Westwood®

Westwood Broadmark **Tactical Plus Fund (SBTIX)**

Market Update

September
2024

Fund Overview

Westwood Broadmark Tactical Plus Fund (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. The nimble strategy seeks to sidestep downturns while aiming for positive returns through market cycles. Using active market exposure management, the Fund moves in and out of the market incrementally based upon macro and technical factors.

Market Review

The most recent release of the Federal Reserve’s (Fed’s) favorite inflation number, the Personal Consumption Expenditures (PCE) price index, showed that inflation in the last year declined to 2.5%.[1] That reading was in line with both the previous month and with most forecasts. This data bolstered expectations for a Fed rate cut in September and was generally positive for stock prices. In August, the S&P 500 Index climbed 2.43% from the end of July, leaving it just shy of another record close.[1] The Dow Jones Industrial Average rose 2.03% for the month and the Nasdaq-100 Index gained 1.18%.[1] Small cap stocks, however, lagged the rest of the market, with the Russell 2000 Index ending August with a loss of 1.50%.[1]

U.S. Treasurys have had their longest streak of positive monthly returns in three years.[2] And Fed officials are on the verge of cutting interest rates at their September meeting, just as the S&P 500 is within 1% of a new all-time high.[2] This is consistent with stock market history. Of the six times that the Fed started announcing changes in the federal funds rate since 1989, in all but one instance was the market rising, as it has been this year.[2] The exception occurred in 2001, when a bear market had already started. In fact, in every instance, except for 2001, the market went on to reach a new all-time high an average of 49 days later.[2]

Despite the Fed easing, however, there are some potential negatives in our four-pillar process. The yield curve has been inverted for some time and will likely steepen when the Fed lowers rates. And as unemployment has risen, the Sahm Rule, an economic indicator used to signal the start of a recession, was triggered.[3] Both indicators have worked well in the past at forecasting economic weakness or recession. In addition, equity valuations are high by historical standards and investor sentiment has gotten more speculative. And finally, we are in an election year. If history is a guide, we should expect increased volatility in the fourth quarter.

Currently, however, we are adhering to our two most important guidelines: “Don’t fight the Fed” and “Don’t fight the tape.” During Fed easing, we want to have a net positive exposure to the market, provided that momentum is positive. Our volume and breadth measures of momentum are both positive. We therefore have a net positive exposure to the market.

[1] Bloomberg, August 31, 2024
[2] Sam Stovall, CFRA Research, August 28, 2024
[3] Ned Davis Research, August 31, 2024

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The team added exposure opportunistically in August. The team would raise exposure if our volume and breadth momentum models continued to improve. The team would decrease exposure if interest rates rose, credit spreads widened and if volume and breadth momentum models weakened.

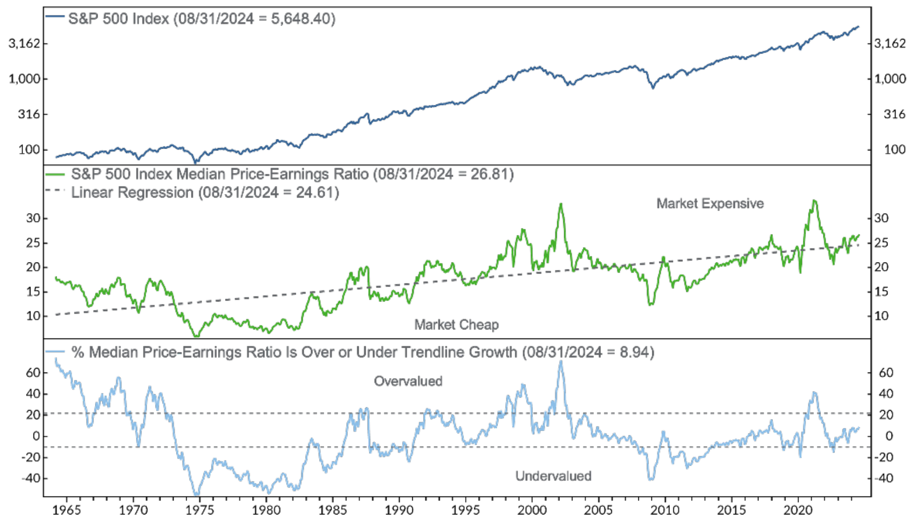
Our assessment of the four pillars of our investment process is as follows:

1. ***Valuation:*** Equity valuations remain elevated as compared with historical norms. While valuations may have some room to go higher since they are below the extremes reached in 2000 and 2021 (*Figure 1*), they are still in the top quintile historically and remain high by historical standards, which is a negative in our work.
2. ***Monetary factors and credit conditions:*** The 10-year U.S. Treasury Note ended the month with a 3.91% yield, down from 4.09% at the end of July.[4] Credit spreads widened for a brief time during the month, but spreads returned to more healthy readings following that upward blip (*Figure 2*).
3. ***Sentiment:*** Investor sentiment became less optimistic during August, which moved our sentiment readings into positive territory at the beginning of the month. However, as the market sprang back from the August lows, investor sentiment has once again returned to its previous more optimistic levels (*Figure 3*).
4. ***Momentum:*** The team's measures of both volume and breadth momentum continued positive in August. Our up/down volume model set a new high along with the market (*Figure 4*). Our breadth model has also been strong but peaked early in the year and has not reached a new high (*Figure 5*). Nonetheless, our momentum models remain positive.

[4] U.S. Department of the Treasury, August 31, 2024

Figure 1.

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



S&P 500 Gain/Annum Performance
03/31/1964 – 08/31/2024

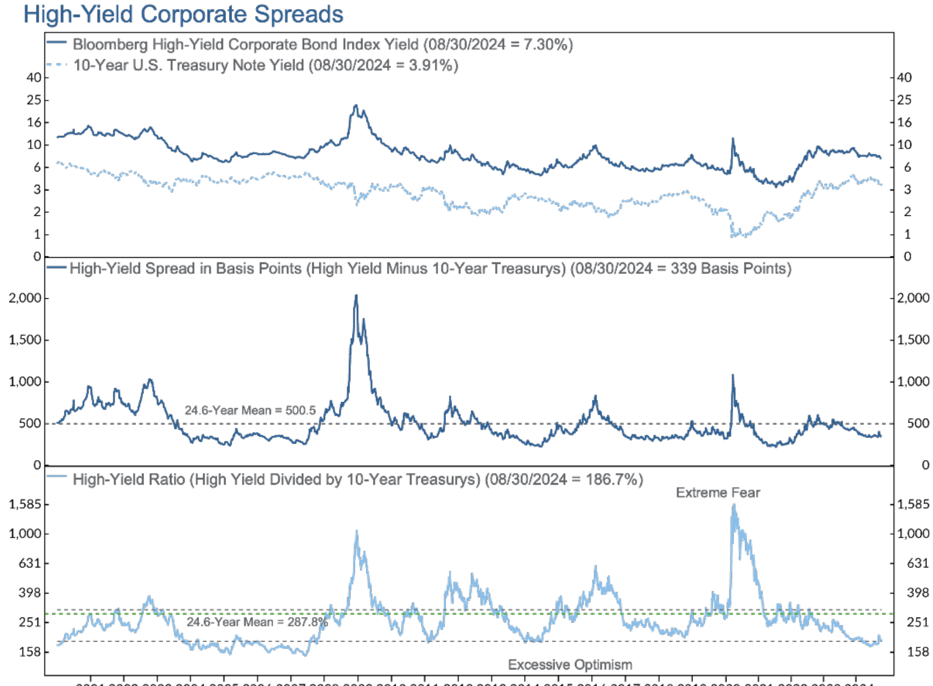
% Over/Under Trend	% Gain/ Annum	% of Time
Above 22.0	-3.86	19.85
-10.1 – 22.0	9.46	47.62
Below -10.1	11.50	32.53

Buy/Hold = 7.32% Gain/Annum

Sources: Ned Davis Research (NDR), S&P Dow Jones Indices, S&P Capital IQ Compustat. Monthly data 03/31/1964 to 08/31/2024. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 2.

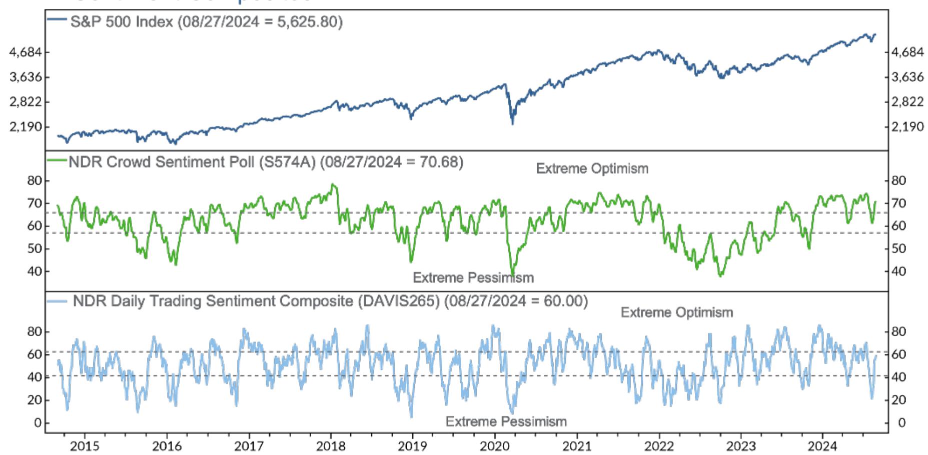
High-Yield Corporate Spreads



Sources: Ned Davis Research (NDR), Bloomberg Indices, Federal Reserve Board. Daily data 01/03/2000 to 08/30/2024. *Past performance does not guarantee future results. For illustrative purposes only.*

Figure 3.

NDR Sentiment Composites



S&P 500 Index Performance
12/01/1995 – 08/27/2024

Sentiment Indicators	% Gain/ Annum	% of Time
Both Optimism	-2.07	16.77
1 Optimism, 1 Neutral	1.43	21.40
Both Neutral	8.78	18.68
1 Neutral, 1 Pessimism	16.81	20.12
Both Pessimism	22.42	20.19
S574A Optimism, DAVIS 265 Pessimism	4.11*	0.42
S574A Pessimism, DAVIS 265 Optimism	-27.75*	2.43
Buy/Hold = 8.05% Gain/Annum		
** Cases less than one year are not annualized*		

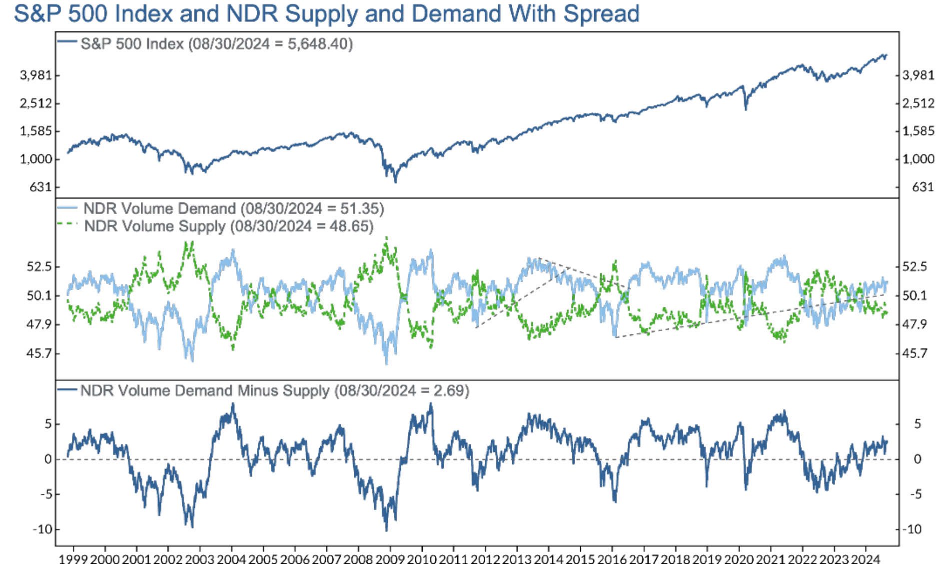
S&P 500 Index Performance
09/03/2014 – 08/27/2024

Sentiment Indicators	% Gain/ Annum	% of Time
Both Optimism	7.32	22.87
1 Optimism, 1 Neutral	5.09	23.53
Both Neutral	13.14	17.88
1 Neutral, 1 Pessimism	18.02	18.54
Both Pessimism	14.69	14.70
S574A Optimism, DAVIS 265 Pessimism	5.04*	0.96
S574A Pessimism, DAVIS 265 Optimism	-2.19*	1.51
Buy/Hold = 10.90% Gain/Annum		
** Cases less than one year are not annualized*		

Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Daily data 09/03/2014 to 08/27/2024. *Past performance does* not *guarantee future results. For illustrative purposes only.*

Figure 4.

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



S&P 500 Index Performance
10/30/1998 – 08/30/2024

NDR Volume Demand Is:	% Gain/ Annum	% of Time
Above 0.0	11.46	67.50
Below 0.0	-3.01	32.50
Buy/Hold = 6.54% Gain/Annum		

Sources: Ned Davis Research (NDR), S&P Dow Jones Indices. Daily data 10/30/1998 to 08/30/2024. *Past performance does not guarantee future results. For illustrative purposes only.*

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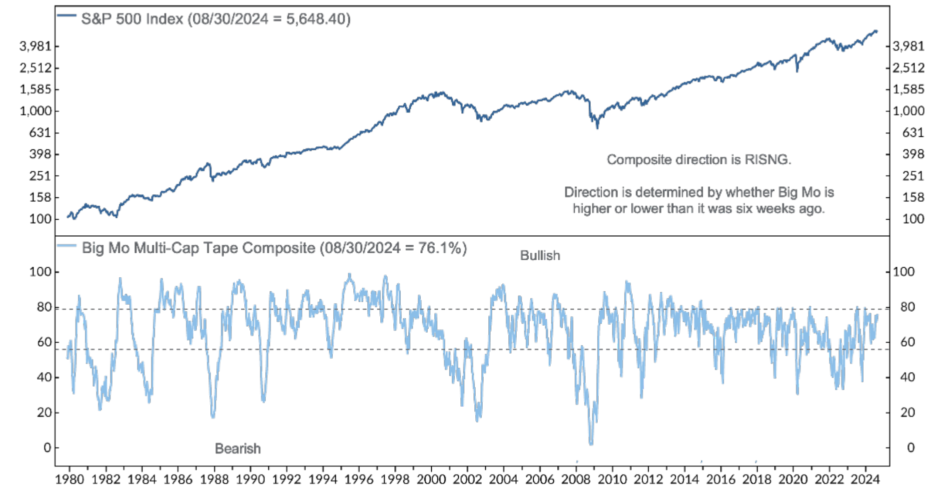
Figure 5.

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



Big Mo Tape Is Rising
S&P 500 Index Performance
12/28/1979 – 08/30/2024

Big Mo Tape Is:	% Gain/ Annum	% of Time
Above 79.0	33.02	15.37
56.0–79.0	12.36	22.50
Below 56.0	4.90	8.26

Buy/Hold = 9.26% Gain/Annum

Big Mo Tape Is Falling
S&P 500 Index Performance
12/28/1979 – 08/30/2024

Big Mo Tape Is:	% Gain/ Annum	% of Time
Above 79.0	19.77	8.29
56.0–79.0	7.70	28.12
Below 56.0	-19.08	14.45

Buy/Hold = 9.26% Gain/Annum

Returns Regardless of Direction
S&P 500 Index Performance
12/28/1979 – 08/30/2024

Big Mo Tape Is:	% Gain/ Annum	% of Time
Above 79.0	28.52	25.02
56.0–79.0	9.89	51.87
Below 56.0	-9.52	23.12

Buy/Hold = 9.26% 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 08/30/2024. *Past performance does not guarantee future results. For illustrative purposes only.*

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Performance Update

Without Sales Charge

	Aug 24*	QTD†	YTD†	1 YR†	3 YR†	5 YR†	10 YR†	Since Inception†	
SBTAX (Class A)	0.62%	1.07%	2.73%	4.06%	1.90%	3.93%	4.18%	5.01%	12/31/12
SBTCX (Class C)	0.57%	0.77%	2.34%	3.28%	1.10%	3.14%	3.38%	4.20%	12/31/12
SBTIX (Class I)	0.60%	1.05%	2.86%	4.29%	2.12%	4.19%	4.41%	5.24%	12/31/12
BPTIX (Class F)	0.67%	1.20%	3.05%	4.61%	2.44%	4.52%	4.74%	5.58%	12/31/12
HFRX Equity Hedge Index	0.78%	1.65%	5.11%	9.13%	4.19%	5.92%	3.26%	-	12/31/12
S&P 500 Index	2.43%	4.28%	15.29%	24.56%	10.01%	15.05%	12.86%	-	12/31/12

With Sales Charge

	Aug 24*	QTD†	YTD†	1 YR†	3 YR†	5 YR†	10 YR†	Since Inception†	
SBTAX (Class A)	-2.40%	-2.00%	-0.35%	0.93%	0.01%	2.77%	3.60%	4.49%	12/31/12
SBTCX (Class C)	-0.43%	-0.23%	1.34%	2.28%	1.10%	3.14%	3.38%	4.20%	12/31/12

* As of August 31, 2024
† As of June 30, 2024

Total Annual Fund Operating Expenses by Share Class (gross/net): Class A 2.17%/1.79%, Class C 2.95%/2.57%, Class I 1.96%/1.58%, Class F 1.96%/1.27%. The advisor has contractually agreed to reduce fees and reimburse expenses until April 30, 2025. In the absence of current fee waivers, total return and yield would be reduced. Class A Sales Charge is 3.00%. Class C Maximum CDSC is 1.00%.

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 or call 877.FUND.WHG.

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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

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.

Westwood Broadmark Tactical Plus 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.

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.

The Westwood Funds are distributed by Ultimus Fund Distributors, LLC (Member FINRA). Ultimus Fund Distributors and Westwood Holdings Group, Inc. are separate and unaffiliated.

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

Fund Risks

All securities investing and trading activities risk the loss of capital. No assurance can be given that the Fund’s investment activities will be successful or that the Fund’s shareholders will not suffer losses.

Equity securities may be subject to general movements in the stock market. The Fund may have exposure to or invest in equity securities of companies with small or medium capitalization, which involve certain risks that may differ from, or be greater than, those for larger companies, such as higher volatility, lower trading volume, lack of liquidity, fewer business lines and lack of public information.

The use of derivative instruments exposes the Fund to additional risks and transaction costs. These instruments come in many varieties and have a wide range of potential risks and rewards, and may include futures contracts, options on futures contracts, options (both written and purchased), swaps and swaptions. A risk of the Fund’s use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives also provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss.

The Fund may take a short position in a derivative instrument, such as a future, forward or swap. A short position on a derivative instrument involves the risk of a theoretically unlimited increase in the value of the underlying instrument. The Fund may also from time to time sell securities short, which involves borrowing and selling a security and covering such borrowed security through a later purchase. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position.

The Fund invests in exchange-traded funds (ETFs) and in options on ETFs, exposing it to the risks associated with the investments held by such ETFs. The value of any investment in an ETF will fluctuate according to the performance of that ETF. In addition, the Fund will indirectly bear a proportionate share of expenses paid by each ETF in which the Fund invests. Further, individual shares of an ETF may be purchased and sold only

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on a national securities exchange through a broker-dealer. ETF shares trade at market prices rather than net asset value ("NAV") and shares may trade at a price greater than NAV (a premium) or less than NAV (a discount). The market price of an ETF's shares, like the price of any exchange-traded security, includes a "bid-ask spread" charged by the exchange specialists, market makers or other participants that trade the particular security.

The Fund invests in fixed-income securities, which are generally subject to credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up.

The Fund may make foreign investments, which often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money.

To the extent that the Fund makes investments on a shorter-term basis, the Fund may as a result trade more frequently and incur higher levels of brokerage fees and commissions.

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.

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.

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.

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 funds rate is the interest rate at which a depository institution lends immediately available funds to another depository institution overnight.

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.

Personal Consumption Expenditures (PCE) price index is a measure of the prices that people living in the United States pay for goods and services. The PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

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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.

Recession is a period of declining economic performance across an entire economy that lasts for several months.

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.

Volatility is a statistical measure of the dispersion of returns for a given security or market index. Volatility often refers to the amount of uncertainty or risk related to the size of changes in a security or market's value.

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.

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