Westwood®

Westwood **Real Estate Income Fund**

Commentary

3Q
2026

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 09/30/26)

Westwood Real Estate Income Fund's Institutional Class shares produced a total return of -2.09% for the third quarter of 2026. The fund outperformed its primary benchmark, the Bloomberg U.S. Aggregate Bond (LBUSTRUU) Index, which returned -3.51% during the third quarter as well as its representative index, the MSCI REIT Preferred (M1CXIVA) Index, which returned -3.43%.

	Q3 2026	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (04/28/06)
Fund (KIFYX)	-2.09%	0.09%	-1.33%	6.23%	2.00%	2.91%	4.77%
LBUSTRUU Index	-3.51%	-2.91%	-1.84%	4.06%	-0.64%	1.14%	3.08%
M1CXIVA Index	-3.43%	-3.38%	-6.55%	3.07%	-2.67%	0.15%	3.10%

Gross Expenses/Net Expenses: 0.85%/0.85%

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 0.85% (gross) and 0.85% (net). 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

The third quarter of 2026 began with a collapsed ceasefire and ended with a bond market repricing. The ceasefire between the United States and Iran that anchored the second quarter's rally fell apart in early July, sending oil prices up roughly 30% over the quarter.[1] As a result, the Federal Reserve (Fed) raised interest rates for the first time in more than three years. Equities largely looked through it — the S&P 500 Index returned 2.30% for the third quarter[2] — but the bond market did not. The 10-Year U.S. Treasury yield rose 82 basis points to 5.29%, its highest level since the early 2000s.[1] The principal lesson of the quarter was one we flagged in our second quarter commentary: The Fed has limited room to maneuver, and the cost of that constraint shows up in long-term rates.

The negative catalyst emerged on July 8, when President Trump declared the negotiated U.S.-Iran ceasefire effectively over after attacks on commercial shipping in the Strait of Hormuz, which had spurred U.S. forces to strike more than 80 targets in Iran.[3] Washington also revoked the sanctions waiver that had allowed Iran to resume oil exports under the June interim agreement. Western naval forces raised the threat level for merchant shipping to "severe," and energy markets repriced this risk. West Texas Intermediate crude oil, which ended the second quarter near $69, spiked above $105 in mid-September before settling near $90 at quarter-end[1] — still well above its level three months earlier,[1] even as Gulf crude exports, excluding Iran, recovered to pre-war levels. U.S. gasoline prices followed, climbing from $3.83 per gallon in late June[4] to approximately $4.41 by the end of September,[5] the highest national average on record for this time of year.

Beneath the energy headlines, corporate fundamentals held up. The second quarter earnings season was exceptional, with S&P 500 earnings per share growth of approximately 50% year over year and 86% of reporting companies beating estimates,[6] though a substantial portion of that growth was again concentrated in artificial intelligence (AI)-related companies. Of note, the labor market reported generally soft numbers, as payrolls rose by just 29,000 in September,[7] well short of the 84,000 consensus,[8] and downward revisions to July and August left the three-month average near 51,000 jobs per month.[7] As a result, the unemployment rate ticked up to 4.2%.[7] Real gross domestic product growth for the second quarter was revised to 2.2% annualized,[9] a respectable pace, but one that the hiring data suggest is cooling.

Fixed income took the brunt of the quarter with the Bloomberg U.S. Aggregate Bond Index posting a -3.51% return for the quarter, as Treasury yields climbed in response to persistent inflation and a hawkish Fed. The August Personal Consumption Expenditures (PCE) Price Index ran at 3.4% year over year, with core PCE at 3.0%,[9] and on September 16, the Fed voted unanimously to raise the federal funds target range by 25 basis points to 3.75%–4.00%, its first rate increase since July 2023.[10] The committee's median projection now points to a policy rate near 4.1% at year-end,[10] which implies another hike this year, with the next decision due at the end of October. Where investors began 2026 pricing in multiple rate cuts, the market now prices a Fed that must continue tightening. The 10-year Treasury yield, which stood at 4.44% on June 30, crossed 5% in mid-September and finished the quarter at 5.29%,[1] and the 2-year Treasury yield rose to approximately 4.88%.[1] Higher rates and a rebound in oil also weighed on risk assets within credit, as the Bloomberg U.S. Corporate High Yield Index returned -1.81%.[1]

One longer-term theme deserves mention: the squeeze on the consumer. Average hourly earnings are up 3.0% from a year ago,[7] and with PCE inflation running at 3.4%, that means real wages are falling just as the 30-year fixed mortgage rate has climbed to approximately 7.3%, its highest level since November 2023.[11] A central bank tightening into a softening labor market is a difficult combination, and we are watching it carefully, as it has direct relevance to the relative appeal of real assets and income-oriented strategies that generate their returns from contractual cash flows rather than from multiple expansion.

[1] Bloomberg, as of September 30, 2026
[2] Ultimus Fund Solutions, LLC, as of September 30, 2026
[3] CNBC, July 8, 2026
[4] AAA, July 2, 2026
[5] AAA, October 1, 2026
[6] FactSet, August 7, 2026
[7] U.S. Bureau of Labor Statistics, October 2, 2026
[8] CNBC, October 1, 2026
[9] U.S. Bureau of Economic Analysis, September 30, 2026
[10] Board of Governors of the Federal Reserve System, September 16, 2026
[11] Freddie Mac, as of September 30, 2026

Third Quarter Performance Review

As referenced above, asset class returns during the third quarter of 2026 were mixed, as a rebound in oil prices, a Fed rate hike and a surge in long-term Treasury yields drove losses in bonds and small-cap stocks even as large-cap indexes finished higher. Our representative indexes for the broader equity markets remain the S&P 500 and the Nasdaq Composite Index, and these indexes produced positive returns of 2.30% and 2.61%, respectively, during the third quarter of 2026.[12] Switching to the bond market, the investment-grade credit market (represented by the Bloomberg U.S. Aggregate Bond Index) returned -3.51% for the quarter, while the high-yield market (Bloomberg U.S. Corporate High Yield Index) returned -1.81%.

For Real Estate Income, the fund's Institutional Class shares delivered a -2.09% return in the third quarter, outperforming the fund's primary benchmark, the Bloomberg U.S. Aggregate Bond Index, which returned -3.51%. The fund also outperformed its representative index, the MSCI REIT Preferred Index, which returned -3.43% for the quarter. 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 generated a return of -6.06% for the quarter, as represented by the FTSE NAREIT All Equity REITs Total Return Index (FNERTR).[12]

Capital Raising: Rising Rates Curb Equity Issuance in Third Quarter

REIT capital markets activity significantly slowed down during the third quarter of 2026. Publicly traded REITs completed a total of five equity offerings (all follow-ons), raising approximately $4.6 billion in new capital.[13] This issuance compares to over $8 billion of common equity across 11 transactions in the previous quarter.[14]

Turning to the fixed-income markets, 23 REITs placed approximately $23.5 billion across 36 domestic debt issuances in the third quarter, more than double from the prior quarter.[13,14] Importantly, the spread over the appropriate reference rate averaged 134 basis points,[14] indicating a healthy willingness of market participants to invest in REIT credit.

Importantly for our fund, there were no new REIT preferred issuances in the third quarter. Time will tell whether REIT management teams will look to source new capital through the preferred security structure given the strong willingness of market participants to invest in REIT credit or whether the market will remain closed.

REIT M&A: Deals Slow in Third Quarter

Following two healthy quarters of REIT M&A, transaction activity slowed in the third quarter with just two announced transactions. The outcome is not terribly surprising given that debt costs have increased considerably, and target stock prices are meaningfully down from early highs. Despite the recent pullback in REIT valuations, most property sectors continue to reflect meaningful discounts to private market marks and net asset values (NAVs) — a setup that has historically been fertile ground for mergers, acquisitions and take-private transactions. We continue to monitor the M&A landscape actively as a potential source of portfolio upside.

Announce Date	Target	Property Sector	Acquirer
July 20, 2026	LXP Industrial Trust (LXP)	Industrial	Canada Pension Plan Investment Board Brookfield Asset Management
September 9, 2026	Centerspace (CSR)	Apartments	Independence Realty Trust (IRT)

Sources: Bloomberg and company public filings, as of 09/30/26. 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 8.32%, and the yield available from our REIT common stocks was approximately 3.56%.[13] Furthermore, the fund's Institutional Class shares paid a $0.3393 dividend (after fees and expenses) for the third quarter, which equates

[12] Bloomberg, as of September 30, 2026
[13] Westwood Management and Bloomberg, as of September 30, 2026
[14] Westwood Management and Bloomberg, as of June 30, 2026

to an annualized 8.25% dividend yield when divided by the quarter-end NAV per share.[15] 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.

Return Comparison (as of 09/30/26)

The table below demonstrates how the portfolio's components performed for the third quarter of 2026.

Q3 2026	Fund (KIFYX)[16]	Market[17]
Common Stocks	-9.54%	-6.06%
Senior Securities	0.02%	-3.43%

Past performance does not guarantee future results.

Current Positioning

As the table below shows, 73.6% of the fund's investments were in senior securities (all in preferred stocks) at quarter-end, which is 2.1% above where the fund's senior security exposure stood at the end of the second quarter of 2026. Our senior securities continue to remain healthy from a credit point of view as the 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 to 22.5% (all long) at quarter-end, down 4.9% from the end of the second quarter. We held eight common stocks with a weighted average yield of 3.56% 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 96.1%. We also ended the quarter with 3.9% net cash and equivalents. Having some cash on hand provides us with the ability to source attractive investments.

Security Exposures (as of 09/30/26)

Preferred	73.6%
Common (Long)	22.5%
Common (Short)	0.0%
Bonds	0.0%
Options	0.0%
Net	96.1%

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.

[15] As of September 30, 2026, KIFYX's 30-day SEC yield is 6.00%, and the 30-day unsubsidized SEC yield is 6.00%
[16] Viewed as an independent portfolio composed of various long positions and short positions
[17] Common stocks: FTSE NAREIT Equity REITs Total Return Index USD (FNERTR); senior securities: MSCI REIT Preferred Index

Investment Outlook: Well, That Escalated Quickly

Coming into the third quarter, we were direct with our investors that we do not view the Fed as having a lot of room to maneuver and that we expected it to stay restrictive for longer than consensus did. That view was validated: The Iran ceasefire collapsed, oil rebounded and the Fed raised rates for the first time since 2023. The inputs to any rigorous forecast — the path of the conflict, the path of oil, the path of the Fed — remain unusually unreliable. Our posture is the same as it was last quarter: Rely on what we can underwrite with confidence, which is the quality of REIT balance sheets, the durability of cash flows from high-quality tenants and the structural undersupply of new commercial real estate inventory that underpins rental rate growth across most property types.

Candidly, the macro environment looks even more difficult heading into the fourth quarter than it did three months ago. The Fed has hiked once, and its own projections point to another increase, with the next decision due in the coming weeks. As referenced earlier, inflation is still running well above target, and the labor market appears to be softening. That is a stagflation-tinged mix, and it leaves the Fed with little margin for error. We continue to believe that the Fed will remain restrictive for longer than the consensus expects, and we are positioning the portfolio accordingly.

On the REIT fundamental side, operating results remain strong even as share prices have fallen. According to NAREIT, publicly traded REITs reported record funds from operations (FFO) of $22.4 billion for the second quarter, up 12.4% from a year ago, with same-store net operating income growth of 4.1% and more than 70% of REITs reporting positive FFO growth.[18] The sectors we have emphasized — health care, grocery-anchored retail, net lease and select office — continue to demonstrate the durable, inflation-linked cash flow characteristics that make them valuable in the present environment. Occupancy remains high, lease renewals are coming in at or above prior expectations and the supply pipeline in most of these property types remains heavily constrained. The Industrials sector has been the more complicated story: While long-term demand drivers remain intact, near-term leasing velocity has been affected by trade uncertainty and the broader hesitation around new logistics commitments. We have maintained disciplined underwriting in this sector and continue to bias toward larger-market-cap companies.

From a valuation standpoint, the REIT sector as a whole presents a genuinely interesting opportunity set. The FTSE NAREIT All Equity REITs Index led broader markets in July, but a 6% decline in the third quarter left it up just 7.9% year to date, versus 12.3% for the Russell 1000 Index.[19] We believe that relative underperformance does not reflect the underlying quality or cash flow trajectory of well-managed real estate companies: With record FFO, dividend coverage is not the issue — the discount rate is. REIT cap rates remain wide by historical standards. Cash flow multiples look several turns less expensive than comparable risk assets in the broader market. And with the 10-year U.S. Treasury yield at 5.29% as of September 30, 2026, and REIT preferred spreads offering several hundred basis points of additional income, the income equation for our strategy remains compelling. We are not making the argument that REITs will immediately close their valuation gap to the S&P 500 — that would require either a significant derating of AI-exposed technology multiples or a catalyst that returns investor focus to income and real asset value. But we are making the argument that investors who accept this relative valuation are being paid generously to wait.

The credit environment remains supportive of our core preferred sleeve: The negative returns produced by fixed income instruments were largely a function of rising Treasury yields, not widening credit risk. High-yield spreads (the difference in yield between the Bloomberg U.S. Corporate High Yield Bond Index and the 10-Year U.S. Treasury) were approximately 306 basis points at quarter-end,[19] still tight by historical norms, which reflects an underlying corporate credit landscape that continues to hold up well despite the rate turbulence of the past year and a half. Within real estate credit specifically, REIT issuers with strong balance sheets and mostly investment-grade tenants continue to demonstrate exceptional credit quality. The dividends generated by our preferred portfolio remain well covered, providing a meaningful buffer against any near-term cash flow disruption.

As we enter the final quarter of 2026, we commit ourselves to navigating the rest of the year in our trademark fashion: rigorously monitoring REIT balance sheets to find opportunities where we can make smart credit bets with our preferred sleeve, while also identifying unloved REIT equities that trade at meaningful discounts to NAV and compressed relative valuations.

Overall, we feel the fund remains an attractive investment opportunity for investors. As stated in our 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.

[18] NAREIT, August 17, 2026
[19] Bloomberg, as of September 30, 2026

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 09/30/26

	Q3	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception	Inception Date
Institutional	-2.09%	0.09%	-1.33%	6.23%	2.00%	2.91%	4.77%	04/28/2006
Class A @NAV*	-2.16%	-0.15%	-1.62%	5.92%	1.69%	2.55%	6.57%	03/30/2001
Class A @MOP**	-5.08%	-3.13%	-4.57%	4.86%	0.49%	1.94%	6.33%	03/30/2001
Bloomberg US Aggregate Bond Index	-3.51%	-2.91%	-1.84%	4.06%	-0.64%	1.14%	3.08%	04/28/2006
MSCI REIT Preferred Index	-3.43%	-3.38%	-6.55%	3.07%	-2.67%	0.15%	3.10%	04/28/2006

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. 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: 0.85%/0.85%; Class A: 1.14/1.14%.

Top 10 Holdings (as of 09/30/26)

Security	% of Net Assets	Security	% of Net Assets
KKR Real Estate Finance Trust (Preferred Stock)	4.68	Pebblebrook Hotel Trust (Preferred Stock)	4.23
LXP Industrial Trust (Preferred Stock)	4.54	Chiron Real Estate, Inc. (Preferred Stock)	3.80
Hovnanian Enterprises, Inc. (Preferred Stock)	4.52	Public Storage (Preferred Stock)	3.78
RLJ Lodging Trust (Preferred Stock)	4.38	Saul Centers, Inc. (Preferred Stock)	3.59
CTO Realty Growth, Inc. (Preferred Stock)	4.23	Curbline Properties (Common Stock)	3.49

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

Top Quarterly Contributors & Detractors by Holding (as of 09/30/26)

	Top Contributors	Contribution	Top Detractors	Contribution
Senior Securities	LXP 6.500% Series C Conv. Pfd.	0.52	HOV 7.625% Pfd.	-0.61
	KREF 6.500% Series A Pfd.	0.34	CTO 6.375% Series A Pfd.	-0.32
	XRN 7.500% Series A Pfd.	0.25	BFS 6.125% Series D Pfd.	-0.26
	HPP 4.750% Series C Pfd.	0.25	AHRT 6.750% Series A Pfd.	-0.20
	PEB 5.700% Series H Pfd.	0.17	PSA 6.000% Series T Pfd.	-0.17
Common Stocks	Macerich Co.	0.18	Public Storage	-1.66
	Welltower Inc.	0.03	Blackstone Mortgage Trust Inc.	-1.63
	--	--	W.P. Carey Inc.	-1.23
	--	--	Curbline Properties Corp.	-1.12
	--	--	Simon Property Group Inc.	-1.05

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

Top Quarterly Contributors & Detractors by Sector (as of 09/30/26)

	Top Contributors	Contribution	Top Detractors	Contribution
Senior Securities	Industrial	0.52	Retail	-0.63
	Lodging/Resorts	0.48	Home Builders	-0.61
	Commercial Mortgage	0.34	Self-Storage	-0.20
	Health Care	0.32	Diversified	-0.20
	Office	0.25	Apartments	-0.07
Common Stocks	Health Care	0.03	Retail	-2.92
	--	--	Self-Storage	-1.66
	--	--	Commercial Mortgage	-1.63
	--	--	Diversified	-1.23
	--	--	Office	-0.83

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

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 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, 2026, KIFYX's 30-day SEC yield is 6.00%, and the 30-day unsubsidized SEC yield is 6.00%.

Definition of Terms

2-year U.S. Treasury is a debt obligation issued by the U.S. Treasury that has a term of two years.

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 U.S. 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 U.S. 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.

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.

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.

Federal funds rate is the interest rate at which a depository institution lends immediately available funds to another depository institution overnight.

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

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 All 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.

Funds from operations (FFO) refers to the most commonly accepted and reported measure of REIT operating performance. It is equal to a REIT's net income, excluding gains or losses from sales of property and adding back real estate depreciation.

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced in a country in a given year. GDP is one way of measuring the size of a country's economy.

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.

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

An **initial public offering (IPO)** refers to the process of offering shares of a private corporation to the public in a new stock issuance.

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.

Personal Consumption Expenditures (PCE) Price Index is a measure of the prices that people living in the United States pay for goods and services. The PCE Price Index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

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.

Russell 1000 Index measures the performance of the 1,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index represents approximately 98% of the investable U.S. equity market.

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.

Stagflation refers to an economy that is experiencing a simultaneous increase in inflation and stagnation of economic output.

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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