Investment Adviser Brochure

Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of Westwood Advisors, L.L.C. If you have any questions about the contents of this brochure, please contact us at (214) 756-6900 or complianceapproval@westwoodgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Westwood Advisors, L.L.C. also is available on the SEC's website at **www.adviserinfo.sec.gov**.

Westwood Advisors, L.L.C. is an SEC registered investment adviser. Registration does not imply a certain level of skill or training.

Item 2 - Material Changes

This page summarizes the material changes to this brochure since the last annual update on March 31, 2017. Note this brochure has been revised significantly to create a version of the brochure that relates only to the Westwood Investment LLCs and to provide additional informational and disclosure about the discretionary investment management services provided to clients invested in the LCCs. Information about Westwood Advisors' WealthCoach Program and Direct Advisory Programs is now provided in a separate brochure. The changes made include the following:

All Items: Removed reference to the Westwood WealthCoach™ online advisory platform and the Direct Advisory Program and related sub-headings.

Item 4: Advisory Business: Added description of Westwood Advisors discretionary advisory relationship with LLC investors.

Item 5: Fees and Compensation: Added description of the advisory fees applicable to Westwood Advisors discretionary advisory services to clients.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss: Added description of client's investment policy statement.

Item 10: Other Financial Industry Activities and Affiliations: Add disclosure relating to Westwood Advisors' conflict of interest in providing discretionary asset allocation services to LLC investors in the context of LLCs for which an affiliated manager acts as sub-advisor.

Item 15: Custody: Added disclosure relating to Westwood Advisors' custody of clients' interests in the Westwood Investment LLCs and the annual surprise verification audit.

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Item 4 - Advisory Business

Westwood Advisors, L.L.C. ("Westwood Advisors") (formerly known as McCarthy Group Advisors, L.L.C.) is an investment advisory firm that has been in business since 1986. In November, 2010, Westwood Advisors was acquired by Westwood Holdings Group, Inc. ("WHG"), a publicly held company listed on the New York Stock Exchange since July 1, 2002. WHG is also the owner of Westwood Management Corp. ("Westwood Management"), a registered investment advisor that has been in business since 1983; Westwood Trust, a Texas-chartered Trust company headquartered in Dallas, Texas and with offices in Houston, Texas and Omaha, Nebraska; and Westwood International Advisors Inc. ("WIA"), a Canadian investment adviser registered with the Ontario Securities Commission and the *Autorité des Marché Financiers* in Quebec. Westwood Advisors, Westwood Management, Westwood Trust and WIA are wholly owned by WHG.

As of December 31, 2016, Westwood Advisors managed 10 accounts on a discretionary basis with an approximate total value of $237,932,214.

This Brochure contains information about Westwood Advisors' services with respect to the Westwood Investment LLCs and the related advisory services provided to the investors in the LLCs. Information related to Westwood Advisors' WealthCoach and Direct Advisory Programs is included in a separate brochure.

Westwood Investment LLCs

Westwood Advisors manages ten investment limited liability companies ("LLCs") referred to collectively as the Westwood Investment LLCs. Westwood Advisors is the managing member of each of the ten limited liability companies. Interests in the Westwood Investment LLCs are offered to accredited investors only through private placement memoranda which fully disclose the terms and risks of investing in the LLCs. Westwood Advisors' services involve the selection of outside investment managers who have expertise in the management of asset classes and investment styles not managed by Westwood Advisors. Westwood Advisors has structured an investment strategy for each LLC, and an investor chooses to become a member of the particular LLC based upon the investor's risk factors, income needs and investment time horizon. Once invested in an LLC, an investor may not restrict investments in certain securities within the LLC.

Westwood Advisors acts as a discretionary investment manager to the clients invested in the LLCs and allocates and periodically reallocates clients' interests among the LLCs.

Item 5 - Fees and Compensation

Westwood Advisors does not currently offer advisory services utilizing the LLCs to new investors but may on a case-by-case basis repaper or redocument certain relationships due to a change in client circumstance. Clients in the Westwood Investment LLCs pay Westwood Advisors an asset based advisory fee that is specified in the agreement titled "Discretionary Investment Management Agreement for Investment in the Westwood LLC Series" or similar agreement. Fees are typically based on a tiered fee schedule ranging from 1.00% to 0.10% based on the value of the account.

Fees are typically paid quarterly in advance. Fees and payment provisions are subject to negotiation.

Westwood Advisors receives a management fee based on a percentage of market value of the Westwood Investment LLCs. These fees are payable monthly by each LLC. Westwood Advisors deducts its advisory fees from the account of each LLC. The fees are described in the private placement memorandum provided to each investor in a Westwood Investment LLC. Some of the Westwood Investment LLCs also pay separate fees to the outside investment managers who manage a portion of the LLCs. These management and sub-advisor management fees are in addition to the investment advisory fees charged to the Westwood Investment LLCs for investment services. Investment Management fees paid to those sub-advisor managers are paid by the LLC. The expenses paid by the Westwood Investment LLCs are detailed in the annual audited financial statements, which are provided to each LLC member and to every prospective LLC member. In addition to the fees described above, the LLCs are charged annual custody fees and administrative fees of 0.08% of market value.

In addition to Westwood Advisors' fees discussed above, the Westwood Investment LLCs will incur brokerage fees and other transaction costs. See the section titled "Brokerage Practices" below.

The Westwood Management strategies used to manage the Westwood Investment LLCs are available through different investment vehicles outside of the LLCs. The unaffiliated investment strategies may be available outside of the LLCs as well.

Item 6 - Performance-Based Fees and Side-By-Side Management

Westwood Advisors does not receive any performance-based fees from the Westwood Investment LLCs or LLC Advisory Clients. It is our policy not to favor the interest of one Westwood Investment LLC over another. We address the conflicts of interest created by "side-by-side management" by having a trade allocation policy designed so that trades are allocated among Westwood Investment LLCs in a fair and equitable manner over time.

Item 7 - Types of Clients

Westwood Advisors' clients are the Westwood Investment LLCs and the investors in the LLCs. A private placement memorandum for a Westwood Investment LLC is delivered to investors at or prior to the execution of a Discretionary Investment Management Agreement. The minimum investment commitment for the Westwood Investment LLCs is $1,000,000.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

Clients' investment objectives are reflected in Investment Policy Statement incorporated into the client's Discretionary Investment Management Agreement. Based on the clients' investment objects Westwood Advisors recommends a target allocation for the clients' investment in the LLCs.

The Westwood Investment LLCs each have a separate investment objective ranging from equity investments in publicly traded companies to tax-exempt securities or money market assets.

LLC INVESTMENT OBJECTIVES AND POLICIES

The principal investment objectives of each of the Westwood Investment LLCs are described below. Of course, there can be no guarantee that any of the Westwood Investment LLCs will achieve their stated investment objective:

- Westwood Focused Core Equity LLC is a diversified portfolio of common stocks. The objective is long-term growth of capital.

- Westwood Diversified Core Equity LLC is a diversified portfolio of common stocks. The objective is long-term growth of capital.

- Westwood Focused Small Cap Equity LLC is a diversified portfolio of common stocks. The objective is long-term growth of capital.

- Westwood Diversified Small/Mid Cap Equity LLC is a diversified portfolio of common stocks. The objective is long-term growth of capital.

- Westwood International Equity LLC is a diversified portfolio of principally non-U.S. common stocks. The objective is long-term growth of capital.

- Westwood Total Return LLC is a portfolio that may consist of both equity and fixed income securities. The objective is to maximize total return through a combination of current income and capital appreciation.

- Westwood Core Income LLC is a portfolio principally of intermediate-term U.S. government and agency bonds and corporate bonds. The objective is to provide a high level of current income and to preserve investors' principal.

- Westwood Core Income Tax-Exempt LLC is a portfolio of tax-exempt bonds. The objective is to provide current income that is exempt from federal income taxes primarily and state income taxes secondarily, and to preserve investors' principal.

- Westwood Cash Reserves LLC is a portfolio principally of money market funds and other short-term instruments. The objective is to provide current income, consistent with preservation of capital and monthly liquidity.

- Westwood Tactical Opportunity LLC is a diversified portfolio of U.S. and non-U.S. equity and fixed-income securities. In addition, the LLC may invest in derivative securities, currencies and commodities and engage in short-selling and other hedging activities. The objective of the LLC is long-term growth of capital.

Westwood Advisors, and the other managers selected by Westwood Advisors, may make direct investments in various securities suitable for the investment strategies of each LLC and, in some

cases, may invest in mutual funds or similar investment vehicles.

We will not permit any of the LLCs to act as a securities underwriter or make direct investments in real estate, or in tax-shelter type investments, or to participate on a joint-and-several basis in any securities trading account.

SUITABILITY STANDARDS FOR WESTWOOD INVESTMENT LLCs

Investment in the LLCs involves a risk of loss that investors should be prepared to bear. Only "accredited investors" may invest in the LLCs. Capital may only be withdrawn once a month and the withdrawal amount may be limited. The exemptions from registration under the Investment Company Act of 1940, as amended ("1940 Act"), and under various state laws relied on in connection with these offerings, are conditioned upon investment in the LLCs being made for investment purposes only and not with a view to resale or distribution.

The exemptions from registration in certain states on which Westwood Advisors may rely could limit the number of purchasers or may require investor suitability standards which differ from those described above. These requirements may limit the number of sales in such states, and each prospective member in an LLC residing in any such state must also meet the suitability standards of that state.

Unless Westwood Advisors is satisfied that you meet the suitability standards discussed above and any other standards which Westwood Advisors may impose in its discretion, any subscription from you will not be accepted. Westwood Advisors reserves the right, in its sole and absolute discretion, to approve or disapprove the subscription of any prospective member for any reason.

Clients investment objectives, risk tolerance and other information is reflected in the Investment Policy included as part of the Discretionary LLC Agreement as updated by Westwood Advisors in consultation with clients.

Risk Factors for Westwood Investment LLCs

Investors in the Westwood Investment LLCs should consider risks when investing in the Westwood Investment LLCs, including risks associated with investing in the LLCs as an investment vehicle and the risks of the underlying investment in which the LLCs invest:

1. General Market Risk. The value of an investment in the LLCs - its "Net Market Value" or "NMV" - depends upon the market value of all of the LLCs' investments. The principal risk of investing in the LLCs is that the market value of the securities held by the LLCs will move up and down. These up and down fluctuations, which can occur rapidly and unpredictably, may cause the LLCs' investments to be worth less than the price originally paid, or less than they were worth at an earlier time. This, in turn, will affect the LLCs' NMV. Market risk may affect a single company, industry, sector of the economy or the market as a whole.

2. Small, Medium and Large Capitalization Companies. Certain LLCs can exhibit wide fluctuations in value because substantially all of the portfolio is invested in common stock of small, mid and large capitalization companies. Such investments are subject to abrupt and prolonged declines in stock values. Such investments also present an investment-style risk, which is the chance that returns from small, mid and large capitalization stocks, which are the types of stocks emphasized by certain LLCs, will trail returns from other asset classes or the overall stock market. There is also a management risk, which is the risk that poor securities selection will cause certain LLCs to underperform other portfolios with similar investment objectives.

3. Cash Reserves. Certain LLCs invest primarily in money market funds, high quality, short-term money market instruments, including certificates of deposit, bankers' acceptances, commercial paper, and other money market securities. To be considered high quality, a security generally must be rated in one of the two highest credit categories for short-term securities by at least two nationally recognized rating services. These types of investments are subject to several risks, including (i) income risk, which is the chance that falling interest rates will cause the LLCs' income to decline, (ii) credit risk, which is the chance that the issuer of a security will fail to repay interest and principal in a timely manner, (iii) inflation risk, which is the chance that the real value of the LLCs' yield may be eroded by inflation, (iv) manager's risk, which is the chance that poor securities selection will cause the LLCs to underperform other investment vehicles with similar investment objectives, and (v) investment style risk, which is the chance that returns from high quality, short-term money market instruments will trail returns from other asset classes. In general, when interest rates rise, the fixed income securities market value declines, and when interest rates decline, its value rises. Normally, the longer remaining maturity of the security, the greater the effect of interest rate changes on the market value of the security.

4. Risk of Foreign Investments. Certain LLCs will make foreign investments. Foreign investments involve special risks that are not typically associated with U.S. dollar denominated or quoted securities of U.S. issuers. Foreign investments may be affected by changes in currency rates, changes in foreign or U.S. laws or restrictions applicable to such investments and changes in exchange control regulation (e.g., currency blockage). A decline in the exchange rate of the currency (i.e., weakening of the currency against the U.S. dollar) in which a portfolio security is quoted or denominated relative to the U.S. dollar would reduce the value of the portfolio security.

Brokerage commission, custodial services and other costs relating to investments in international securities markets generally are more expensive than in the United States. In addition, clearance and settlement procedures may be different in foreign countries and, in certain markets, such procedures have been unable to keep pace with the volume of securities transactions, thus making it difficult to conduct such transactions.

Foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to U.S. issuers. There may be less publicly available information about a foreign issuer than a U.S. issuer. In addition, there is generally less government regulation of foreign markets, companies and securities dealers than in the United States, and the legal remedies for investors may be more limited than the remedies available in the United States. Foreign securities markets may have substantially less volume than U.S. securities

markets and securities of many foreign issuers are less liquid and more volatile than securities of comparable domestic issuers. Furthermore, with respect to certain foreign countries, there is a possibility of nationalization, expropriation or confiscatory taxation, imposition of withholding or other taxes on dividend or interest payments (or, in some cases, on capital gains distributions), limitations on the removal of funds or other assets from such countries, and risk of political and social instability or diplomatic developments which could adversely affect investments in those countries.

5. Real Estate Investment Trust (REIT) Risk. Certain LLCs will invest assets in real estate investment trusts. Some risks associated with equity, mortgage and hybrid REITs are that the performance depends on how well the REIT manages the properties it owns. An equity REIT holds equity positions in real estate and provides its shareholders with income from the leasing of its properties and capital gains from any sale of properties. Accordingly, equity REITs may be affected by any change in the value of the underlying property owned. A decline in rental income may occur because of extended vacancies, the failure to collect rents, increased competition from other properties and poor management. A REIT's performance also depends on the company's ability to finance property purchases and renovations and manage its cash flows. A mortgage REIT specializes in lending money to developers of properties and passes any interest income earned to its shareholders. Accordingly, mortgage REITs may be affected by the quality of any credit extended. In addition, the LLCs that invest in REITs will generally be subject to risk associated with direct ownership of real estate. These risks include decreases in real estate value or fluctuations in rental income. Fluctuations in rental income can be caused by a variety of factors, including, increases in interest rates, property taxes and other operating costs, casualty and condemnation losses, possible environmental liabilities and changes in supply and demand for properties.

6. Investment in Bonds. Certain LLCs invest materially in bonds issued by the U.S. government and its agencies, which may or may not be backed by the full faith and credit of the U.S. government, with a preference for holding the bonds to maturity. These LLCs are subject to several risks, including (i) interest rate risk, which is the chance that bond prices overall will decline over short or even long periods due to rising interest rates; (ii) call risk, which is the chance that during the periods of falling interest rates, the bond issuer will "call" - or repay - a high yielding bond before the bond's maturity date. Forced to reinvest the unanticipated proceeds at lower interest rates, the LLC would experience a decline in income and the potential for taxable capital gain; (iii) credit risk, which is the chance that a bond issuer will fail to repay interest and principal in a timely manner; (iv) management risk, which is the chance that poor securities selection will cause the LLCs to underperform other investment vehicles with similar investment objectives; (v) investment style risk, which is the chance that returns from intermediate government agency bonds will trail returns from other asset classes or the overall bond market. Interest rates have been at or near record lows and, to the extent interest rates increase, this could have a negative impact on the value and liquidity of these securities.

7. Westwood Total Return LLC - High Yield Securities. The Westwood Total Return LLC may make investments in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable unrated securities). Securities in the lower-rating categories are subject to greater risk of loss of principal and interest

than higher rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher rated securities. The market for lower rated securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated- securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

8. Risk of Derivative Instruments. The LLCs may invest in derivative instruments such as options, futures, options on futures, swaps, interest rate caps, floors and collars, structured securities, inverse floating-rate securities, stripped mortgage backed securities and foreign currency transactions. All of these types of investments involve additional risk of loss. Loss can result from lack of correlation between changes in the value of derivative instruments and portfolio assets (if any) being hedged, potential illiquidity of markets for derivative instruments, or the risks arising from margin requirements and related leverage factors associated with such transactions. The use of these management techniques also involves the risk of loss if the manager is incorrect in its expectations of fluctuations in securities prices, interest rates or currency prices. The LLCs may also invest in derivative investments for nonhedging purposes (that is, to seek increased total return). Investing for non-hedging purposes is considered a speculative practice and presents even greater risk of loss.

9. No Assurance of Achieving Investment Objectives. Each of the LLCs has certain investment objectives. We cannot guarantee that the objectives will be met. We also cannot guarantee any particular rate of return or that the return will equal or exceed any established market standards or market indices.

10. No Regulation as Investment Companies. While each of the LLCs may be considered similar, in many respects, to an investment company or mutual fund, none of the LLCs will register under the 1940 Act. We are relying upon an exemption from such registration. For example, the provisions of the 1940 Act require registered investment companies to have a majority of disinterested directors and regulate the relationship between the adviser and the investment company. These restrictions will not apply to the LLCs.

11. Investment by Pension and Profit-Sharing Trusts. If you represent or are the investment manager of a qualified pension, profit-sharing or other retirement trust, or a fiduciary with respect to a plan or trust, you should consider whether the investment in one or more of the LLCs satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA. You should also consider whether, in light of the investment objectives of the LLCs, our compensation and the limited liquidity factors and other risk factors described herein, the investment is prudent for the plan.

12. Recognition of Gain or Income Without Cash Distributions. If you are a taxpayer, you will be required to recognize for federal income tax purposes any net realized gains or income

from LLC activities. You will need to make withdrawals from the LLC to pay your taxes unless you have other cash resources available.

13. Lack of Liquidity / Limited Transferability. The investments will be issued to the members in the LLCs in reliance on certain exemptions from registration for nonpublic offerings under the 1940 Act and state securities laws. Accordingly, the investments will be "restricted securities" and may not be sold, pledged or otherwise transferred unless registered or exempt from registration. Westwood Advisors is under no obligation to register the investments or to assist any member in complying with any exemption from registration. There is no established trading market for the investments and it is unlikely that any will develop in the foreseeable future. In addition, the transfer of the investments will be subject to certain restrictions under the Operating Agreements. Accordingly, the members must bear the economic risk of an investment in the LLCs for an indefinite period of time. Members may withdraw capital on a monthly basis subject to the Westwood Advisors' right to limit the amount of withdrawals. Members may only make an assignment of record with Westwood Advisors' consent.

14. Conflicts of Interest. Each prospective member should be aware that he, she or it is not represented by counsel in their investment in a LLC unless he, she or it retains separate counsel. The attorneys who have prepared the necessary documents and who have otherwise performed services for Westwood Advisors have been engaged by Westwood Advisors. Some of the attorneys, accountants and others who have performed and will perform services for Westwood Advisors, either in connection with the offering of a LLC or otherwise, also perform services for Westwood Advisors. Each prospective member should engage counsel to review the offering documents and should consult with his, her or its counsel before investing in the LLCs.

Additional risk factors may be found in the offering documents for each of the Westwood Investment LLCs.

Item 9 - Disciplinary Information

Westwood Advisors and its management persons have not been involved in any legal or disciplinary events.

Item 10 - Other Financial Industry Activities and Affiliations

Westwood Advisors has three affiliated operating companies: Westwood Management Corp., an SEC registered investment adviser; Westwood Trust, a trust company chartered by the Texas Department of Banking; and Westwood International Advisors Inc., a Canadian investment adviser registered with the Ontario Securities Commission and the Autorité des Marché Financiers in Quebec. Westwood Advisors, Westwood Management Corp., Westwood Trust, and Westwood International Advisors are all wholly owned subsidiaries of the same parent company, Westwood Holdings Group, Inc. Westwood Management is the investment adviser for the Westwood Funds family of mutual funds. Westwood Management has a sub-advisory agreement with Westwood Trust pursuant to which Westwood Management serves as a sub-advisor to the Westwood Trust Commingled Funds. Westwood Management and WIA also serve as investment managers to sub-

funds of Westwood Investment Funds Plc, an Irish-domiciled UCITS fund available to certain non-U.S. investors.

Westwood Holdings Group, Inc.'s Wealth Management division offers the Westwood WealthCoach program through Westwood Advisors and also provides trust and fiduciary services through Westwood Trust.

Employees of Westwood Advisors in its Omaha location are also involved in the management of accounts of Westwood Management Corp. Many employees of Westwood Advisors in Dallas and Houston are also employees of Westwood Trust and are involved in the provision of trust and fiduciary services to Westwood Trust clients.

Westwood Management Corp. as Sub-Adviser to LLCs. Westwood Advisors has entered into sub-advisory agreements with Westwood Management Corp., an affiliated investment adviser, to manage a portion or all of the account for some of the Westwood Investment LLCs. Currently, Westwood Management provides sub-advisory services to seven of the ten LLCs. Westwood Management Corp. receives a sub-advisory fee from the LLC which is in addition to the fees paid by the LLC to Westwood Advisors. This is a conflict of interest because Westwood Advisors has an incentive to select Westwood Management strategies for the LLCs or to increase or a retain a client's allocation to an LLC for which Westwood Management is a sub-advisor. To address this conflict of interest, Westwood Advisors reviews the performance all of sub-advisors to the LLCs, including Westwood Management Corp., and may replace any sub-advisor if it determines it is in the best interest of the LLC to do so.

Registered Representatives. Art Burtscher, Stacie Neussendorfer and Nick Wilwerding are licensed as Registered Representatives of Foreside Fund Services, LLC, an unaffiliated broker-dealer. Mr. Burtscher, Ms. Neussendorfer and Mr. Wilwerding are licensed in order to distribute materials related to the Westwood Investment LLCs and the Westwood Funds, mutual funds managed by Westwood Management Corp. They do not receive sales compensation for investments in either the LLCs or Westwood Funds.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Westwood Advisors has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Code of Ethics is applicable to all employees of WHG and its subsidiaries and is administered on a group-wide basis. The Code is based on the principle that the officers, directors and employees of Westwood Advisors owe a fiduciary duty to clients to conduct their personal securities transactions in a manner, which does not interfere with clients' portfolio transactions, or otherwise take advantage of the relationship between Westwood Advisors and clients, and which reflects these principles. The Code of Ethics requires employees to pre-clear all personal securities transactions through the Chief Compliance Officer (CCO) or his or her designee.

The Code prohibits Westwood Advisors' employees from purchasing or selling individual securities for their own account that are owned in any Westwood strategy, with a limited exception for *de minimis* trades. For purposes of the Code, Westwood strategies do not include Custom Asset Allocation Accounts or accounts in the Westwood Advisors WealthCoach Program. The exception allows employees to personally transact in securities that are owned in a Westwood

strategy if the security has a market cap greater than $5 billion and the value of the trade is $5,000 or less. Employees are restricted to five such *de minimis* trades per month, in aggregate. If an employee personally holds any securities that are also owned in a Westwood strategy and such securities have a market cap of $5 billion or less, Westwood will place those holdings on "restricted status" and the employee may not sell the securities until Westwood has exited the security for client accounts managed with a Westwood strategy. If an employee holds such securities in their brokerage accounts prior to their employment with Westwood Advisors or an employee purchases a security that Westwood Advisors later purchases in a Westwood strategy, Westwood Advisors will place those holdings on "restricted status" and the employee may not sell the securities until Westwood Advisors has exited the security for the client. The Code provides for "black-out periods" during which employees may not purchase or sell a stock that any Westwood affiliate is in the process of purchasing or selling in a Westwood strategy. To monitor compliance with its Code of Ethics, the firm's CCO receives duplicate brokerage statements and transaction confirmations for every employee with personal brokerage accounts, and employees must certify on a quarterly basis that they have reported all relevant securities transactions in compliance with the Code of Ethics.

The Code also requires employees to obtain pre-clearance for all political contributions and outside business activities. The firm's CCO must approve any political contribution before it is made and any outside business activity before the employee has engaged in such activity. On an annual basis, employees must submit disclosure certifications regarding their political contributions and outside business activities.

The Code prohibits employees from accepting any gift or other item valued at more than $100 from any client, competitor, or any person or entity that does business with or on behalf of any client. If an employee is offered, receives, or anticipates receiving something of value, the employee must report the matter in the compliance report value that is given to any client, competitor, vendor or any person or entity that does business with or on behalf of any client. In addition, employees must report accepted offers of entertainment from all such persons or entities. The Code requires employees to certify quarterly that they have reported all gifts and entertainment.

Westwood Advisors is also subject to an Insider Trading Policy that, along with the Code of Ethics, prohibits the use of material non-public information in a personal or professional capacity. Westwood requires that all employees act in compliance with all applicable Federal and State regulations governing registered investment advisory practices. Any employee not in observance of the above may be subject to disciplinary action, up to and including termination. Westwood has a compliance committee that meets throughout the year to, among other responsibilities, review employee accounts and personal trading, Code of Ethics exceptions, employee and director transactions in WHG stock, soft dollars and the annual brokerage budget.

No Westwood Investment LLC funds are invested in the securities of Westwood Advisors' parent company, Westwood Holdings Group, Inc.

Upon request, Westwood Advisors Program will provide a complete copy of its Code of Ethics to any client or LLC investor or prospective LLC investor upon request by contacting their representative or the firm's CCO.

Item 12 - Brokerage Practices

For the Westwood Investment LLCs Westwood Advisors has discretion to determine the broker-dealer to use for transactions and the commission costs that will be charged to a Westwood Investment LLC for transactions.

Factors considered in selecting brokers and/or custodians for securities:

- Securities are held with a bank custodian or brokerage firm approved by Westwood Advisors. Westwood Advisors attempts to execute securities transactions with banks and/or broker-dealers at favorable terms for the Westwood Investment LLCs.
- Factors to be considered in selecting brokers for execution of transactions include, but are not limited to:
    - financial stability of the broker (adequate net capital, SIPC and insurance protection);
    - products available from the broker (e.g., market makers of over-the-counter stocks, municipal bond availability, primary dealer in government securities, research facilities);
    - commission rates (considering execution ability of the broker as well as price per share);
    - ability to execute trades in a timely and efficient manner; and
    - research provided to Westwood Advisors that is proprietary and unique to that broker-dealer.

<u>Research and Other Soft Dollar Benefits</u>

Westwood Advisors may pay a brokerage commission in excess of that which another broker-dealer may charge for effecting the same transactions in recognition of the value of the brokerage and research services provided by or through the broker-dealer. As such, brokerage commissions paid to specific brokers for the research received may be higher than those paid to other brokers who do not provide research services, and such costs may be borne by a client. Westwood Advisors will make a good faith determination that the amount of commissions paid is reasonable in relation to the value of the brokerage and research services provided. The brokerage and research services received by Westwood Advisors generally include proprietary or third-party research, general economic and market information, portfolio strategy advice, industry and company comments, technical data, evaluations of securities, pricing services, credit research analysis, general reports, consultations, performance measuring data, on-line pricing, brokerage execution-related services, special execution capabilities, newswire and quotation services (*e.g.*, Reuters, Bloomberg, First Call), and recommendations as to the purchase or sale of securities.

To the extent that certain items have research and non-research components ("mixed-use"), Westwood Advisors will allocate commissions for only those portions of the service or product that is research or execution related. This analysis is conducted on a case-by-case basis depending

upon the total costs for a service or product and the extent to which the product or service is used by Westwood Advisors for research or brokerage execution related services.

Westwood Advisors may use the products and services received from broker-dealers to service all the Westwood Investment LLCs. Thus, not all such services may be used for the benefit of the Westwood Investment LLC that pays the brokerage commission which procures the receipt of such research or brokerage services.

The use of brokerage commissions to obtain research and brokerage-related products and services creates a conflict of interest between Westwood Advisors and the Westwood Investment LLC that pays for products or services that are not exclusively for its benefit and that may be primarily or exclusively for the benefit of Westwood Advisors. To the extent that Westwood Advisors is able to acquire products and services without expending its own resources (including management fees), Westwood Advisors' use of commission sharing arrangements would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence Westwood Advisors to select one broker-dealer over another. Moreover, the use of "mixed-use" products or services creates a conflict in that the cost of the product or service will be allocated to soft dollars.

Westwood Advisors generally will only use commission sharing for brokerage and research-related products and services. Non-brokerage and non-research products and services received by Westwood Advisors from broker-dealers in connection with trades will be paid for directly by Westwood Advisors. Notwithstanding Westwood Advisors' good faith determination that certain products and services are research or brokerage-related, Westwood Advisors may inadvertently use commissions to pay for non-brokerage or non-research products or services to the extent that Westwood Advisors' good faith determination is not accurate.

Westwood Advisors intends to use commission sharing only for those products and services that fall within the safe harbor provisions of the Securities Exchange Act of 1934.

Directed Brokerage

Not applicable.

Brokerage for Client Referrals

Not applicable.

Trade Allocation

Pursuant to Westwood Advisors' trade allocation policy, on occasions when Westwood Advisors deems the purchase or sale of a security to be in the best interests of more than one of its Westwood Investment LLCs, Westwood Advisors may aggregate multiple contemporaneous purchase or sell orders into a block order for execution.

The Westwood Investment LLCs for which orders are aggregated receive the average price of such transaction, which could be higher or lower than the price that would otherwise be paid absent the aggregation. Any transaction costs incurred in the transaction are shared *pro rata* based on the Westwood Investment LLC's participation in the transaction. In some cases, this procedure could have an adverse effect on a particular Westwood Investment LLC. In the opinion of Westwood

Advisors, however, the results of such procedures will, on the whole, be in the best interest of each of its Westwood Investment LLCs.

When a decision is made to aggregate orders, Westwood Advisors seeks to allocate securities among the Westwood Investment LLCs in a fair and equitable manner. Under Westwood Advisors' trade allocation policy, securities generally are allocated among the Westwood Investment LLCs according to each LLC's pre-determined participation in the transaction. Westwood Advisors considers a number of factors when determining if investments are appropriate and suitable for allocation to an LLC. These factors include, but are not limited to:

- The investment objective, policies and strategy of the Westwood Investment LLC;
- The appropriateness of the investment to the Westwood Investment LLC's time horizon and risk objectives;
- Existing levels of ownership in the investment and in similar securities; and
- The immediate availability of cash or buying power to fund the investment.

Westwood Advisors seeks to allocate transactions before execution of a block order. However, under certain circumstances, trades may not be allocated prior to entering the trade order. In such event, Westwood Advisors will seek to allocate such orders at the earliest practicable time. Pre-allocated and unallocated block trades that are partially filled are generally allocated on the basis of the relative net assets of the participating accounts.

Westwood Advisors may execute transactions in the same securities on behalf of a number of Westwood Advisors Investment LLCs and Westwood Advisors officers or employees. Thus, there may be a conflict of interest to the extent that trades are allocated to Westwood Advisors' officers and employees who may have a financial interest that may not also be allocated to the Westwood Investment LLCs. These transactions may be executed separately or they may be aggregated when, in Westwood Advisors' reasonable judgment, aggregation may result in an overall economic benefit to those accounts in terms of pricing, brokerage commissions or other expenses. Westwood Advisors will not aggregate trades with proprietary (insider) accounts of Westwood Advisors.

In general, trades are allocated among portfolio managers on a *pro rata* basis (to the extent a portfolio team decides to participate fully in the trade), for further allocation by each portfolio team between that portfolio's eligible accounts. Where *pro rata* allocation is not practicable, Westwood Advisors will seek to make trade allocations consistent with the factors identified above, and in a fair and equitable manner. Once trades are allocated, they may be reallocated only in unusual circumstances due to recognition of specific account restrictions.

From time to time, Westwood Advisors has access to security distributions during an initial or secondary public offering ("IPO"). However, due to the small size of Westwood Advisors' business compared to other asset managers and market participants, Westwood Advisors sometimes does not obtain access to a sufficient number of IPO shares so as to make a material allocation of such shares among all, or even many, of its Westwood Investment LLCs for which such investments otherwise might be appropriate. However, to the extent practicable, Westwood Advisors will allocate IPO shares on a *pro rata* basis among applicable Westwood Investment

LLCs. Where *pro rata* distribution is not practicable, Westwood Advisors will seek to make a fair and equitable allocation taking into consideration such factors as:

- The investment objective, policies and strategy of the Westwood Investment LLC;
- The appropriateness of the investment to a Westwood Investment LLC's time horizon and risk objectives;
- Existing levels of account ownership in the investment and in similar securities; and
- The immediate availability of cash or buying power to fund the investment.

IPOs may be allocated to Westwood Advisors officers or employees. Thus, there may be a conflict of interest to the extent IPOs are allocated to the Westwood Advisors officers or employees and not allocated to the Westwood Investment LLCs.

Westwood Advisors will document each allocation and maintain appropriate books and records.

Agency or Internal Cross Trading

As a general rule, Westwood Advisors prohibits agency or internal cross trades between accounts. If a cross trade situation was warranted, the investment team would work with the trader, the Legal and Compliance Department, and the client, when necessary, to ensure that the cross trade was initiated with no associated broker commissions and in compliance with the relevant laws and regulations.

Item 13 - Review of Accounts

Westwood Advisors provides quarterly written reports to investors in the Westwood Investment LLCs that present quarter-end valuation, asset allocation and account performance information, including realized gains and losses, dividends, interest and expenses that have been allocated to their capital account. Each Westwood Investment LLC will be audited annually and the audited financial statements sent to all investors in the Westwood Investment LLCs within 120 days after the Westwood Investment LLC's fiscal year end.

Investments in the Westwood Investment LLCs are reviewed on a quarterly or more frequent basis and re-allocation decisions are made monthly as needed for disbursements or to rebalance the investments as needed. Investor reviews are scheduled and structured according to investor-stated guidelines or in response to specific investor requests. In the absence of guidelines, investor meetings are generally scheduled annually and to a lesser degree, on a semi-annual or quarterly basis. Investor reviews generally involve a meeting between the investor and Westwood Advisors to review strategy, objectives, key concerns and outlooks. Reviews typically are conducted by one President and/or two Vice Presidents.

Item 14 - Client Referrals and Other Compensation

Not Applicable.

Item 15 - Custody

Custody of LLCs' securities is maintained by First National Bank, Omaha ("FNB"), a qualified custodian. If an investor has a separate custodial relationship at FNB, they will receive a written statement from both Westwood Advisors and FNB for the LLC ownership. However, if they do not have a separate custodial relationship at FNB, they will only receive a statement from Westwood Advisors.

If an LLC invests in mutual funds, the assets of certain mutual funds are maintained by the mutual fund's custodian. Investors will not receive a separate statement from the mutual fund.

Some assets of the Westwood Diversified Core Equity LLC are maintained by Citigroup Private Bank. Some of the assets of the Westwood International Equity LLC are maintained by Boston Financial Services, Franklin Templeton, State Street Bank & Trust Co. and Bank of New York Mellon. Some of the assets of the Westwood Total Return LLC are maintained by Citigroup Private Bank and Bank of New York Mellon. Some of the assets of Westwood Tactical Opportunity LLC are maintained by U.S. Bank. Investors will not receive a written statement from these custodians.

Westwood Advisors has custody of client's interests in the LLCs because it has the ability to make interfund transfers, to redeem clients' LLC interests to fund client withdrawal requests and to redeem clients' LLC interests to collect Westwood Advisors' advisory fees.

Westwood Advisors has retained BKD, LLC to conduct a surprise annual verification audit of Westwood Advisors custody of clients' LLC interests. To conduct the audit, BKD may contact certain clients to confirm assets and fees. Clients are encouraged to respond to any of these requests that they receive.

Clients receiving statements from a custodian should carefully review those statements and compare them with statements from Westwood Advisors.

Item 16 - Investment Discretion

Pursuant to the authority granted in the Westwood Investment LLCs offering documents, Westwood Advisors accepts discretionary authority to manage securities on behalf of the Westwood Investment LLCs and has broad authority to determine, without specific approval, the amount and type of securities to be bought and sold, the broker-dealer to be used and the commission rate to be paid to such broker-dealer. Westwood Advisors also has discretion to delegate discretion to other investment managers.

Item 17 - Voting Client Securities

Westwood Advisors typically has authority to vote Westwood Investment LLC securities. Westwood Advisors generally will have authority to vote proxies for accounts in both the WealthCoach Program and the Direct Advisory Program although clients may retain proxy voting authority by instructing Westwood Advisors and the custodian. Westwood Advisors has engaged Broadridge Financial Solutions, Inc. for proxy voting services and Glass Lewis & Co., LLC for

proxy research for our clients. Broadridge is a leading provider to the global financial industry for full-service proxy support. Glass Lewis provides complete analysis and voting recommendations on all proposals and is designed to assist investors in mitigating risk and improving long-term value. In most cases, we agree with the recommendations of Glass Lewis; however, ballots are reviewed bi-monthly by our analysts and we may choose to vote differently than Glass Lewis if we believe it in the best interest of our clients.

Westwood Advisors maintains complete proxy record keeping files for accounts for which it exercises proxy voting authority. These files include a listing of all proxy materials along with individual copies of each response. Access to these files can be arranged upon request. A summary of voting will be furnished upon request.

Westwood Advisors will identify any conflicts of interests between the interests of itself and clients. If a material conflict exists, Westwood Advisors will determine whether it is appropriate to inform the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or the independent third party Glass Lewis recommendation. Westwood Advisors will maintain a record of the resolution of any proxy voting conflict of interest.

Clients and investors in the LLCs may request a complete copy of Westwood Advisors Proxy Voting policies and procedures by contacting their representative or the firm's CCO.

Item 18 - Financial Information

Westwood Advisors does not require or solicit prepayments of more than $1,200 in fees per investor six months or more in advance.

There is no financial condition that is reasonably likely to impair Westwood Advisors' ability to meet contractual commitments to investors.

Westwood Advisors has not been the subject of a bankruptcy petition.