

Westwood Broadmark Tactical Growth Portfolio

Sub-Advised by Broadmark Asset Management LLC

Current Model

Effective Jan 10, 2025:

42.5% exposed (effectively) to the market:

- 10% SPY
- 5% RSP
- 7.5% XLC
- 5% XLU
- 5% XLF
- 5% QQQ
- 2.5% XLP
- 2.5% XLV
- 56.5% BIL
- 1% cash

Previous Models

Effective Dec 30, 2024:

47.5% exposed (effectively) to the market:

- 10% SPY
- 5% RSP
- 7.5% XLC
- 5% XLU
- 5% XLF
- 5% IWM
- 5% QQQ
- 2.5% XLP
- 2.5% XLV
- 51.5% BIL
- 1% cash

Effective Dec 20, 2024:

57.5% exposed (effectively) to the market:

- 15% SPY
- 10% RSP
- 7.5% XLC
- 5% XLU
- 5% XLF
- 5% IWM
- 5% QQQ
- 2.5% XLP
- 2.5% XLV
- 41.5% BIL
- 1% cash

Effective Nov 8, 2024:

67.5% exposed (effectively) to the market:

- 15% SPY
- 10% RSP
- 7.5% XLC
- 5% XLU
- 5% XLF
- 5% XLY
- 5% XLI
- 5% IWM
- 5% QQQ
- 2.5% XLP
- 2.5% XLV
- 31.5% BIL
- 1% cash

Key

- BIL: SPDR Bloomberg 1-3 Month T-Bill ETF
- IJH: iShares Core S&P Mid-Cap ETF
- IWM: iShares Russell 2000 ETF
- QQQ: Invesco QQQ Trust Series 1
- RSP: Invesco S&P 500 Equal Weight ETF
- SPY: SPDR S&P 500 ETF Trust

Model Change

January 10, 2025

The portfolio managers reduced net exposure by 5% by eliminating the position in IWM (iShares Russell 2000 ETF) in response to deteriorating relative strength in IWM. The portfolio's model is currently effectively 42.5% exposed to the market: 10% SPY (SPDR S&P 500 ETF Trust), 5% RSP (Invesco S&P 500 Equal Weight ETF), 7.5% XLC (Communication Services Select Sector SPDR Fund), 5% XLU (Utilities Select Sector SPDR Fund), 5% XLF (Financial Select Sector SPDR Fund), 5% QQQ (Invesco QQQ Trust Series 1), 2.5% XLP (Consumer Staples Select Sector SPDR Fund), 2.5% XLV (Health Care Select Sector SPDR Fund), 56.5% BIL (SPDR Bloomberg 1-3 Month T-Bill ETF), and 1% Cash.

Relative Strength



Source: Bloomberg, as of 01/10/2025. For illustrative purposes only. Past performance is not indicative of how the index will perform in the future. The index reflects the reinvestment of dividends and income and does not reflect deductions for fees, expenses or taxes. The index is unmanaged and is not available for direct investment.

- XLC: Communication Services Select Sector SPDR Fund
- XLF: Financial Select Sector SPDR Fund
- XLI: Industrial Select Sector SPDR Fund
- XLP: Consumer Staples Select Sector SPDR Fund
- XLU: Utilities Select Sector SPDR Fund
- XLV: Health Care Select Sector SPDR Fund
- XLY: Consumer Discretionary Select Sector SPDR Fund

Broadmark's Four Pillars

The portfolio management team takes a disciplined approach to their investment process that considers qualitative and quantitative factors but provides them discretion regarding how to position the strategy. There are four pillars of the investment process. The first three pillars—valuation, monetary policy and credit conditions, and investor sentiment—are qualitative in nature and indicate extreme market conditions while the final pillar—momentum—is a quantitative assessment of volume- and breadth-based momentum and confirms that a change in the market direction has taken place. The models utilized within these pillars provide key determinates in assessing optimal stock market exposure, including: entry points, the amount of exposure, the type of exposure and exit points.

VALUATION

The team looks for extremes in valuations to signal when to be cautious and when to be more optimistic about future returns. Historically, at high points in the stock market cycle, valuation levels are elevated and at low points in the cycle, valuations are low. Equity valuations must be assessed within the prevailing economic and interest rate environment.

MONETARY POLICY AND CREDIT CONDITIONS

Monetary policy and credit conditions are among the key factors in the determination of the long-term direction of the U.S. stock market. When the U.S. Federal Reserve (Fed) is easing monetary policy and credit conditions are accommodative, it provides a healthy environment for equities. A tightening of Fed policy and deteriorating credit conditions eventually create a poor environment for equities. Indicators of the actions of global central banks that could affect U.S. policy and the U.S. stock market are also important in this analysis.

INVESTOR SENTIMENT

Investor sentiment is analyzed from a contrarian point of view. Most classes of investors are wrong at market extremes. Extreme investor sentiment levels are seen as signals that market reversals may occur. When investors are very optimistic, it is usually the time to be cautious; when investors are selling heavily, it is usually time to increase market exposure.

MOMENTUM

Healthy markets are distinguished by a high percentage of stocks participating in the advance. During these times, measures of volume and market breadth confirm new highs in the major market indexes. As the stock market and economic cycle near a peak, there are usually decreasing levels of participation in terms of both breadth and volume, which creates negative divergences. The long-term momentum model is used to position the portfolio offensively, defensively or neutral to the market.

Important Information:

Investing involves risk, including a possible loss of principal. Past performance does not guarantee future results. No investment strategy can guarantee performance results. Portfolio holdings are subject to change at any time. Westwood Management Corp. ("WMC") is a wholly owned subsidiary of Westwood Holdings Group, Inc. (NYSE: WHG). WMC is an SEC registered investment adviser under the Investment Advisers Act of 1940. The Tactical Growth strategy is sub-advised by Broadmark Asset Management, LLC ("Broadmark"). The views expressed contain certain forward-looking statements. Westwood believes these forward-looking statements to be reasonable, although they are forecasts and actual results may be meaningfully different. This material represents an assessment of the market at a particular time and is not a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular security.

Leveraged and/or inverse ETF have certain risks, including but not limited to tracking error from the stated objective due to the use of derivatives and leverage, especially during periods of market volatility.

Communication Services Select Sector SPDR Fund (XLC) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of publicly traded equity securities of companies in the Communication Services Select Sector Index. The Fund invests at least 95% of its total assets in the securities comprising the Index.

Consumer Discretionary Select Sector SPDR (XLY) tracks a market-cap-weighted index of consumer-discretionary stocks drawn from the S&P 500.

Consumer Staples Select Sector SPDR ETF (XLP) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of publicly traded equity securities of companies in the Consumer Staples Select Sector Index.

Financial Select Sector SPDR (XLF) seeks to provide an effective representation of the financial sector of the S&P 500 Index.

Health Care Select Sector SPDR ETF (XLV) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the Health Care Select Sector Index.

Industrial Select Sector SPDR Fund (XLI) seeks to provide an effective representation of the industrial sector of the S&P 500 Index.

Invesco QQQ Trust Series 1 (QQQ) is an ETF that tracks the NASDAQ-100 Index.

Invesco S&P 500 Equal Weight ETF (RSP) is based on the S&P 500 Equal Weight Index (Index). The Fund will invest at least 90% of its total assets in securities that comprise the Index.

iShares Russell 2000 Index (IWM) 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 (SPY) is an unmanaged index of 500 common stocks chosen to reflect the industries in the U.S. economy.

SPDR Bloomberg 1-3 Month T-Bill ETF (BIL) seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Bloomberg 1-3 Month U.S. Treasury Bill Index.

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

Treasuries (or Treasury bonds) are debt obligations issued and backed by the full faith and credit of the U.S. government that have various maturities and are issued at a discount to par.

Utilities Select Sector SPDR ETF (XLU) seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the Utilities Select Sector Index.

