

## Strategy Overview

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

- The strategy 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 strategy moves in and out of the market incrementally based upon macro and technical factors.
- The strategy 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

The dramatic rise in the price of oil as the result of recent geopolitical events put downward pressure on stock prices in March. The S&P 500 Index fell 4.98% for the month, while the Dow Jones Industrial Average was off 5.20%.<sup>1</sup> The Nasdaq-100 Index dropped 4.81%,<sup>1</sup> and the Russell 2000 Index was down by 5.00%.<sup>2</sup>

The first pillar of our investment process — equity valuations — remains in negative territory. However, as the March market decline gained momentum, we saw good improvement in our third pillar: investor sentiment.

The second pillar of our investment process, monetary policy and credit conditions, has turned neutral from its previous positive reading. This shift is because the rise in price of oil and accompanying increased prices for other commodities have led to higher potential inflationary expectations. Interest rates reflected these expectations, with the 10-Year U.S. Treasury Note yield rising to 4.30% by the end of March from 3.97% at the beginning of the month.<sup>3</sup> The average price of gas rose above \$4 per gallon for the first time in several years. The Federal Reserve (Fed) will have to reassess its formerly accommodative monetary stance in view of rising inflationary expectations and their effect on the economy.

The fourth pillar of our process — momentum — also showed deterioration. Our measure of breadth turned negative during the month. While upside volume is still above downside volume, our volume models have also deteriorated. We will be watching up and down volume closely in coming weeks. If both breadth and volume fall into negative territory, our process would indicate we take a maximum defensive position.

Due to the deterioration in monetary policy and momentum, the Tactical Growth team reduced exposure during the month from 55% to 30%.<sup>4</sup> The team would further lower exposure if our measure of up-down volume deteriorated

<sup>1</sup> Bloomberg, March 31, 2026.

<sup>2</sup> Ultimus Fund Solutions, LLC, March 31, 2026

<sup>3</sup> U.S. Department of the Treasury, March 31, 2026.

<sup>4</sup> Westwood Management and Broadmark, March 31, 2026.

further, credit spreads widened or if investor sentiment once again became more optimistic. The team would raise exposure if our breadth and volume momentum models improved.

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

1. **Valuation:** Equity valuations remain elevated and are still negative. The median price-earnings multiple for the S&P 500 stands at 26.0, well above the 62.1-year median of 18.0 (*Figure 1*). In addition, Warren Buffett's favorite valuation metric — stock market capitalization as a percentage of gross domestic product (GDP) — remains near its all-time high.
2. **Monetary factors and credit conditions:** Monetary conditions have turned neutral after the positive readings of recent months. The reason for this shift is that the Iran conflict and the blocking of the Strait of Hormuz have sent oil and other commodity prices upward. Interest rates have risen, and gasoline prices are at their highest level in years. Until the Fed is able to assess the impact of these price increases, it will likely not be as accommodative as it has been. Credit spreads remain narrow, but they have begun to rise in recent weeks (*Figure 2*). A continuation or acceleration of this rising trend would be negative for stock prices.
3. **Sentiment:** From a contrarian point of view, investor sentiment has become more positive. Our daily measure of sentiment reflected a substantial rise in pessimism during March. Our intermediate measure of investor sentiment has also improved (*Figure 3*). Thus, the overall sentiment picture has turned more positive and could indicate that we are nearing a market low point and rebound. From a longer-term point of view, however, foreign investment is at a record high and mutual fund cash is at a record low. In addition, stocks as a percentage of financial assets — households and personal trusts — have climbed to a new all-time high. Peaks in this indicator have often led to lower returns in the subsequent 10-year periods.
4. **Momentum:** Our market breadth model has now fallen into negative territory. The peak in breadth occurred in late 2025, and breadth has declined since then (*Figure 4*). Upside volume is still above downside volume, and therefore, our volume model remains in positive territory. However, if our volume measure turns negative along with breadth, our process would indicate we take a maximum defensive position.



Figure 1.

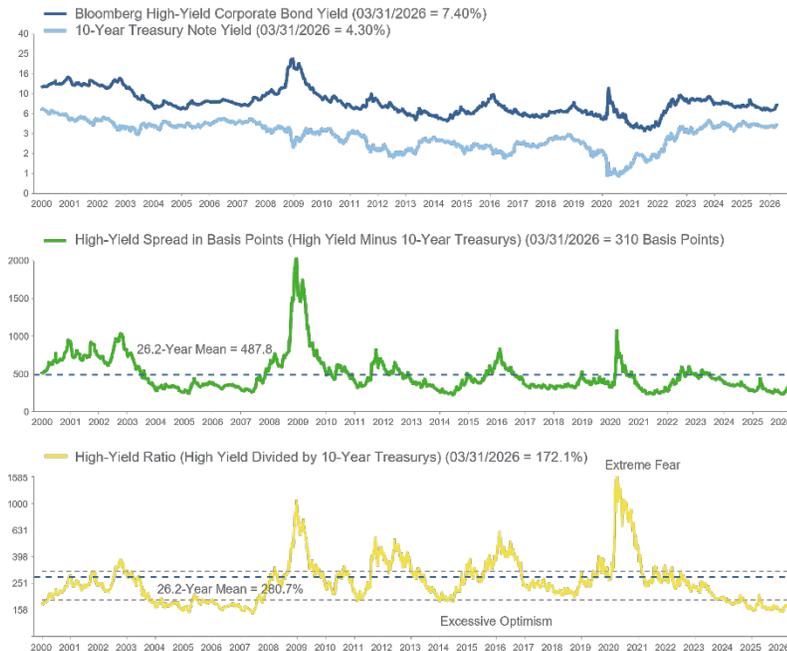
S&P 500 Median Price-Earnings Ratio (NDR Calculation)



Sources: Ned Davis Research (NDR), S&P Dow Jones Indices, S&P Capital IQ Compustat. Monthly data 03/31/1964 to 03/31/2026. SD = Standard Deviation. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 2.

High-Yield Corporate Spreads

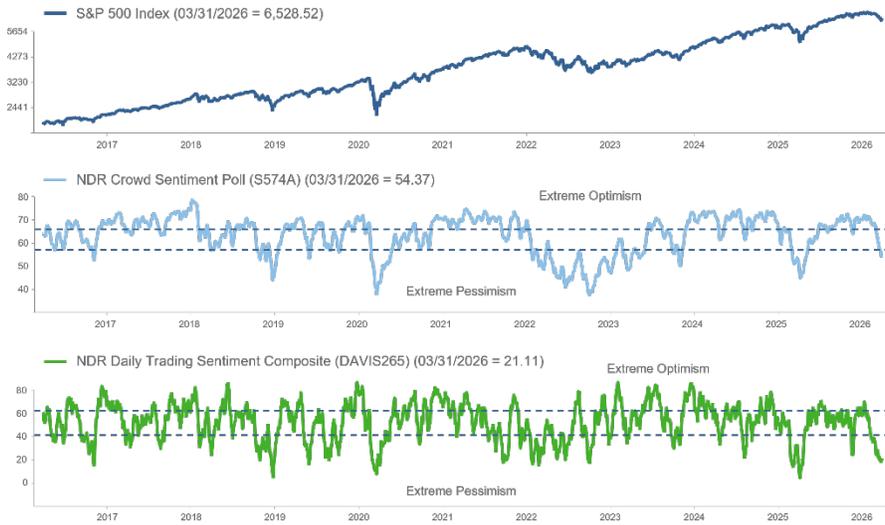


Sources: Ned Davis Research (NDR), Bloomberg Indices, Federal Reserve Board. Daily data 01/03/2000 to 03/31/2026. *Past performance does not guarantee future results. For illustrative purposes only.*



Figure 3.

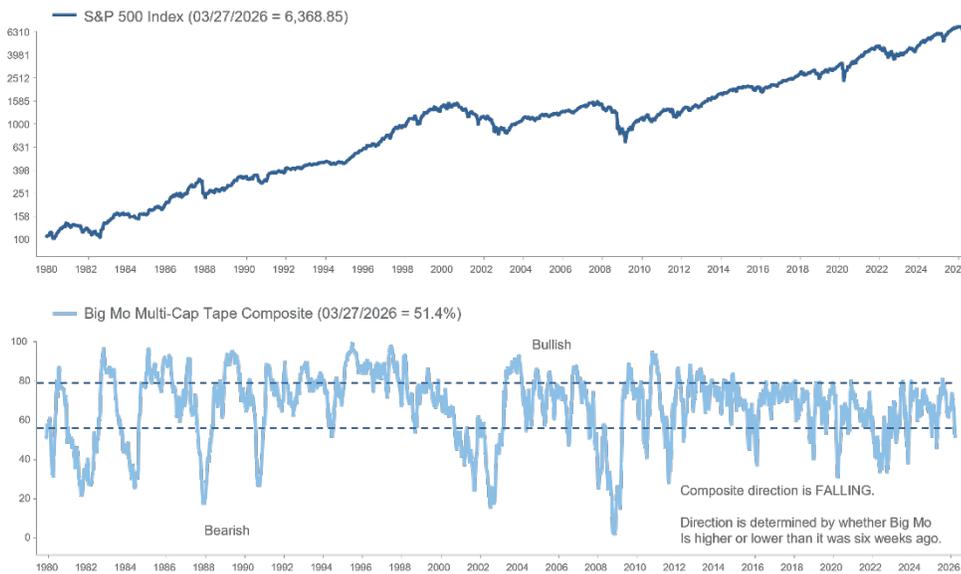
**NDR Sentiment Composites**



Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Daily data 04/01/2016 to 03/31/2026. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 4.

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



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 03/27/2026. *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](http://westwoodgroup.com).

### Important Information

The **Tactical Growth composite** seeks to produce above-average, risk-adjusted returns, in any market environment, while exhibiting less downside volatility than the market itself. The strategy is designed to evaluate potential long and short investments in an attempt to isolate those securities believed to be undervalued or overvalued relative to their intrinsic value and offer the greatest risk-adjusted potential for returns. The portfolio primarily invests in ETFs of securities and security indices that can represent long, short, levered long or levered short positions in general asset classes of both U.S. and overseas equity markets. For comparison purposes, the composite's benchmarks are the HFRX Equity Hedge Index and the S&P 500 Index. The HFRX Equity Hedge Index comprises private funds with strategies that maintain both long and short positions primarily in equity securities and equity derivatives. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value-weighted index and one of the most widely used benchmarks of U.S. stock performance. On January 1, 2019, the HFRX Equity Hedge Index replaced the S&P 500 Index as the strategy's primary benchmark index because the new index more closely aligns to the strategy's investment methodologies. Prior to December 31, 2018, the Morningstar Long/Short Equity Index was the secondary benchmark. It is no longer shown as the HFRX Equity Hedge Index more closely aligns to the portfolio's investment strategies.

Separately managed account strategies may not be appropriate or suitable for all investors. There is no guarantee that the strategy's objective will be achieved. It should not be assumed that investments in this strategy have been or will be profitable.

Past performance does not guarantee future results.

Other than levered and inverse ETFs, leverage or derivatives are not used. The use of levered and inverse ETFs is anticipated to be infrequent and may not materially impact returns.

The risks associated with ETFs are detailed in the individual ETF's prospectus, which will be provided upon request.

The portfolio is sub-advised by Broadmark Asset Management LLC, an independent registered investment advisor.

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. This information is being provided solely for educational purposes and is not an offer to sell or solicitation of an offer to buy an interest in any investment fund. Any such offer or solicitation may only be made by means of a confidential private offering memorandum or prospectus relating to a particular fund and only in a manner consistent with federal and applicable state securities laws.

### 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.

**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.



**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.

**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.

**Monetary policy** refers to the actions of a central bank, currency board or other regulatory committee that determine the size and rate of growth of the money supply, including a change in interest rates or the amount of money banks need to keep in bank reserves.

**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 two prices, rates or yields.

**Standard deviation** measures the degree to which a security's return varies from its previous returns or from the average of all similar securities.

**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.

One cannot invest directly in an index.

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