

Fund Overview

Westwood Broadmark Tactical Growth Fund is designed to help investors sidestep market downturns, while participating in its growth via the continuous and active management of portfolio market exposure. The Fund seeks to manage risk and enhance alpha with the flexibility to be long, short or neutral on the market.

- The Fund is designed as a core investment for those who worry about losing money in equity market downturns but also want to participate in the market's upside. Using active market exposure management, the Fund moves in and out of the market incrementally based upon macro and technical factors.
- The Fund invests primarily in a diversified portfolio of exchange-traded funds (ETFs) and instruments providing exposure to indices, sectors and industries based on its four-pillar process.
- Proprietary Volume/Breadth-Based Momentum models are used to determine optimal stock market exposure, including entry points, the amount of exposure, the type of exposure and exit points.

Market Review

After the S&P 500 Index's 10.55% jump in the first quarter, which was the 11th highest gain for a quarter since WWII, positive momentum carried the market upward in the second quarter (Q2).¹ The S&P 500 posted a gain of 4.28% in Q2, and the S&P 500's year-to-date 2024 gain of 15.29% was the second strongest election year gain since 1944.¹ Stock market history tells us that when the first half of an election year is positive, this momentum often carries into the end of the year, although the data also shows volatility often increases as well.¹ In this uncertain election year fraught with geopolitical risks, the investment team will be keeping a close eye on our momentum models, which are currently indicating some negative divergences. Nonetheless, the team continues to maintain a net long position in its Tactical Growth strategy in deference to the market's positive momentum.

The technology sector continued to lead the way in July with the Nasdaq-100 Index up 6.27%.¹ Small cap stocks continued to lag, with the Russell 2000 Index down -0.93% for the month.¹ The S&P 500 gained 3.59% in July, and the more defensive Dow Jones Industrial Average was up 1.23%.¹

Equity valuations are still elevated by historical standards.² When we adjust for inflation using the Consumer Price Index (CPI), valuations have climbed to their highest level in two years.² Nonetheless, both absolute and relative valuations are still below the extremes reached at the 2000, 2009 and 2022 market highs, particularly when we adjust for the long-term upward cyclical bias in price-earnings (P/E) multiples.² Given the market's positive momentum and continued earnings trends, valuations may have some room to expand but are still in the top quintile of historical valuations.

Interest rates declined in June but ticked up at the end of the month. The 10-year U.S. Treasury Note closed the month with a 4.36% yield, which is down from the 4.51% yield at the end of May, amid signs that inflation is moderating.³

¹ Bloomberg, June 30, 2024

² Ned Davis Research, June 30, 2024

³ U.S. Department of the Treasury, June 30, 2024

Credit spreads remain narrow. While the yield curve remains inverted, which is a negative long-term indicator, monetary policy and credit conditions are more neutral now, provided that the Federal Reserve's (Fed's) "higher for longer" policy does not have a major negative impact on consumer spending and economic activity. Investor sentiment is negative, with our intermediate-term investor sentiment model near its most optimistic levels of the year, which is negative from a contrary point of view.

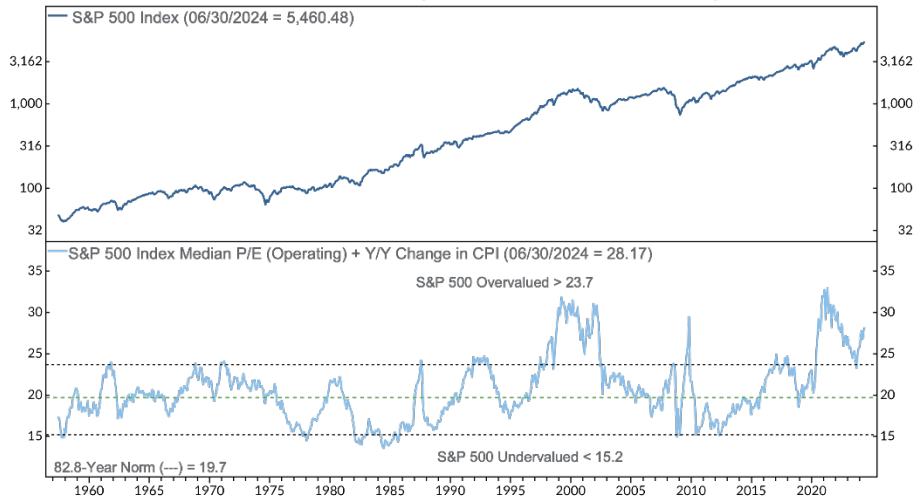
While the market's momentum remains compelling, the team is seeing a divergence between our breadth model and the market. Our breadth model has made lower lows despite the stock market reaching new highs. Our volume models have also recently begun to show the same divergences. The team has diversified the portfolio due to relative strength in some more defensive sectors. The portfolio is now invested in the cap-weighted and equal-weighted S&P 500 indexes as well as the health care, utilities and communication services sectors. The team would raise exposure if our volume and breadth momentum models continued to improve and potential volume and breadth momentum divergences were resolved to the upside. The team would decrease exposure if interest rates rose, credit spreads widened and if volume and breadth momentum models weakened.

Our assessment of the four pillars of our investment process is as follows:

1. **Valuation:** When we adjust the S&P 500's median P/E ratio for inflation, valuations are still at their highest level in two years (*Figure 1*). Nonetheless, both absolute and relative valuations are below the extremes reached in 2000, 2009 and 2022. Indeed, when we adjust P/E multiples for their long-term upward secular trend, valuations appear far more reasonable (*Figure 2*). While this gives P/E multiples room to expand, valuations are in the top quintile historically and remain high by historical standards.
2. **Monetary factors and credit conditions:** The 10-year U.S. Treasury Note ended the month with a 4.36% yield, down from 4.51% at the end of May. Narrow credit spreads tell us that credit and financial conditions remain reasonably healthy (*Figure 3*). On the other hand, the narrow credit spreads indicate strong economic activity, which is a headwind in the fight against inflation and makes it more difficult for the Fed to cut interest rates. The Fed's "higher for longer" policy on interest rates, coupled with an inverted yield curve, could have a negative effect on consumer spending and economic activity.
3. **Sentiment:** Both our daily and intermediate sentiment measures show elevated optimism, which is negative from a contrary point of view. In particular, our intermediate sentiment model has remained in negative territory for a month (*Figure 4*).
4. **Momentum:** The team's measures of momentum continued in positive territory in June. However, our breadth model has not risen in line with the new highs in the major market averages (*Figure 5*). Our up-down volume momentum model has also recently failed to make a new high along with the market averages (*Figure 6*). We will be keeping an eye on these divergences. If these divergences continue, they could indicate some future market weakness to correct this imbalance, particularly if volatility increases prior to the November election.

Figure 1.

S&P 500 Index vs. S&P 500 Operating P/E + Year-to-Year Change in CPI



Signals = Ratio rises above upper bracket (sell) or falls below lower bracket (buy) for first time in six months.

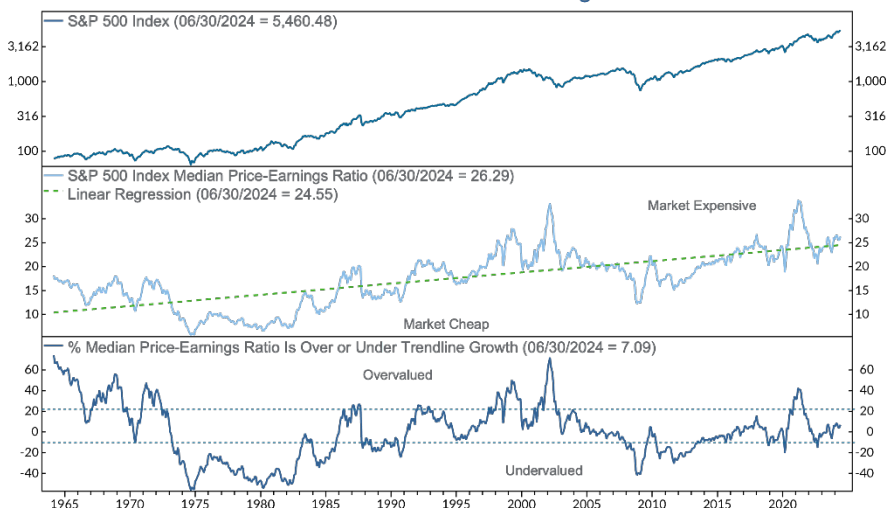
Current month uses CPI estimate. Starting in 1984, chart uses S&P 500 operating earnings.

Mean S&P 500 % Returns 06/30/1957 – 06/30/2024						
	Months Later					
	3	6	9	12	24	36
After Sells	-0.0	0.2	2.5	5.3	14.0	20.3
After Buys	-0.2	7.9	15.6	20.0	37.5	50.2
All Periods	2.1	4.2	6.3	8.4	16.9	26.6

Sources: Ned Davis Research (NDR), S&P Dow Jones Indices, Bureau of Labor Statistics. Monthly data 06/30/1957 to 06/30/2024. Past performance does not guarantee future results. For illustrative purposes only.

Figure 2.

S&P 500 Index vs. S&P 500 Index Median Price-Earnings Ratio



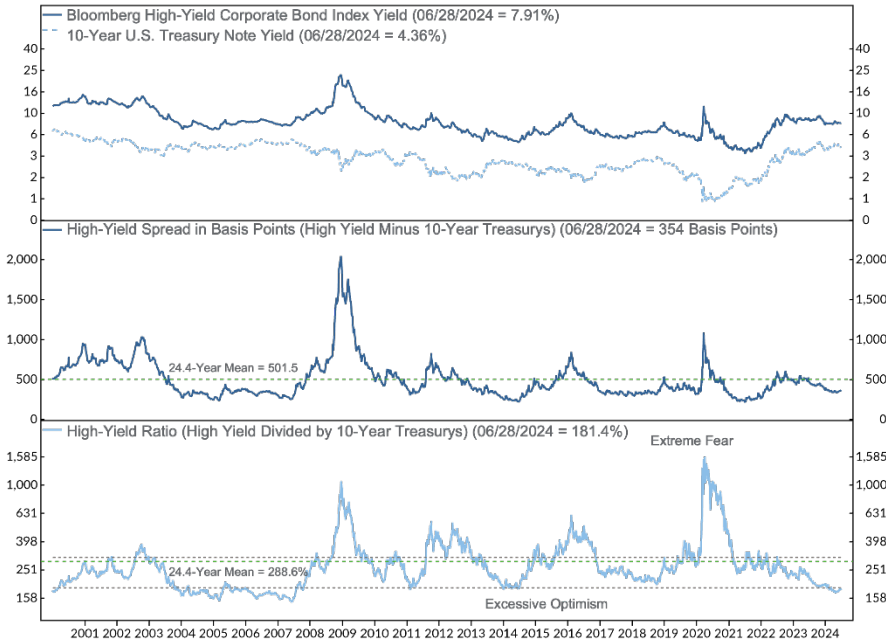
S&P 500 Gain/Annum Performance 03/31/1964 – 06/30/2024		
% Over/Under Trend	% Gain/Annum	% of Time
Above 22.0	-3.86	19.90
-10.1 – 22.0	9.39	47.47
Below -10.1	11.50	32.62
Buy/Hold = 7.28% Gain/Annum		

Sources: Ned Davis Research (NDR), S&P Dow Jones Indices, S&P Capital IQ Compustat. Monthly data 03/31/1964 to 06/30/2024. Past performance does not guarantee future results. For illustrative purposes only.



Figure 3.

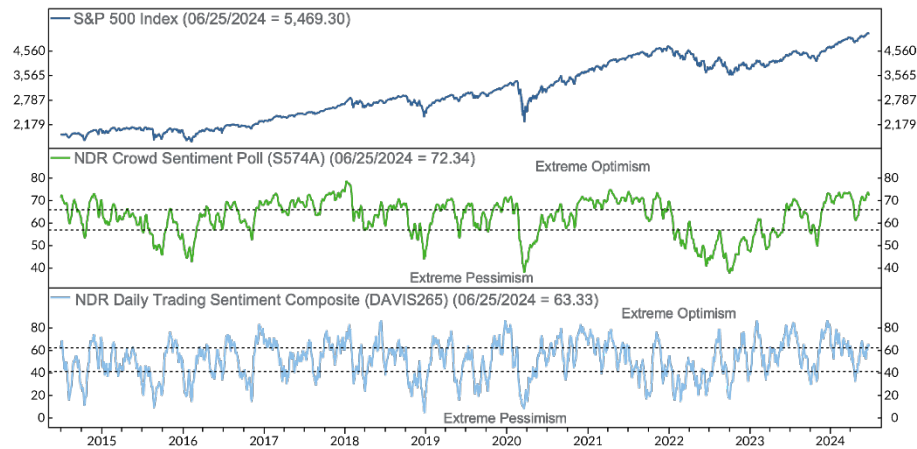
High-Yield Corporate Spreads



Sources: Ned Davis Research (NDR), Bloomberg Indices, Federal Reserve Board. Daily data 01/03/2000 to 06/28/2024. Past performance does not guarantee future results. For illustrative purposes only.

Figure 4.

NDR Sentiment Composites



Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Daily data 07/01/2014 to 06/25/2024. Past performance does not guarantee future results. For illustrative purposes only.

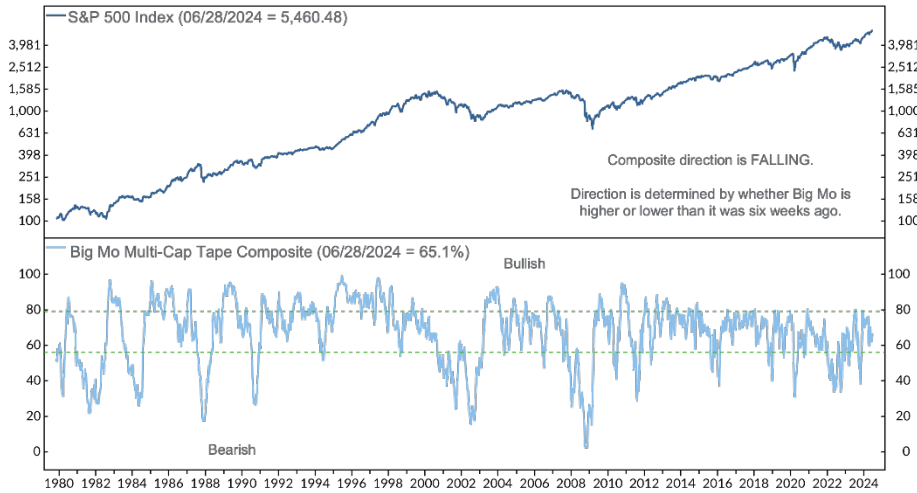
S&P 500 Index Performance 12/01/1995 – 06/25/2024		
Sentiment Indicators	% Gain/ Annum	% of Time
Both Optimism	-1.85	16.76
1 Optimism, 1 Neutral	1.30	21.22
Both Neutral	8.78	18.79
1 Neutral, 1 Pessimism	15.98	20.08
Both Pessimism	22.42	20.31
S574A Optimism, DAVIS 265 Pessimism	5.86*	0.39
S574A Pessimism, DAVIS 265 Optimism	-27.75*	2.44
Buy/Hold = 7.99% Gain/Annum		
* Cases less than one year are not annualized		

S&P 500 Index Performance 07/01/2014 – 06/25/2024		
Sentiment Indicators	% Gain/ Annum	% of Time
Both Optimism	7.42	22.79
1 Optimism, 1 Neutral	4.44	23.58
Both Neutral	13.14	17.88
1 Neutral, 1 Pessimism	17.08	18.62
Both Pessimism	14.69	14.70
S574A Optimism, DAVIS 265 Pessimism	6.29*	0.93
S574A Pessimism, DAVIS 265 Optimism	-2.19*	1.51
Buy/Hold = 10.74% Gain/Annum		
* Cases less than one year are not annualized		



Figure 5.

S&P 500 Index vs. Big Mo Multi-Cap Tape Composite — Directional Mode Basis



Big Mo Tape Is Falling
S&P 500 Index Performance
12/28/1979 – 06/28/2024

Big Mo Tape Is:	% Gain/Annum	% of Time
Above 79.0	19.77	8.82
56.0–79.0	7.55	28.18
Below 56.0	-19.08	14.50

Buy/Hold = 9.21% Gain/Annum

Big Mo Tape Is Rising
S&P 500 Index Performance
12/28/1979 – 06/28/2024

Big Mo Tape Is:	% Gain/Annum	% of Time
Above 79.0	33.02	15.43
56.0–79.0	12.40	22.25
Below 56.0	4.90	8.29

Buy/Hold = 9.21% Gain/Annum

Returns Regardless of Direction
S&P 500 Index Performance
12/28/1979 – 06/28/2024

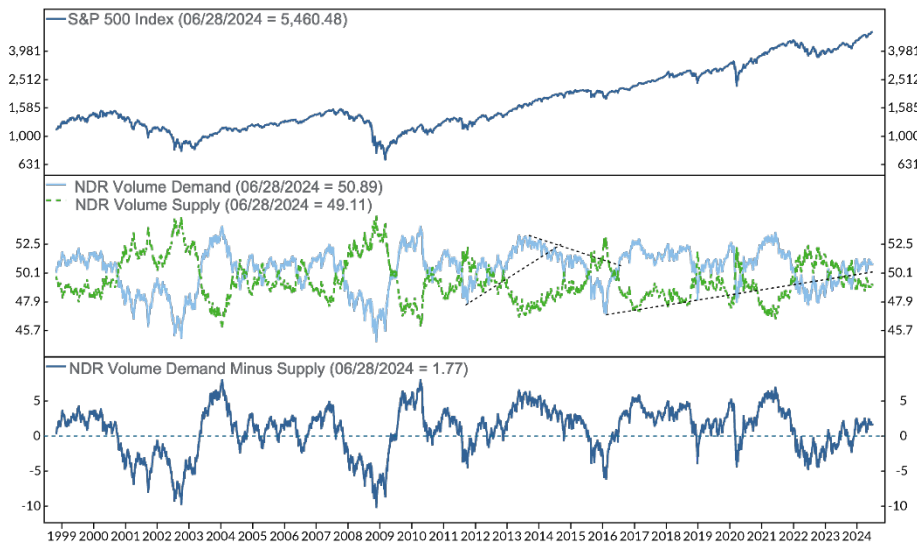
Big Mo Tape Is:	% Gain/Annum	% of Time
Above 79.0	28.52	25.11
56.0–79.0	9.81	51.68
Below 56.0	-9.52	23.21

Buy/Hold = 9.21% Gain/Annum

Sources: Ned Davis Research (NDR), S&P Dow Jones Indices, NDR Multi-Cap Institutional (Universe), S&P Capital IQ, MSCI, Inc (GICS). Weekly data 11/16/1979 to 06/28/2024. Past performance does not guarantee future results. For illustrative purposes only.

Figure 6.

S&P 500 Index and NDR Supply and Demand With Spread



S&P 500 Index Performance
10/30/1998 – 06/28/2024

NDR Volume Demand Is:	% Gain/Annum	% of Time
Above 0.0	11.37	67.28
Below 0.0	-3.01	32.72

Buy/Hold = 6.44% Gain/Annum

Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Daily data 10/30/1998 to 06/28/2024. Past performance does not guarantee future results. For illustrative purposes only.



About Westwood

Westwood Holdings Group, Inc. is a focused investment management boutique and wealth management firm.

Westwood offers high-conviction equity and outcome-oriented solutions to institutional investors, private wealth clients and financial intermediaries. The firm specializes in two distinct investment capabilities: U.S. Value Equity and Multi-Asset, available through separate accounts, the Westwood Funds® family of mutual funds and other pooled vehicles. Westwood benefits from significant, broad-based employee ownership and trades on the New York Stock Exchange under the symbol "WHG." Based in Dallas, Westwood also maintains an office in Houston. For more information, please visit westwoodgroup.com.

Important Information

Westwood Broadmark Tactical Growth Fund's investment objective is to produce, in any market environment, above-average risk-adjusted returns and less downside volatility than the S&P 500 Index.

Mutual fund investing involves risk, including possible loss of principal.

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.

Westwood Funds does not provide tax advice. Please consult your tax advisor before making any decisions or taking any action based on this information.

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Broadmark Asset Management LLC is the sub-advisor to the Westwood Broadmark Tactical Growth Fund.

Fund Risks

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

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.

Foreign securities, especially emerging or frontier markets, will involve additional risks including exchange rate fluctuations, social and political instability, less liquidity, greater volatility and less regulation.

Short selling involves additional investment 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.

Alternative strategies typically are subject to increased risk and loss of principal. Consequently, investments such as mutual funds which focus on alternative strategies are not suitable for all investors.

Asset allocation does not assure profit or protect against risk.



Diversification does not assure profit or protect against risk.

Westwood Investment Glossary

10-year U.S. Treasury Note is a debt obligation issued by the U.S. Treasury that has a term of 10 years.

Alpha is a technical risk ratio that shows a fund's excess return relative to the performance of its benchmark index.

Basis point (bps) is a unit of measure that is equal to 1/100th of 1% and used to denote a change in the value or rate of a financial instrument.

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.

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.

Buy/hold = x.xx% gain/annum is a calculation that shows a period of time during which a buy/hold signal is in effect and the percentage of gain or loss during that period calculated on an annual basis.

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.

Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry and are listed on the New York Stock Exchange.

Exchange-traded funds (ETFs) track an index but trade like a stock on an exchange.

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

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

Momentum is the rate of acceleration of a security's price or volume.

Nasdaq-100 Index is a modified capitalization-weighted index that includes the largest nonfinancial U.S. and non-U.S. companies listed on the NASDAQ stock market across a variety of industries, such as retail, healthcare, telecommunications, wholesale trade, biotechnology and technology.

NDR Big Mo Multi-Cap Tape Composite model uses trend and momentum indicators to provide a composite reading on the technical health of the broad equity market.

NDR Crowd Sentiment Poll is a composite reading based on seven different individual sentiment indicators designed to highlight short- to intermediate-term swings in investor psychology.

NDR Daily Trading Sentiment Composite use various measures of investor sentiment such as surveys, put/call ratios, etc. to define the levels of pessimism that are currently priced into equities.

Price-earnings (P/E) ratio is a measure of the price paid for a share of stock relative to the annual income or profit earned by the company per share. A higher P/E ratio means that investors are paying more for each unit of income.

Russell 2000 Index measures the performance of the 2,000 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.

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

Volume is the number of shares or contracts traded in a security or an entire market during a given period of time.

Volume/Breadth-Based Momentum Model is a proprietary model used by Broadmark Asset Management to determine optimal market exposure.

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.

Yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.

One cannot invest directly in an index.

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