYM)	Industrials	Sixth Street Partners
September 17, 2025	Paramount Group (PGRE)	Office	Rithm Capital Corp.

Sources: Bloomberg and company public filings, as of 09/30/25. For illustrative purposes only.

## REIT Preferred Income Remains Strong in the Third Quarter

We are happy to report that the fund continued to meet its income objective in the current yield environment, delivering attractive income in the context of total return. At quarter-end, the fund's REIT preferred stock investments were yielding approximately 7.63%, and the yield available from our REIT common stocks was approximately 5.33%.<sup>7</sup> Furthermore, the fund's Institutional Class shares paid a \$0.361 dividend (after fees and expenses) for the third quarter, which equates to an annualized 8.00% dividend yield when divided by the quarter-end net asset value (NAV) per share.<sup>8</sup> The fact that REITs have continued to pay robust dividends on both their common and preferred shares means that the fund's real estate investments continued to fulfill one of their primary purposes: providing consistent, durable, periodic income. Given that current yields average 6.80%<sup>9</sup> across the broad REIT preferred universe and the 10-year U.S. Treasury closed out the third quarter at 4.15%,<sup>10</sup> the REIT preferred marketplace is priced with about 265 bps (2.65%) of spread over the 10-year risk-free rate.

## Return Comparison (as of 09/30/25)

The table below demonstrates how the portfolio's components performed for the third quarter of 2025.

Q3 2025	Fund (KIFYX) <sup>11</sup>	Market <sup>12</sup>
Common Stocks	3.31%	2.67%
Senior Securities	7.62%	8.00%

Past performance does not guarantee future results.

<sup>6</sup> Bloomberg, September 30, 2025

<sup>7</sup> Westwood Management and Bloomberg, as of September 30, 2025

<sup>8</sup> As of September 30, 2025, KIFYX's 30-day SEC yield is 5.39% and 30-day unsubsidized SEC yield is 5.39%

<sup>9</sup> MSCI, Inc., as of September 30, 2025

<sup>10</sup> Bloomberg, September 30, 2025

<sup>11</sup> Viewed as an independent portfolio composed of various long positions and short positions

<sup>12</sup> Common stocks: FTSE NAREIT Equity REITs Total Return Index USD (FNRETR); senior securities: MSCI REIT Preferred Index



## Current Positioning

As the table below shows, 71.8% of the fund's investments were in senior securities (all in preferred stocks) at quarter-end, which is 1.1% above where the fund's senior security exposure stood at the end of the second quarter of 2025. Our senior securities continued to remain healthy from a credit point of view as the portfolio's fixed charge coverage ratio (FCCR) was above 2.9x as of September 30, 2025.<sup>13</sup> These issuers generally have stable leverage levels (45% or less of their total capitalization funded through debt or debt equivalents), limited development exposure and well-staggered debt maturities. We continually monitor the call risk and reinvestment risk of our senior security sleeve while simultaneously looking for new transactions that we think make sense.

Our common stock sleeve decreased slightly to 27.7% (all long) at quarter-end, down 0.1% from the end of the second quarter. We held 12 common stocks with a weighted average yield of 5.33% and an attractive relative valuation profile. We continue to look for common stocks that meet our yield mandate and represent good value for a portion of the fund's assets.

At quarter-end, our net exposure for the overall portfolio was approximately 99.5%. We also ended the quarter with 0.5% net cash and equivalents. Having some cash on hand provides us with the ability to source attractive investments.

## Security Exposures (as of 09/30/25)

Preferred	71.8%
Common (Long)	27.7%
Common (Short)	0.0%
Bonds	0.0%
Options	0.0%
Net	99.5%

*These holdings may not reflect the current or future positions in the portfolio. Current or future portfolio holdings are subject to risk. Portfolio holdings are subject to change. Percentages may not add up to 100% due to rounding.*

## Investment Outlook: Delayed Gratification Coming

Given that three quarters of 2025 are in the books, market participants will note the obvious: Publicly traded REITs (both the common shares as well as the preferreds) have significantly lagged the broader market this year. In fact, this sector underperformance (both relative and absolute) commenced and has persisted since early 2022. Nevertheless, as a sector-based allocator of capital, we maintain our overall enthusiasm for the long-term role that real estate investment can play in a client portfolio. Given that our strategy caters to investors seeking current income in addition to real estate exposure, our cross-capital stack approach allows investors the ability to get paid today via robust dividends while they wait for the prospect of capital appreciation over time.

As stated in previous commentaries, we have always endeavored to underwrite investments with an eye toward the long term. This tactic of course begs the question: "How long is long term?" Or more succinctly, how do we determine the appropriate time to enter and exit specific positions? While a lot of investors tout their "buy and sell discipline," our experience tells us that there is oftentimes a lot more art than science behind positioning decisions (algorithmic traders excluded). We have joked that for most portfolio managers, determining when to change positions reminds us of how the Supreme Court once described explicit material: "You'll know it when you see it."

Our portfolio construction approach, both timing of entry and exit as well as relative sizing, attempts to reconcile variables that often work in tension, namely fundamentals versus valuations, macroeconomic factors versus specific microeconomic forces, current yield versus potential capital appreciation and even liquidity versus transparency. While not employing a rules-based approach, our biases are clear: 1) the quality of the underlying real estate assets matter tremendously, 2) recurring cash-flow generation is the cleanest way to judge performance across time periods and 3) a board and/or management team can significantly enhance or destroy value within a REIT given the fungible nature of real estate.

<sup>13</sup> Bloomberg, September 30, 2025



At the macro level, it is undeniable that the real estate sector has witnessed an elevated level of volatility since early April; however, we remain committed to the aforementioned investment framework. As previously stated, we cautiously observe a labor market that appears to be on the backfoot, and our concerns regarding a reaccelerating inflation picture continue. While we will likely see additional Fed action before year-end, it is hard to underwrite substantially lower nominal rates in the near term.

As such, we have reduced some of our more economically sensitive exposures (namely hospitality and apartments) and paired them with longer duration asset classes (net lease and towers) that would likely benefit if a lower rate environment materializes. Our general sense is that core real estate fundamentals (occupancy and rental rates) should positively surprise in the coming quarters for most property sectors across the REIT landscape. Tactically, we are also finding distinct opportunities in the office (specific geographies), self-storage and mortgage REIT sectors, where current valuations reflect substantial discounts to historical fair value, replacement cost and private market marks.

From a credit perspective, REIT balance sheets remain extremely healthy, with low overall leverage levels, limited floating-rate debt and virtually no near-term maturities. Furthermore, our core holdings rely on high-quality investment-grade tenants for much of their occupancy, demonstrating a high level of durability to their rent collections. Lastly, REITs have maintained strong access to capital markets, which further insulates them from the financial headlines dominating cable news. In this environment, we believe REIT credit looks attractive.

As the saying goes: “You buy your portfolio every day.” Accordingly, while we are cognizant of where our strategy has been, we strive to avoid letting the inertia of previous investment decisions interfere with our path forward (historical cost fallacy). Rather, we venture to steer our portfolio with our eyes keenly on the horizon, guided by constantly updated assumptions and underwriting. This blank-slate approach — a tabula rasa for portfolio managers — demands that we ask ourselves whether we would purchase all the same securities we currently own at today’s prices. If the answer is no, adjustment is necessary. Our pledge is to continue to design a portfolio that offers investors high-conviction themes and portfolio positioning that emphasizes property sectors that we believe should continue to deliver sustainable year-over-year cash-flow growth and to avoid property sectors facing pronounced interest-rate or trade risk. While we do not make irrational moves based on wild intraday swings, we do not hesitate to move with alacrity when attractive risk-adjusted opportunities present themselves. Despite what some may call an uninspiring market in which to put capital to work, we are optimistic this approach will bear fruit over time.

Overall, we feel the fund remains an attractive investment opportunity for investors. By prospectus, we pursue our income mandate in the context of total return from a diversified portfolio of high-quality real estate companies. As a result, we believe our companies are positioned to exploit opportunities that may become available. Lastly, using the fund’s resources and the fund’s footprint in the business, we believe we can deliver attractive income and total returns. We remain confident of the fund’s future and welcome any questions or comments. As always, we value your confidence and trust.





## Performance (%) as of 09/30/25

	Q3	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Institutional	5.74%	3.21%	-0.49%	8.85%	6.52%	4.60%	5.10%
Class A @NAV*	5.63%	3.02%	-0.79%	8.53%	6.17%	4.22%	6.92%
Class A @MOP**	2.47%	-0.05%	-3.77%	6.40%	4.92%	3.61%	6.66%
Bloomberg US Aggregate Bond Index	2.03%	6.13%	2.88%	4.93%	-0.45%	1.84%	3.34%
MSCI REIT Preferred Index	8.00%	5.00%	-2.01%	5.55%	0.85%	1.64%	3.62%

Returns for periods greater than one year are annualized.

\* Excludes sales charge. \*\* Reflects effects of the fund's maximum sales charge of **3.00%**.

† Excludes the effects of the 1% contingent deferred sales charge. ‡ Includes the effects of the 1% contingent deferred sales charge.

*The performance quoted represents past performance, does not guarantee future results and current performance may be lower or higher than the data quoted. The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month-end may be obtained at [westwoodfunds.com](http://westwoodfunds.com). Investment performance may reflect fee waivers in effect. In the absence of fee waivers, total return would be lower. Total return is based on NAV, assuming reinvestment of all distributions. Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

Gross/Net Annual Fund Operating Expenses by Share Class: Institutional Class: 0.90%/0.93%; Class A: 1.20/1.23%. The Adviser has contractually agreed to reduce fees and reimburse expenses until March 1, 2026. In the absence of current fee waivers, total return and yield would be reduced. During the fiscal year ending October 31, 2025, the Adviser expects to recoup previous fee reductions and expense reimbursements to the extent allowed.

## Top 10 Holdings (as of 09/30/25)

Security	% of Net Assets	Security	% of Net Assets
Hovnanian Enterprises, Inc. (Preferred Stock)	3.97	EPR Properties (Preferred Stock)	3.47
KKR Real Estate Finance Trust, Inc. (Preferred Stock)	3.96	Pebblebrook Hotel Trust (Preferred Stock)	3.35
CTO Realty Growth, Inc. (Preferred Stock)	3.73	COPT Defense Properties (Common Stock)	3.34
RLJ Lodging Trust (Preferred Stock)	3.63	National Storage Affiliates Trust (Preferred Stock)	3.31
LXP Industrial Trust (Preferred Stock)	3.51	Saul Centers, Inc. (Preferred Stock)	3.27

*These holdings may not reflect the current or future positions in the portfolio. Excludes cash.*



## Top Contributors & Detractors by Holding (as of 09/30/25)

	Top Contributors	Contribution	Top Detractors	Contribution
Senior Securities	HOV 7.625% Series A Pfd.	1.61	KREF 6.500% Series A Pfd.	-0.15
	RLJ \$1.95 Series A Conv. Pfd.	0.75	HPP 4.750% Series C Pfd.	-0.09
	PEB 5.700% Series H Pfd.	0.65	N/A	
	LXP 6.500% Series C Conv. Pfd.	0.55	N/A	
	CTO 6.375% Series A Pfd.	0.52	N/A	
Common Stocks	Alexandria Real Estate Equities	0.74	Ryman Hospitality Properties	-0.37
	COPT Defense Properties	0.59	AvalonBay Communities	-0.27
	Welltower	0.57	Extra Space Storage	-0.23
	Apple Hospitality REIT	0.24	Essex Property Trust	-0.15
	W.P. Carey	0.22	Blackstone Mortgage Trust	-0.12

Past performance does not guarantee future results. These holdings may not reflect the current or future positions in the portfolio.

## Top Contributors & Detractors by Sector (as of 09/30/25)

	Top Contributors	Contribution	Top Detractors	Contribution
Senior Securities	Lodging/Resorts	3.47	Mortgage	-0.15
	Homebuilders	1.61	Office	-0.09
	Retail	1.38	N/A	
	Infrastructure	0.67	N/A	
	Industrial	0.55	N/A	
Common Stocks	Health Care	1.31	Residential	-0.36
	Office	0.59	Self-Storage	-0.23
	Diversified	0.22	Lodging/Resorts	-0.14
	Specialty	0.21	Mortgage	-0.12
	Towers	0.10	Retail	-0.03

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*To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectus, which may be obtained by downloading at [westwoodfunds.com](http://westwoodfunds.com) or calling 877.FUND.WHG (877.386.3944). Please read the prospectus carefully before investing.*

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.

## RISKS

There are risks involved with investing, including loss of principal. Past performance does not guarantee future results, share prices will fluctuate and you may have a gain or loss when you redeem shares.

Borrowing for investment purposes creates leverage, which can increase the risk and volatility of a fund.

Concentration in a particular industry will involve a greater degree of risk than a more diversified portfolio.

Debt securities are subject to interest rate risk. If interest rates increase, the value of debt securities generally declines. Debt securities with longer durations tend to be more sensitive to changes in interest rates and more volatile than securities with shorter durations.

Derivative instruments involve risks different from those associated with investing directly in securities and may cause, among other things, increased volatility and transaction costs or a fund to lose more than the amount invested.

Investing in exchange-traded funds (ETFs) will subject a fund to substantially the same risks as those associated with the direct ownership of the securities or other property held by the ETFs.

Investing in lower-rated ("high yield") debt securities involves special risks in addition to those associated with investments in higher-rated debt securities, including a high degree of credit risk.

Mortgage- and asset-backed securities are debt instruments that are secured by interests in pools of mortgage loans or other financial instruments. Mortgage-backed securities are subject to, among other things, prepayment and extension risks.

Investing in the real estate industry or in real-estate-related securities involves the risks associated with direct ownership of real estate, which include, among other things, changes in economic conditions (e.g., interest rates), the macro real estate development market, government intervention (e.g., property taxes) or environmental disasters. These risks may also affect the value of equities that service the real estate sector.

Short selling involves additional risks and transaction costs, and creates leverage, which can increase the risk and volatility of a fund.

Investing in smaller companies generally will present greater investment risks, including greater price volatility, greater sensitivity to changing economic conditions and less liquidity than investing in larger, more mature companies.

There is no guarantee the companies in our portfolio will continue to pay dividends.

As of September 30, 2025, KIFYX's 30-day SEC yield is 5.39% and 30-day unsubsidized SEC yield is 5.39%.

## Definition of Terms

**10-year U.S. Treasury** is a debt obligation issued by the U.S. Treasury that has a term of more than one year but not more than 10 years.

**30-day SEC yield** is a standardized calculation adopted by the SEC based on a 30-day period that helps investors compare funds using a consistent method of calculating yield.

**30-day SEC yield (unsubsidized)** is a standardized calculation adopted by the SEC based on a 30-day period that helps investors compare funds using a consistent method of calculating yield. It excludes expense waivers and reimbursements.

**Basis point** is a unit that is equal to 1/100th of 1%, used to denote the change in a financial instrument.

**Bloomberg US Aggregate Bond Index** represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment-grade, fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities.

**Bloomberg US Corporate High Yield Bond Index** covers the USD-denominated, noninvestment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

**Breadth** is a technique used in technical analysis that attempts to gauge the direction of the overall market by analyzing the number of companies advancing relative to the number declining.

**Call risk** is the risk faced by a holder of a callable bond that the bond issuer will take advantage of the callable bond feature and redeem the issue prior to maturity.

**Capital stack** is a description of the total capital invested in a project, including pure debt, hybrid debt and equity. The stack is described as containing the most risk at the top and least risky positions at the bottom.

**Cash flow** is a revenue or expense stream that changes a cash account over a given period.

**Consumer Price Index (CPI)** is an index number measuring the average price of consumer goods and services purchased by households. The percentage change in the CPI is a measure of inflation.

**Credit spread** is the spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

**Current yield** is an investment's annual income, including both interest payments and dividend payments, which are then divided by the current price of the security.

**Dividend** is a distribution of a portion of a company's earnings issued to shareholders in the form of cash payments, shares of stock or other property.

**Dividend yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

**Duration** is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates and is expressed as a number of years.

**Fair value** is a tool used by investors to understand the relationship between the value of futures contracts and the current price of a stock.

**Federal Reserve** is the central bank of the United States that is responsible for regulating the U.S. monetary and financial systems.



**Fixed-charge coverage ratio** is the ratio that indicates a firm's ability to satisfy fixed charges, such as debt payments, insurance premiums and equipment leases.

**Fixed-rate perpetual preferred stock** is a financial instrument that has characteristics of both debt (fixed dividends) and equity (potential appreciation).

**Floating-rate debt** is a debt instrument with a variable interest rate that adjusts to reflect changes in borrowing rates.

**FTSE NAREIT Equity REITs Index** is representative of the tax-qualified REITs listed on the New York Stock Exchange, the American Stock Exchange and the Nasdaq National Market, excluding timber and infrastructure REITs.

**ICE BofA US High Yield Index** is a capitalization-weighted index that tracks the performance of U.S. dollar-denominated below-investment-grade-rated corporate debt publicly issued in the U.S. domestic market.

**ICE BofAML Fixed Rate Preferred Securities Index** consists of investment-grade, fixed and fixed-to-floating rate U.S. dollar-denominated preferred securities.

**ICE US Broad Municipal Index** tracks the performance of over 58,000 investment grade tax-exempt municipal bonds representing over \$1.6 trillion in total market capitalization.

**Inflation** is the rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling.

**Interest rate risk** is the risk that an investment's value will change due to a change in interest rates.

**Leverage** is the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.

**Liquidity** is the degree to which an asset or security can be bought or sold in the market without affecting the asset's price.

**M&A (mergers and acquisitions)** refers to a process by which two companies become one. A merger is when two companies integrate their operations, management and stock to form a new company, while an acquisition is when one company purchases another.

**MSCI REIT Preferred Index** is a preferred stock market capitalization-weighted total return index of certain exchange-traded perpetual preferred securities issued by U.S. equity and U.S. hybrid REITs.

**Nasdaq Composite Index** is a capitalization-weighted index designed to measure the performance of 3,000 stocks listed on the Nasdaq exchange, which includes large technology and biotech companies.

**Net asset value (NAV)** is equal to a fund's or company's total assets less its liabilities.

**Real estate investment trust (REIT)** is a security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages.

**Reference rate** is an interest rate benchmark used to set other interest rates.

**Reinvestment risk** is the chance that an investor will not be able to reinvest cash flows from an investment at a rate equal to the investment's current rate of return.

**Replacement cost** refers to the price that it would cost to replace an existing asset with a similar asset at the current market price.

**S&P 500 Index** is an unmanaged index of 500 common stocks chosen to reflect the industries in the U.S. economy.

**Spread** is the difference between the rate of volume demand and the rate of volume supply.

**Spread to Treasury** refers to the difference in yield between a U.S. Treasury security and any other debt security with a similar maturity.

**Trade risk** refers to the potential for financial loss or negative consequences arising from fluctuations in the value of goods or services traded between different countries.

**Valuation** is the process of determining the value of an asset or company based on earnings and the market value of assets.

**Volatility** is a statistical measure of the dispersion of returns for a given security or market index.

**Weighted average yield** is an average in which each yield to be averaged is assigned a weight. These weightings determine the relative importance of each yield on average.

**Yield** is the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost or on the U.S. government's debt obligations.

One cannot invest directly in an index.

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