Westwood®

Westwood Broadmark **Tactical Growth Strategy**

Market Update

November
2026

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

A wave of selling pressure hit the artificial intelligence (AI)/technology sector at the end of October. The Nasdaq-100 Index dropped 6.63% for the month after gaining ground in the previous two months.[1] The good news is that the rest of the market held up well, suggesting that money is not leaving the market but being redeployed to more conservative and lower beta sectors. This shift was reflected in a gain of 4.95% for the S&P 500 Equal Weight Index versus a 0.87% loss in the cap-weighted S&P 500.[1] Year to date, the equal-weight S&P 500's gain of 15.32% has now pulled ahead of both the cap-weighted S&P 500's gain of 11.75% and the Nasdaq-100's gain of 12.98%.[1]

The divergence between the AI/technology sector and the rest of the market helped to strengthen our breadth model, pushing it back into positive territory. Our upside-downside volume model is still negative, largely due to the selling pressure in the AI/technology sector. Monetary policy and credit conditions continue to lean negative, as inflation remains above the Federal Reserve's (Fed's) 2% target. Nonetheless, interest rates declined in October, with the yield on the 10-year U.S. Treasury Note dropping to 4.94% from last month's level of 5.29%.[2] Also, credit spreads have slowly ticked upward but are still narrow by historical standards. The good news is that equity valuations have improved, with the S&P 500 median price-earnings (P/E) ratio now at 24.3x, down from its high of 27.7x in March.[3]

The portfolio management team lowered market exposure from 50% to 40% in October primarily due to deterioration in the AI/technology sector.[4] The management team increased exposure to the equal-weight S&P 500. In addition, the team took a position in the consumer staples sector. The team would lower exposure further if interest rates again began to rise or if our breadth and volume momentum models deteriorated. We would increase exposure if interest rates continued to decline and if volume caught up with the recent improvement in breadth.

[1] Bloomberg, October 31, 2026
[2] Board of Governors of the Federal Reserve System, October 30, 2026
[3] Ned Davis Research, October 31, 2026
[4] Westwood Management and Broadmark Asset Management, October 31, 2026

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

1. ***Valuation:*** Equity valuations ticked up slightly in October, but the good news is that the median P/E multiple has declined to 24.3x earnings from its March high of 27.7x (*Figure 1*). Nonetheless, the S&P 500 median P/E ratio is still above its 62.7-year median multiple of 18.1x earnings.

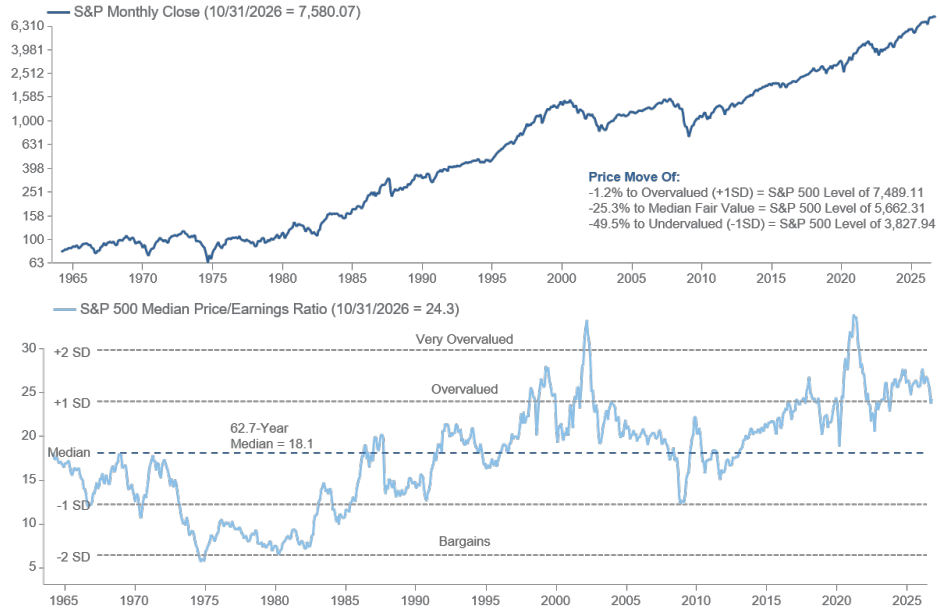
2. ***Monetary factors and credit conditions:*** Monetary conditions have become more negative after the positive readings at the beginning of the year. The negative developments have included the stubborn inflation rate and the possibility of a Fed interest rate hike in December. On the other hand, while credit spreads have widened, spreads remain historically narrow (*Figure 2*). The good news on the monetary front is that interest rates declined in October, with the yield on the 10-year U.S. Treasury Note dropping to 4.94% from last month's level of 5.29%.

3. ***Sentiment:*** While we have seen some improvement in our short-term investor sentiment model, our intermediate model is still in negative territory (*Figure 3*). These models could improve if we see market weakness and increased pessimistic sentiment, but for now we must consider investor sentiment to be leaning negative.

4. ***Momentum:*** While momentum had been waning in the last month, we saw a healthy improvement in breadth in late October (*Figure 4*). This improvement came as the AI/tech sector declined, indicating that money is not leaving the market so much as it is being redeployed into other sectors. Our model of upside-downside volume remains in modestly negative territory, reflecting the downside pressure on the technology sector (*Figure 5*). A continued improvement in breadth, accompanied by upside volume exceeding downside volume, would be a positive indication for the market.

Figure 1.

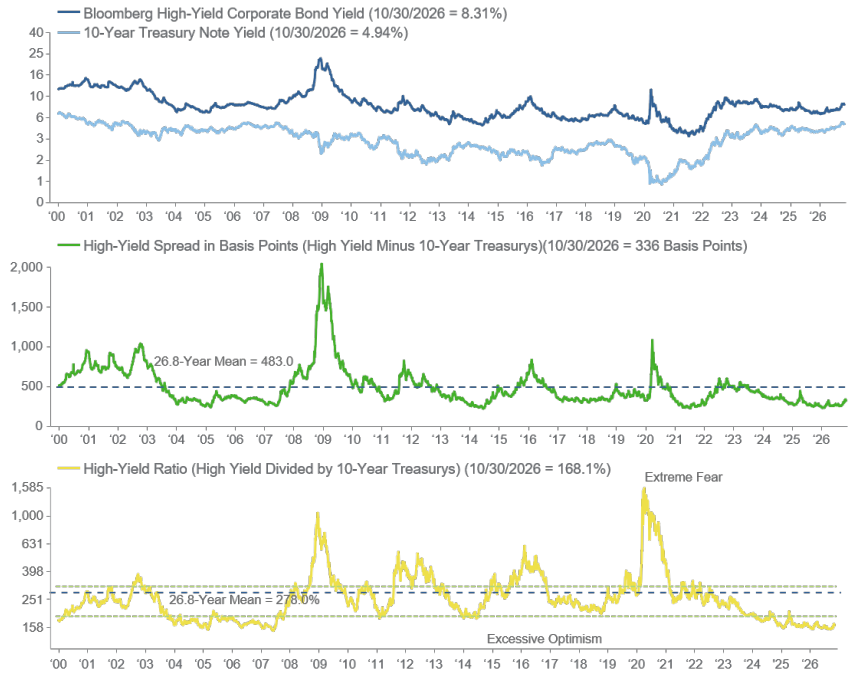
S&P 500 Median Price-Earnings Ratio (NDR Calculation)



Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Monthly data 03/31/1964 to 10/31/2026. SD = Standard Deviation. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 2.

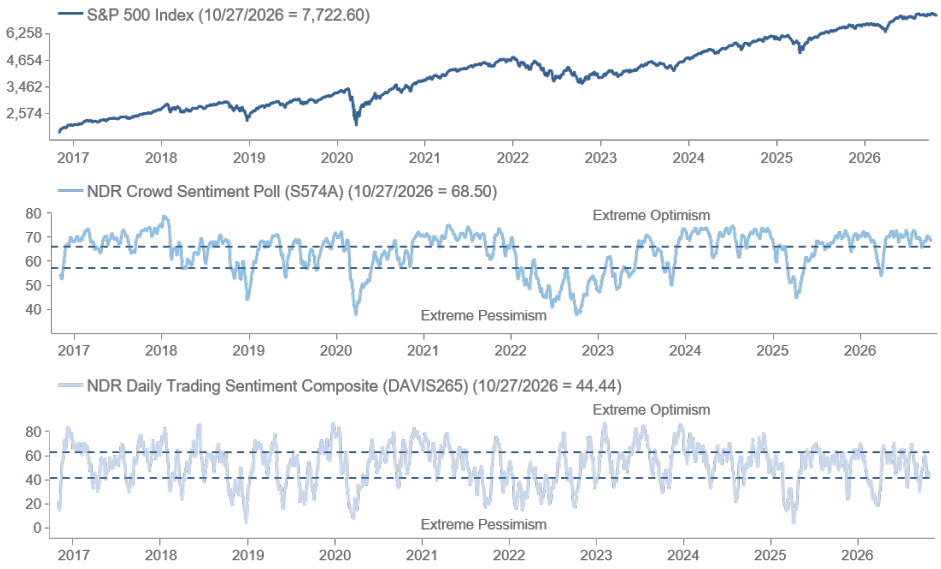
High-Yield Corporate Spreads



Sources: Ned Davis Research (NDR), Bloomberg Indices, FTSE Russell, Federal Reserve Board. Daily data 01/03/2000 to 10/30/2026. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 3.

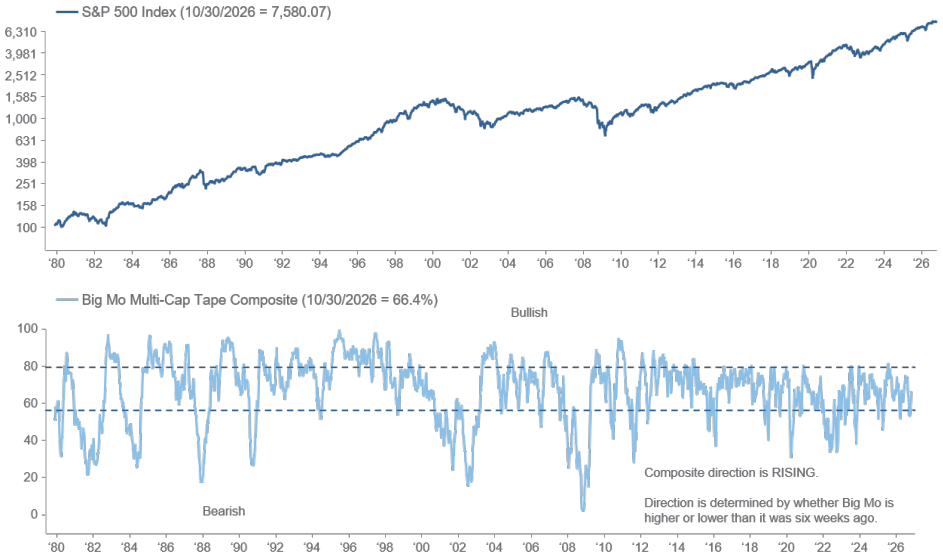
NDR Sentiment Composites



Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Daily data 11/02/2016 to 10/27/2026. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 4.

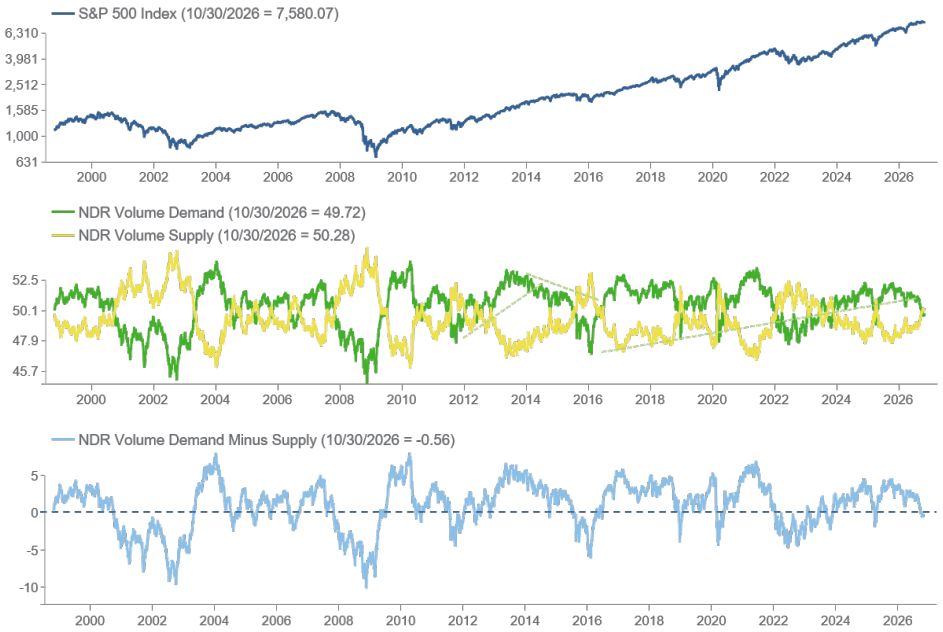
S&P 500 Index vs. Big Mo Multi-Cap Tape Composite — Directional Mode Basis



Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Weekly data 11/16/1979 to 10/30/2026. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 5.

NDR Supply and Demand With Spread



Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Daily data 10/30/1998 to 10/30/2026. *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.

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.

Beta is a statistical measure of risk that shows the relative volatility of a stock, fund or other security in comparison to the market as a whole.

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.

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

Federal Reserve (Fed) 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.

Liquidity is the degree to which an asset or security can be bought or sold in the market without affecting the asset's price.

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.

S&P 500 Equal Weight Index (S&P 500 EWI) is the equal-weight version of the widely regarded S&P 500. The index has the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight.

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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