

The commentary section is a high-level discussion of the Master Limited Partnership (MLP) and midstream energy infrastructure markets and attendant effects on the Fund. It includes several relevant references to company specific headlines and is presented here for those that may have an interest. As always, we encourage you to consult with your financial adviser with any questions you may have.

Investment Overview

The Westwood Salient MLP & Energy Infrastructure Fund (the “Fund”) seeks to maximize total return (capital appreciation and income). The Fund seeks to achieve its investment objective by investing at least 80% of its net assets in securities of MLPs and energy infrastructure companies.

Energy infrastructure returns are off to a great start in 2024 with the Alerian Midstream Energy Select Index (AMEIX) gaining 12.02% in the first quarter.¹ The Westwood Salient MLP & Energy Infrastructure Fund (SMLPX) slightly trailed its benchmark with a return of 11.57%.² On the commodity front, crude oil (WTI) gained 16.1% for the quarter as the previously implemented supply curbs by OPEC+ have had their intended impact of tightening the supply/demand balance, while the continuing tensions in the Middle East have certainly not eased concerns over regional escalation that could further impact supply. Natural gas was, frankly, a disaster as U.S. prices fell 29.9% for the period, while both Asian and European liquefied natural gas (LNG) prices were down ~17% due to yet another warmer than normal winter. U.S. prices (Henry Hub) hit an intraquarter low of \$1.58 — a level not seen since the COVID-19 lows in June 2020 when much of the world was still in lockdown.

Returns for energy infrastructure in the first half of the quarter were a bit soft as the AMEIX was down about 1% through Valentine’s Day and then staged an impressive rally through March 31. We believe the rally was due to a handful of reasons, including (1) earnings reports and 2024 guidance started to hit and were in-line to better than expectations, (2) an article revealed that Occidental Petroleum (OXY) was looking to sell its ~49% interest in Western Midstream Partners L.P. (WES) in order to help fund its previously announced acquisition of CrownRock, (3) WES effectively confirmed the story and then announced a 52% distribution increase a couple of days later, and (4) Equitrans Midstream (ETRN) announced that it would be acquired by EQT Corporation (EQT) — the exploration and production company that had spun off ETRN in late 2018. The potential WES sale and ETRN news came after the January announcement that Sunoco L.P. (SUN) would acquire NuStar Energy L.P. (NS), all of which furthered the consolidation narrative that has emerged in recent years.

In our [monthly video](#) for February, we opined on the frequently asked question, “Who’s Next?” Popular thought among analysts and investors is that those with ~\$1B or less in EBITDA would be the most likely to be consolidated. In the table below, we show names that are in one or more of the Alerian indices that have EBITDA below \$2 billion. The names above the dotted line are those we believe might be the most likely candidates to be acquired in the near-term. These are NOT meant to be predictions, and we would also note that there are some companies with EBITDA well above \$2B (including WES) that may be targets as well. At the time we published the video, NS had been announced already, and ETRN was “above the line” as a Bloomberg article in December suggested that management was exploring “strategic alternatives” including a sale.

¹ Alerian, March 31, 2024. Past performance is not indicative of future results. Indexes are unmanaged and one cannot invest directly in an index.

² Ultimus Fund Solutions, LLC, March 31, 2024.

Ticker	Name	Structure	2024E EBITDA
NS	NuStar Energy L.P.	MLP	\$750
ETRN	Equitrans Midstream Corp.	C Corp	\$1,353
HESM	Hess Midstream L.P.	C Corp	\$1,150
DTM	DT Midstream, Inc.	C Corp	\$965
KNTK	Kinetik Holdings, Inc.	C Corp	\$935
ENLC	Enlink Midstream LLC	C Corp	\$1,379
KEY CN	Keyera Corp.	CN	\$1,135
AM	Antero Midstream Corp.	C Corp	\$1,067
SUN	Sunoco L.P.	MLP	\$1,049
GEL	Genesis Energy L.P.	MLP	\$732
GEI CN	Gibson Energy, Inc.	CN	\$665
NGL	NGL Energy Partners L.P.	MLP	\$645
USAC	USA Compression L.P.	MLP	\$546
DKL	Delek Logistics Partners L.P.	MLP	\$414

Source: Bloomberg and Westwood Holdings Group, as of March 31, 2024

Why we believe they may be near-term candidates:

- In October, Hess Midstream's (HESM) parent company — Hess Corporation (HES) — announced that it would be acquired by Chevron (CVX). We believe there is historical precedent for CVX to acquire HESM because CVX acquired Noble Energy in July 2020, and by March 2021, it had also acquired Noble's MLP, Noble Midstream. It seems likely to us that CVX will fold in HESM as well, but it is also possible that it could sell to a third party.
- When DT Midstream (DTM) was spun off from Detroit Edison a few years ago, it was thought by many on the roadshow that it would eventually be acquired. We believe that DTM may be close to getting an investment-grade credit rating that could serve as a catalyst for the stock to move higher. For the company to be acquired, we believe that there would need to be an attractive premium.
- When we published the [video](#) in February, Kinetik Holdings (KNTK) was controlled by Apache Corporation (APA) and two private equity firms — Blackstone and I Squared. In March, APA sold its remaining interest in an overnight offering (and we bought some for accounts that could participate). We expect that the private equity firms will seek an exit at some point in the not-too-distant future.

The remaining names below the line are sorted by EBITDA, and we believe there are varying degrees of probability for these companies. Without getting into specifics, we think some are pretty unlikely, some could definitely happen and the rest are question marks.



Top Five Quarter-End Holdings by Weighting

	Name	Ticker	Sub-Sector	Mkt Cap (\$B)	Yield	Coverage	Company Details
1	Energy Transfer L.P.	ET	MLP	\$53.0 ³	8.3% ³	2.0x ⁴	<ul style="list-style-type: none"> ET is a dominant player in Texas intrastate natural gas and NGLs pipelines.⁵ Coverage is expected to remain high and excess cash flow is expected to be used to reduce debt and buy back stock.⁵ Company reestablished distribution to pre-COVID levels with an intent to grow the distribution even further in coming years.⁵
Asset Profile							
<ul style="list-style-type: none"> Combined legacy ET has 33,000 miles of natural gas gathering pipelines combined with over 6 Bdf/d of processing capacity, crude logistics and refined products systems in the Gulf Coast, and NGL transport in Marcellus.⁵ 							
	Name	Ticker	Sub-Sector	Mkt Cap (\$B)	Yield	Coverage	Company Details
2	Plains GP Holdings L.P.	PAGP	MLP Affiliate	\$3.6 ³	7.0% ³	2.0x ⁴	<ul style="list-style-type: none"> C-corp structure allows for greater institutional ownership and superior liquidity to PAA.⁶ PAA has taken its medicine and now boasts one of the cleanest balance sheets in our investible universe with one of the strongest coverage ratios as well.⁶ Plains has operating leverage to flow additional oil volumes from the Permian Basin to end user markets, potentially providing growing volumes and cash flows with relatively low capital spending over the coming 3–5-year period.⁶
Asset Profile							
<ul style="list-style-type: none"> After simplification, PAGP is now an entity that exists to hold PAA common units. Plains owns a network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL-producing basins in the U.S. and Canada.⁶ 							
	Name	Ticker	Sub-Sector	Mkt Cap (\$B)	Yield	Coverage	Company Details
3	Kinetik Holdings, Inc.	KNTK	Midstream	\$6.0 ³	7.8% ³	1.5x ⁴	<ul style="list-style-type: none"> Extensive gathering and processing system in critical Delaware Basin.⁷ Integrated system with Joint Venture pipelines transporting energy from the Permian Basin to the Gulf Coast.⁷ Participated in a secondary share offering at an attractive discount.⁷
Asset Profile							
<ul style="list-style-type: none"> Pure-play Permian Basin midstream company. Extensive Delaware Basin gathering system in Texas and New Mexico that feeds downstream pipeline assets that carry energy to the Gulf Coast.⁷ 							
	Name	Ticker	Sub-Sector	Mkt Cap (\$B)	Yield	Coverage	Company Details
4	ONEOK, Inc.	OKE	Midstream	\$46.8 ³	5.1% ³	1.9x ⁴	<ul style="list-style-type: none"> Recent acquisition of MMP makes it one of the largest diversified energy infrastructure companies in the U.S.⁸ Premier NGL and refined products systems.⁸ Included in the S&P 500.⁸ Projects to have one of the highest free cash flow profiles of any large diversified U.S. C-Corp.⁸
Asset Profile							
<ul style="list-style-type: none"> Owens one of the largest natural gas liquids (NGL) systems and an extensive network of natural gas gathering, processing, storage and transportation assets. Recent acquisition of Magellan Midstream Partners (MMP) adds a premier refined product system.⁸ 							
	Name	Ticker	Sub-Sector	Mkt Cap (\$B)	Yield	Coverage	Company Details
5	Cheniere Energy, Inc.	LNG	LNG	\$37.9 ³	1.1% ³	6.8x ⁴	<ul style="list-style-type: none"> First-mover advantage as Cheniere has been exporting LNG from its Sabine Pass facility since February 2016.⁹ Has brought on three subsequent expansions on time and under budget.⁹ 90% of its volumes are dedicated to long-term contracts.⁹ Instituted a capital program to reduce debt, pay a dividend and buy back stock.⁹
Asset Profile							
<ul style="list-style-type: none"> Owens and operates liquid natural gas (LNG) export facilities at Sabine Pass and at Corpus Christi for a total export capacity of over 5 billion cubic feet per day (bcf/d).⁹ 							

³ Source: Bloomberg, March 2024.⁴ Source: Wells Fargo, March 2024. For illustrative purposes only. MLP distributions are not guaranteed and subject to change based on market or other conditions. All or a portion of MLP distributions will be considered a return of capital. No investment strategy can guarantee performance results. It should not be assumed that investors in the Fund will experience returns in the future, if any.⁵ Source: Energy Transfer L.P., March 2024.⁶ Source: Plains GP Holdings L.P., March 2024.⁷ Source: Kinetik Holdings, Inc., March 2024.⁸ Source: ONEOK, Inc., March 2024.⁹ Source: Cheniere Energy, Inc., March 2024.

Key Quarterly Stock Performance Drivers

Top Five Performers	Ticker	% of Net Assets	Performance Driver
Kinetik Holdings Inc. Class A	KNTK	8.6%	Increased the position on a secondary equity offering at a meaningful discount to market price
ONEOK, Inc.	OKE	8.5%	Company initiated stronger than expected 2024 guidance and stated that merger synergies with Magellan Midstream Partners, which they acquired in late 2023, could be better than previously expected
Targa Resources Corp.	TRGP	5.4%	Announced a significant capital spending step-down in 2025, which should increase free cash flow significantly for 2025 and beyond
Equitrans Midstream Corp.	ETRN	5.4%	Company agreed to be acquired by EQT Corp. in an all-stock transaction
Plains GP Holdings L.P. Class A	PAGP	9.4%	Company continued to execute on distribution growth and provided better than expected guidance for 2024
Bottom Five Performers	Ticker	% of Net Assets	Performance Driver
Cheniere Energy, Inc.	LNG	8.1%	Weakness in global LNG prices weighed on Cheniere stock
Genesis Energy L.P.	GEL	2.8%	Weakness in soda ash prices weighed on sentiment for GEL
Atlantica Sustainable Infrastructure Plc	AY	0.0%	Rates moving higher resulted in weak stock price performance
Enphase Energy, Inc.	ENPH	0.0%	Rates moving higher resulted in weak stock price performance
Clearway Energy, Inc. Class C	CWEN	0.0%	Rates moving higher resulted in weak stock price performance



Performance (Net) as of 03/31/2024

Without Sales Charge	Mar 2024	1Q 2024	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception	
SMAPX (Class A)	7.05%	11.42%	11.42%	26.88%	17.74%	8.04%	1.04%	3.77%	12/20/2012
SMFPX (Class C)	7.08%	11.12%	11.12%	25.90%	16.83%	7.20%	0.27%	2.71%	01/07/2013
SMLPX (Class I)	7.09%	11.57%	11.57%	27.04%	17.95%	8.28%	1.26%	4.10%	09/19/2012
SMRPX (Class Ultra)	7.09%	11.45%	11.45%	27.15%	18.05%	8.36%	-	8.30%	01/04/2016
Alerian Midstream Energy Select Index (AMEI) ¹	6.91%	12.02%	12.02%	29.37%	21.69%	10.77%	5.31%	-	04/01/2013
Alerian MLP Index (AMZ) ²	4.53%	13.89%	13.89%	38.46%	29.44%	11.46%	3.05%	4.70%	09/19/2012
With Max Sales Charge	Mar 2024	1Q 2024	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception	
SMAPX (Class A)	2.73%	6.94%	6.94%	23.15%	15.52%	6.81%	0.47%	3.24%	12/20/12
SMFPX (Class C)	6.08%	10.12%	10.12%	24.90%	16.83%	7.20%	0.27%	2.71%	01/07/13

1. Alerian Midstream Energy Select Index (AMEI) is a composite of North American midstream energy infrastructure companies that are engaged in activities involving energy commodities. The capped, float-adjusted, capitalization weighted index is disseminated in real time on a price-return basis.
2. Alerian MLP Index (AMZ) is a float-adjusted, capitalization-weighted composite of energy MLPs. The AMZ is used in addition to the AMEI in order to provide further market sector performance comparisons to exchange-traded energy related partnerships.

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. To obtain performance information current to the most recent month-end, please visit [westwoodfunds.com](https://www.westwoodfunds.com).

All returns reflect reinvestment of all dividend and capital gain distributions. Index performance is shown for illustrative purposes only and does not reflect the payment of advisory fees and other expenses associated with an investment in a mutual fund. Investors cannot directly invest in an index. The performance shown is for the stated time period only; due to market volatility, each account's performance may be different. Return figures for periods greater than 1-year are annualized.

Total Annual Fund Operating Expenses: Class A: 1.26%, Class C: 2.10%, Class I: 1.02%, Ultra: 1.00%. The share classes have different sales charges, fees and other features. Returns with sales charges reflect the deduction of the current maximum front-end sales charge of 4.00% for Class A shares and the maximum contingent deferred sales charge of 1.00%, which is applied to Class C shares upon which a finder's fee has been paid and that are sold within one year of purchase. Class A shares are available with no front-end sales charge on investments of \$250,000 or more, and Class C shares are offered at NAV, without any initial sales charge. Class I shares are offered without any sales charge to certain institutional investors and affiliates of the Fund's investment advisor. The return figures shown do not reflect the deduction of taxes that a shareholder may pay on Fund distributions or the redemption of Fund shares.

WORD ABOUT RISK

The Fund's investments are concentrated in the energy infrastructure industry with an emphasis on securities issued by MLPs, which may increase price fluctuation. The value of commodity-linked investments such as the MLPs and energy infrastructure companies (including midstream MLPs and energy infrastructure companies) in which the Fund invests are subject to risks specific to the industry they serve, such as fluctuations in commodity prices, reduced volumes of available natural gas or other energy commodities, slowdowns in new construction and acquisitions, a sustained reduced demand for crude oil, natural gas and refined petroleum products, depletion of the natural gas reserves or other commodities, changes in the macroeconomic or regulatory environment, environmental hazards, rising interest rates and threats of attack by terrorists on energy assets, each of which could affect the Fund's profitability.

MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment including the risk that an MLP could lose its tax status as a partnership. If an MLP were to be obligated to pay federal income tax on its income at the corporate tax rate, the amount of cash available for distribution would be reduced and such distributions received by the Fund would be taxed under federal income tax laws applicable to corporate dividends received (as dividend income, return of capital or capital gain).

In addition, investing in MLPs involves additional risks as compared to the risks of investing in common stock, including risks related to cash flow, dilution and voting rights. Such companies may trade less frequently than larger companies due to their smaller capitalizations, which may result in erratic price movement or difficulty in buying or selling.

"Alerian MLP Total Return Index," "Alerian Midstream Energy Select Total Return Index," "AMZX" and "AMEIX" are trademarks of Alerian and their use is granted under a license from Alerian.



Additional management fees and other expenses are associated with investing in MLP funds. The tax benefits received by an investor investing in the Fund differs from that of a direct investment in an MLP by an investor.

This document does not constitute an offering of any security, product, service or fund, including the Fund, for which an offer can be made only by the Fund's prospectus.

Ted Gardner has earned the right to use the Chartered Financial Analyst designation. CFA Institute marks are trademarks owned by CFA Institute.

No fund is a complete investment program and you may lose money investing in a fund. The Fund may engage in other investment practices that may involve additional risks and you should review the Fund's prospectus for a complete description.

To determine if this Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Fund's summary and full prospectuses, which may be obtained by calling 877.FUND.WHG, or by visiting our website at westwoodfunds.com. Read the prospectus carefully before investing or sending money.

Past performance does not guarantee future results, share prices will fluctuate and you may have a gain or loss when you redeem shares.

Prior to May 1, 2016, Westwood Salient MLP & Energy Infrastructure Fund was named Salient MLP & Energy Infrastructure Fund II.

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.

TERM DEFINITIONS

Alerian Midstream Energy Select Index (AMEIX) is a composite of North American energy infrastructure companies. The capped, float-adjusted, capitalization-weighted index, whose constituents are engaged in midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMEI) and on a total-return basis (AMEIX).

Alerian MLP Index (AMZ)/Alerian MLP Total Return Index (AMZX) is a float-adjusted, capitalization-weighted composite of some of the most prominent energy MLPs. **RISKS:** Includes tax related risks due to their partnership status, as well as possible higher volatility than the majority of other asset classes.

Backwardation means that crude oil prices in the future are significantly lower than today – a sign of tight markets.

Basis point is one hundredth of 1 percentage point.

Beta (β) is a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole (usually the S&P 500).

Capital expenditure (or capex) are funds used by a company to acquire, upgrade and maintain physical assets such as property, industrial buildings or equipment.

Carbon capture is the process of capturing and storing carbon dioxide before it is released into the atmosphere.

Cash flow is the total amount of money being transferred into and out of a business, especially as affecting liquidity.

Commodity trading advisor (CTA) is an individual or firm that provides personalized advice regarding the buying and selling of futures contracts, options on futures and retail off-exchange forex contracts or swaps.

COVID-19 or coronavirus disease is an infectious disease caused by a new virus. The disease was first identified in December 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing 2019–2022 coronavirus pandemic.

Crude oil is a naturally occurring, unrefined petroleum product composed of hydrocarbon deposits and other organic materials. A type of fossil fuel, crude oil can be refined to produce usable products such as gasoline, diesel and various forms of petrochemicals.

Dividend/distribution is a distribution of profits by a corporation to its shareholders. When a corporation earns a profit or surplus, it is able to pay a proportion of the profit as a dividend to shareholders.

Dividend yield or dividend-price ratio of a share is the dividend per share, divided by the price per share. It is also a company's total annual dividend payments divided by its market capitalization, assuming the number of shares is constant.

EBITDA (earnings before interest, taxes, depreciation and amortization) is a measure of a company's overall financial performance and is used as an alternative to simple earnings or net income in some cases.

U.S. Energy Information Administration (EIA) is a principal agency of the U.S. Federal Statistical System responsible for collecting, analyzing and disseminating energy information to promote sound policymaking.

Energy infrastructure is the organizational structure that enables the large-scale transportation of energy from producer to consumer, as well as the directing and managing of energy flow.

Exploration & production (E&P) companies are involved in finding, augmenting, producing and merchandising different types of oil and gas.

Federal Reserve System (Fed) is the central banking system of the United States of America.

Futures market is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date.



Gathering & processing is a complex industrial process designed to clean raw natural gas by separating impurities and various non-methane hydrocarbons and fluids to produce what is known as pipeline quality dry natural gas.

Inflation Reduction Act (IRA) is a law passed in August 2022 that aims to curb inflation by reducing the deficit, lowering prescription drug prices and investing into domestic energy production while promoting clean energy.

International Energy Agency (IEA) is an international intergovernmental organization that was established in 1974 to ensure the world's oil supply.

Liquefied natural gas (LNG) is natural gas that has been cooled into a liquid to facilitate transport, typically on specialized cargo ships.

Low-carbon fuel standard (LCFS) programs offer incentives for greener fuels by awarding tradable credits to suppliers of transportation fuels to encourage them to reduce the carbon intensity of the fuels they supply.

Market capitalization refers to the total dollar market value of a company's outstanding shares.

Master limited partnerships (MLPs) are publicly traded limited partnerships and limited liability companies that are treated as partnerships for federal income tax purposes.

Methane is a colorless, odorless flammable gas, which is the main constituent of natural gas. It is the simplest member of the alkane series of hydrocarbons.

Midstream is a term used to describe one of the three major stages of oil and gas industry operations. Midstream activities include the processing, storing, transporting, and marketing of oil, natural gas, and natural gas liquids.

Natural gas is a flammable gas, consisting largely of methane and other hydrocarbons, occurring naturally underground (often in association with petroleum) and used as fuel.

Natural gas liquids (NGLs) are components of natural gas that are separated from the gas state in the form of liquids. This separation occurs in a field facility or in a gas processing plant.

National Environmental Policy Act (NEPA) was signed into law in 1970 to promote efforts that prevent or eliminate damage to the environment.

OPEC+ is a group of 24 oil-producing nations, made up of the 14 members of OPEC and 10 other non-OPEC members, including Russia and Mexico. The expanded group arose from a desire to coordinate oil production in a bid to stabilize global oil prices.

Organization for Economic Co-operation and Development (OECD) is an international organization of 34 countries that accept the principles of representative democracy and a free market economy. The organization collaborates on domestic and international policies concerning economic, environmental and social issues.

Refining is an industrial process where crude oil is transformed and refined into more useful products such as petroleum naphtha, gasoline, diesel fuel, asphalt base, heating oil, kerosene, liquefied petroleum gas, jet fuel and fuel oils.

Renewables are a source of energy that is not depleted by use, such as water, wind or solar power.

Renewable identification numbers (RINs) are credits used for compliance and are the "currency" of the Renewable Fuel Standard Program.

Strategic Petroleum Reserve (SPR) is an emergency stockpile of crude oil set aside to ensure supply in the event of a disruption.

Tariff is a tax imposed by a government of a country or of a supranational union on imports or exports of goods.

Time spread is an options strategy in which an investor takes the same position in two different option contracts that are identical in every way except the expiration date.

Valuation is the determination of the value of a company's stock based on earnings and the market value of assets.

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.

